

# **Exhibit “A”**

**MPAP 3 Figures-Based on State Spreadsheet**

<b>Facility</b>	<b>IGT Total</b>	<b>Supplemental Return</b>	<b>Supplemental Return minus 6.75% holdback</b>	<b>Net</b>	<b>District Share</b>	<b>Manager Share</b>
Garrison Nursing Home & Rehabilitation Center	\$676,181.00	\$1,423,599.00	\$1,327,506.07	\$651,325.07	\$260,530.03	\$390,795.04
Golden Villa	\$731,700.00	\$1,540,485.20	\$1,436,502.45	\$704,802.45	\$281,920.98	\$422,881.47
Highland Park Care Center	\$475,712.00	\$1,001,539.96	\$933,936.01	\$458,224.01	\$183,289.61	\$274,934.41
Marshall Manor Nursing & Rehabilitation Center	\$938,249.00	\$1,975,345.87	\$1,842,010.03	\$903,761.03	\$361,504.41	\$542,256.62
Marshall Manor West	\$740,309.00	\$1,558,611.37	\$1,453,405.10	\$713,096.10	\$285,238.44	\$427,857.66
Rose Haven Retreat	\$385,860.00	\$812,372.14	\$757,537.02	\$371,677.02	\$148,670.81	\$223,006.21
Spring Branch Transitional Care Center	\$2,181,165.00	\$4,592,119.88	\$4,282,151.79	\$2,100,986.79	\$840,394.72	\$1,260,592.07
				\$5,903,872.47	\$2,361,548.99	\$3,542,323.48
Clairmont Beaumont	\$735,352.00	\$1,548,175.98	\$1,443,674.10	\$708,322.10	\$354,161.05	\$354,161.05
Hallettsville Rehabilitation And Nursing Center	\$315,790.00	\$664,850.06	\$619,972.68	\$304,182.68	\$152,091.34	\$152,091.34
Monument Rehabilitation And Nursing Center	\$457,771.00	\$963,767.60	\$898,713.29	\$440,942.29	\$220,471.14	\$220,471.14
Oak Manor Nursing Center	\$266,657.00	\$561,404.61	\$523,509.80	\$256,852.80	\$128,426.40	\$128,426.40
Oakland Manor Nursing Center	\$418,428.00	\$880,936.95	\$821,473.71	\$403,045.71	\$201,522.85	\$201,522.85
The Woodlands Healthcare Center	\$1,368,408.00	\$2,880,980.20	\$2,686,514.03	\$1,318,106.03	\$659,053.02	\$659,053.02
				\$3,431,451.61	\$1,715,725.80	\$1,715,725.80
<b>NET</b>	<b>\$9,691,582.00</b>	<b>\$20,404,188.82</b>	<b>\$19,026,906.08</b>	<b>\$9,335,324.08</b>	<b>\$4,077,274.79</b>	<b>\$5,258,049.28</b>

### Cash Flows for 2017 and Jan-March 2018

\*Includes Emergency Room Expenses per Emergency Room Cash Flow Chart

\*\*Prepaid Interest for QIPP 1 already taken into account.

\*\*\*Fund Balance includes Prosperity includes Operations Account, Prosperity CD, and Texstar Account

### Cash Flow with Prepayment for MPAP 3 and QIPP 2

	July-Dec. 2017	Jan. 2018	Feb. 2018	Mar-18
Revenue				
Fund Balance	\$5,128,259.99	\$119,719.06	\$465,247.64	\$449,877.26
Tax Revenue	\$210,000.00	\$35,000.00	\$35,000.00	\$35,000.00
QIPP 1 Revenue	\$0.00	\$668,623.79	\$0.00	\$0.00
MPAP 3 Revenue	\$0.00	\$0.00	\$0.00	\$1,724,143.66
1.25% Interest from CD	\$14,239.72	\$2,881.56	\$2,883.56	\$2,017.03
Availability of Line of Credit	\$0.00	\$0.00	\$610,762.44	\$2,700,000.00
	<b>\$5,352,499.71</b>	<b>\$826,224.41</b>	<b>\$1,113,893.64</b>	<b>\$4,911,037.95</b>
Expenses				
CD Post Oak	(\$2,700,000.00)	\$0.00	\$0.00	\$0.00
2017 Emergency Room Expenses	(\$554,856.00)	(\$290,320.00)	(\$480,050.00)	(\$314,920.00)
QIPP 1 Excess Principle Payment	(\$109,242.96)	(\$24,350.61)	(\$29,360.22)	(\$36,834.55)
Interest Expense				
MPAP 3 Interest Reserve for Salt Creek & Post Oak Interest	(\$869,918.40)	\$0.00	\$0.00	\$0.00
MPAP 3 Interest for Post Oak	(\$37,023.29)	(\$6,306.16)	(\$6,306.16)	(\$4,407.43)
QIPP 2 Prepaid Interest	(\$511,740.00)	\$0.00	\$0.00	\$0.00
Professional Services	\$0.00	\$0.00	(\$108,300.00)	(\$743,978.00)
Operations Costs	(\$450,000.00)	(\$40,000.00)	(\$40,000.00)	(\$40,000.00)
	<b>(\$5,232,780.65)</b>	<b>(\$360,976.77)</b>	<b>(\$664,016.38)</b>	<b>(\$1,140,139.98)</b>
Net	\$119,719.06	\$465,247.64	\$449,877.26	\$3,770,897.97

### Cash Flows for 2017 and Jan-March 2018

\*Includes Emergency Room Expenses per Emergency Room Cash Flow Chart

\*\*Prepaid Interest for QIPP 1 already taken into account.

\*\*\*Fund Balance includes Prosperity includes Operations Account, Prosperity CD, and Texstar Account

#### With \$0 in Prepayment for MPAP 3 and QIPP 2

	July-Dec. 2017	Jan. 2018	Feb. 2018	Mar-18
<b>Revenue</b>				
Fund Balance	\$5,128,259.99	\$944,668.46	\$1,124,341.46	\$943,115.50
Tax Revenue	\$210,000.00	\$35,000.00	\$35,000.00	\$35,000.00
QIPP 1 Revenue	\$0.00	\$668,623.79	\$0.00	\$0.00
MPAP 3 Revenue	\$0.00	\$0.00	\$0.00	\$1,724,143.66
1.25% Interest from CD	\$14,239.72	\$2,881.56	\$2,883.56	\$2,017.03
Availability of Line of Credit	\$0.00	\$0.00	\$610,762.44	\$2,700,000.00
	<b>\$5,352,499.71</b>	<b>\$1,651,173.81</b>	<b>\$1,772,987.46</b>	<b>\$5,404,276.19</b>
<b>Expenses</b>				
CD Post Oak	(\$2,700,000.00)	\$0.00	\$0.00	\$0.00
2017 Emergency Room Expenses	(\$554,856.00)	(\$290,320.00)	(\$480,050.00)	(\$314,920.00)
QIPP 1 Excess Principle Payment	(\$109,242.96)	(\$24,350.61)	(\$29,360.22)	(\$36,834.55)
<b>Interest Expense</b>				
MPAP 3 Interest for Salt Creek	(\$490,000.00)	(\$98,000.00)	(\$98,000.00)	(\$98,000.00)
MPAP 3 Interest for Post Oak	(\$37,023.29)	(\$7,452.74)	(\$7,452.74)	(\$5,208.78)
QIPP 2 Interest for Salt Creek	(\$66,709.00)	(\$66,709.00)	(\$66,709.00)	(\$66,709.00)
Professional Services	\$0.00	\$0.00	(\$108,300.00)	(\$743,978.00)
Operations Costs	(\$450,000.00)	(\$40,000.00)	(\$40,000.00)	(\$40,000.00)
	<b>(\$4,407,831.25)</b>	<b>(\$526,832.35)</b>	<b>(\$829,871.96)</b>	<b>(\$1,305,650.33)</b>
<b>Net</b>	<b>\$944,668.46</b>	<b>\$1,124,341.46</b>	<b>\$943,115.50</b>	<b>\$4,098,625.86</b>

### Cash Flows for 2017 and Jan-March 2018

\*Includes Emergency Room Expenses per Emergency Room Cash Flow Chart

\*\*Prepaid Interest for QIPP 1 already taken into account.

\*\*\*Fund Balance includes Prosperity includes Operations Account, Prosperity CD, and Texstar Account

#### With \$500,000.00 Balance in Prepayment for MPAP 3 and QIPP 2

	July-Dec. 2017	Jan. 2018	Feb. 2018	Mar-18
<b>Revenue</b>				
Fund Balance	\$5,128,259.99	\$509,234.46	\$1,166,476.46	\$1,148,222.52
Tax Revenue	\$211,000.00	\$35,000.00	\$35,000.00	\$35,000.00
QIPP 1 Revenue	\$0.00	\$535,973.18	\$0.00	\$0.00
MPAP 3 Revenue	\$0.00	\$0.00	\$0.00	\$1,084,058.23
1.25% Interest from CD	\$14,239.72	\$2,881.56	\$2,883.56	\$2,017.03
Availability of Line of Credit	\$0.00	\$0.00	\$610,762.44	\$2,700,000.00
	<b>\$5,353,499.71</b>	<b>\$1,083,089.20</b>	<b>\$1,815,122.46</b>	<b>\$4,969,297.78</b>
<b>Expenses</b>				
CD Post Oak	(\$2,700,000.00)	\$0.00	\$0.00	\$0.00
2017 Emergency Room Expenses	(\$554,856.00)	(\$290,320.00)	(\$480,050.00)	(\$314,920.00)
QIPP 1 Excess Principle Payment	(\$109,242.96)	(\$24,350.61)	(\$29,360.22)	(\$36,834.55)
Interest				
QIPP 1 Interest Payments	(\$436,434.00)	(\$35,573.00)	(\$24,720.00)	(\$15,013.00)
MPAP 3 Interest for Salt Creek	(\$490,000.00)	(\$98,000.00)	(\$98,000.00)	(\$98,000.00)
MPAP 3 Interest for Post Oak	(\$37,023.29)	(\$6,306.16)	(\$6,306.16)	(\$4,407.43)
QIPP 2 Interest for Salt Creek	(\$66,709.00)	(\$66,709.00)	(\$66,709.00)	(\$66,709.00)
Professional Services	\$0.00	\$0.00	(\$108,300.00)	(\$743,978.00)
Operations Costs	(\$450,000.00)	(\$40,000.00)	(\$40,000.00)	(\$40,000.00)
	<b>(\$4,844,265.25)</b>	<b>(\$562,405.35)</b>	<b>(\$854,591.96)</b>	<b>(\$1,320,663.33)</b>
<b>Net</b>	<b>\$509,234.46</b>	<b>\$520,683.85</b>	<b>\$960,530.50</b>	<b>\$3,648,634.45</b>

**ER, QIPP 1 & @, and MPAP 3 Cash Flow-2017**

<b>Emergency Room</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Total 2017</b>
	(\$13,800.00)	(\$80,581.00)	(\$63,125.00)	(\$32,180.00)	(\$24,680.00)	(\$7,120.00)	(\$82,120.00)	(\$251,250.00)	(\$554,856.00)
<b>QIPP 1 (Sept. 2017-Feb. 2018)</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Total 2017</b>
Loan Received	\$4,775,588.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,775,588.00
110% IGT Out	(\$4,775,588.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,775,588.00)
110% IGT Return	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$722,546.00	\$740,454.00	\$766,003.00	\$2,229,003.00
Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$768,525.54)	(\$779,525.54)	(\$790,194.88)	(\$2,338,245.96)
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IGT Reconciliation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home 1/2 of 110% IGT Return	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Payout	\$0.00	(66,709.00)	(66,709.00)	(66,709.00)	(66,709.00)	(66,709.00)	(56,616.00)	(\$46,273.00)	(\$436,434.00)
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	(\$66,709.00)	(\$66,709.00)	(\$66,709.00)	(\$66,709.00)	(\$112,688.54)	(\$95,687.54)	(\$70,464.88)	(\$545,676.96)
<b>MPAP 3 (April 1-August 31, 2017)</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Total 2017</b>
Loan Received	\$0.00	\$0.00	\$9,692,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,692,000.00
IGT Out	\$0.00	\$0.00	(\$9,691,582.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$9,691,582.00)
MPAP Return	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Loan Repayment									
Salt Creek (\$7,000,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Post Oak (\$2,700,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Payment to Nursing Homes									
Caring	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Genesis	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Payment to Nursing Homes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Payments									
Interest Payout (Salt Creek)	\$0.00	\$0.00	\$0.00	(\$98,000.00)	(\$98,000.00)	(\$98,000.00)	(\$98,000.00)	(\$98,000.00)	(\$490,000.00)
Interest Payout (Post Oak)	\$0.00	\$0.00	\$0.00	(\$7,693.15)	(\$7,452.74)	(\$7,212.33)	(\$7,452.74)	(\$7,212.33)	(\$37,023.29)
Total Interest Payout	\$0.00	\$0.00	\$0.00	(\$105,693.15)	(\$105,452.74)	(\$105,212.33)	(\$105,452.74)	(\$105,212.33)	(\$527,023.29)
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	(\$105,693.15)	(\$105,452.74)	(\$105,212.33)	(\$105,452.74)	(\$105,212.33)	(\$526,605.29)
<b>QIPP 2 (March 2018-August 2018)</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Total 2017</b>
Loan Received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,775,588.00	\$0.00	\$4,775,588.00
110 % IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,775,588.00)	\$0.00	(\$4,775,588.00)
110% IGT Return	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IGT Reconciliation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home 1/2 of 110% IGT Return	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Payout	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$66,709.00)	(\$66,709.00)
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$66,709.00)	(\$66,709.00)
<b>Combined</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Total 2017</b>
<b>Emergency Room</b>	(\$13,800.00)	(\$80,581.00)	(\$63,125.00)	(\$32,180.00)	(\$24,680.00)	(\$7,120.00)	(\$82,120.00)	(\$251,250.00)	(\$554,856.00)
<b>Loans Received (Incoming)</b>	\$4,775,588.00	\$0.00	\$9,692,000.00	\$0.00	\$0.00	\$0.00	\$4,775,588.00	\$0.00	\$19,243,176.00
<b>Loan Repayment (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$768,525.54)	(\$779,525.54)	(\$790,194.88)	(\$2,338,245.96)
<b>QIPP 110% IGT Out (Outgoing)</b>	(\$4,775,588.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,775,588.00)	\$0.00	(\$9,551,176.00)
<b>QIPP 110% IGT Return (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$722,546.00	\$740,454.00	\$766,003.00	\$2,229,003.00
<b>MPAP IGT (Outgoing)</b>	\$0.00	\$0.00	(\$9,691,582.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$9,691,582.00)
<b>MPAP Return (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>QIPP Qtrly Supplemental Payment (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>QIPP IGT Reconciliation (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Nursing Home Qtrly Payment (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Nursing Home 1/2 of 110% IGT Return (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Nursing Home IGT Reconciliation Pymt (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Nursing Home MPAP Payments (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Interest Payments (Outgoing) (Outgoing)</b>	\$0.00	(\$66,709.00)	(\$66,709.00)	(\$171,218.59)	(\$172,161.74)	(\$171,921.33)	(\$162,068.74)	(\$218,194.33)	(\$1,028,982.73)
<b>Professional Services</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	(\$13,800.00)	(\$147,290.00)	(\$129,416.00)	(\$203,398.59)	(\$196,841.74)	(\$225,020.87)	(\$283,260.28)	(\$493,636.21)	(\$1,692,663.69)

ER, QIPP 1 &, and MPAP 3 Cash Flow-2018

Table with columns for months (Jan-18 to Dec-18) and Total 2018. Rows are categorized into Emergency Room, QIPP 1 (Sept. 2017-Feb. 2018), MPAP 3 (April 1-August 31, 2017), QIPP 2 (March 2018-August 2018), and Combined. Each row lists various financial activities such as Loan Received, IGT Out, and Interest Payout.

**ER, QIPP 1 & @, and MPAP 3 Cash Flow-2019**

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total 2019
<b>Emergency Room</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>QIPP 1 (Sept. 2017-Feb. 2018)</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>	<b>Aug-19</b>	<b>Sep-19</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>Total 2019</b>
Loan Received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
110% IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
110% IGT Return	\$2,228.00	\$1,671.00	\$1,194.00	\$796.00	\$478.00	\$319.00	\$239.00	\$160.00	\$80.00	\$80.00	\$80.00	\$80.00	\$7,405.00
Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IGT Reconciliation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$86,828.80	\$0.00	\$0.00	\$0.00	\$86,828.80
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home 1/2 of 110% IGT Return	(\$1,114.00)	(\$835.50)	(\$597.00)	(\$398.00)	(\$239.00)	(\$159.50)	(\$119.50)	(\$80.00)	(\$40.00)	(\$40.00)	(\$40.00)	(\$40.00)	(\$3,702.50)
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$43,414.40)	\$0.00	\$0.00	\$0.00	(\$43,414.40)
Interest Payout	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$1,114.00	\$835.50	\$597.00	\$398.00	\$239.00	\$159.50	\$119.50	\$80.00	\$43,454.40	\$40.00	\$40.00	\$40.00	\$47,116.90
<b>MPAP 3 (April 1-August 31, 2017)</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>	<b>Aug-19</b>	<b>Sep-19</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>Total 2019</b>
Loan Received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MPAP Return	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Loan Repayment													
Salt Creek (\$7,000,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Post Oak (\$2,700,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Payment to Nursing Homes													
Caring	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Genesis	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Payment to Nursing Homes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Payments													
Interest Payout (Salt Creek)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Payout (Post Oak)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Interest Payout	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>QIPP 2 (March 2018-August 2018)</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>	<b>Aug-19</b>	<b>Sep-19</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>Total 2019</b>
Loan Received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
110 % IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
110% IGT Return	\$16,476.00	\$10,984.00	\$7,641.00	\$5,412.00	\$4,059.00	\$3,024.00	\$2,228.00	\$1,671.00	\$1,194.00	\$796.00	\$478.00	\$319.00	\$54,282.00
Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IGT Reconciliation	\$0.00	\$0.00	\$347,315.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$347,315.20
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home 1/2 of 110% IGT Return	(\$8,238.00)	(\$5,492.00)	(\$3,820.50)	(\$2,706.00)	(\$2,029.50)	(\$1,512.00)	(\$1,114.00)	(\$835.50)	(\$597.00)	(\$398.00)	(\$239.00)	(\$159.50)	(\$27,141.00)
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	(\$173,657.60)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$173,657.60)
Interest Payout	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$8,238.00	\$5,492.00	\$177,478.10	\$2,706.00	\$2,029.50	\$1,512.00	\$1,114.00	\$835.50	\$597.00	\$398.00	\$239.00	\$159.50	\$200,798.60
<b>Combined</b>	<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>	<b>Aug-19</b>	<b>Sep-19</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>Total 2019</b>
<b>Emergency Room</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Loans Received (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Loan Repayment (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>QIPP 110% IGT Out (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>QIPP 110% IGT Return (Incoming)</b>	\$18,704.00	\$12,655.00	\$8,835.00	\$6,208.00	\$4,537.00	\$3,343.00	\$2,467.00	\$1,831.00	\$1,274.00	\$876.00	\$558.00	\$399.00	\$61,687.00
<b>MPAP IGT (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>MPAP Return (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>QIPP Qtrly Supplemental Payment (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>QIPP IGT Reconciliation (Incoming)</b>	\$0.00	\$0.00	\$347,315.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$86,828.80	\$0.00	\$0.00	\$0.00	\$434,144.00
<b>Nursing Home Qtrly Payment (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Nursing Home 1/2 of 110% IGT Return (Outgoing)</b>	(\$9,352.00)	(\$6,327.50)	(\$4,417.50)	(\$3,104.00)	(\$2,268.50)	(\$1,671.50)	(\$1,233.50)	(\$915.50)	(\$637.00)	(\$438.00)	(\$279.00)	(\$199.50)	(\$30,843.50)
<b>Nursing Home IGT Reconciliation Pymt (Outgoing)</b>	\$0.00	\$0.00	(\$173,657.60)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$43,414.40)	\$0.00	\$0.00	\$0.00	(\$217,072.00)
<b>Nursing Home MPAP Payments (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Interest Payments (Outgoing) (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Professional Services</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$9,352.00	\$6,327.50	\$178,075.10	\$3,104.00	\$2,268.50	\$1,671.50	\$1,233.50	\$915.50	\$44,051.40	\$438.00	\$279.00	\$199.50	\$247,915.50



## ER, QIPP 1 &amp; @, and MPAP 3 Cash Flow-2019

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total 2020	Total
<b>Emergency Room</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,482,735.00)
<b>QIPP 1 (Sept. 2017-Feb. 2018)</b>														
Loan Received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,775,588.00
110% IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,775,588.00)
110% IGT Return	\$80.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$80.00	\$4,775,580.00
Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,775,828.34)
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,407,308.04
IGT Reconciliation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$434,144.00
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,103,760.85)
Nursing Home 1/2 of 110% IGT Return	(\$40.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$40.00)	(\$99,770.00)
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$217,072.00)
Interest Payout	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$511,740.00)
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$649,800.00)
	\$40.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40.00	\$259,060.85
<b>MPAP 3 (April 1-August 31, 2017)</b>														
Loan Received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,692,000.00
IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$9,691,582.00)
MPAP Return	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$19,026,906.10
Loan Repayment														
Salt Creek (\$7,000,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$7,000,000.00)
Post Oak (\$2,700,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,692,000.00)
Total Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$9,692,000.00)
Payment to Nursing Homes														
Caring	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,542,323.48)
Genesis	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,715,725.80)
Total Payment to Nursing Homes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$5,258,049.28)
Interest Payments														
Interest Payout (Salt Creek)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$882,000.00)
Interest Payout (Post Oak)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$57,137.55)
Total Interest Payout	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$939,137.55)
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,057,160.00)
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,080,559.27
<b>QIPP 2 (March 2018-August 2018)</b>														
Loan Received	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,775,588.00
110 % IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,775,588.00)
110% IGT Return	\$239.00	\$160.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$799.00	\$4,775,580.00
Loan Repayment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,775,828.34)
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,407,308.04
IGT Reconciliation	\$0.00	\$0.00	\$86,828.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$86,828.80	\$434,144.00
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,103,760.85)
Nursing Home 1/2 of 110% IGT Return	(\$119.50)	(\$80.00)	(\$40.00)	(\$40.00)	(\$40.00)	(\$40.00)	(\$40.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$399.50)	(\$99,770.00)
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	(\$43,414.40)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$43,414.40)	(\$217,072.00)
Interest Payout	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$511,740.00)
Professional Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$649,800.00)
	\$119.50	\$80.00	\$43,454.40	\$40.00	\$40.00	\$40.00	\$40.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43,813.90	\$259,060.85
<b>Combined</b>														
<b>Emergency Room</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(2,482,735.00)
<b>Loans Received (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	19,243,176.00
<b>Loan Repayment (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(19,243,656.68)
<b>QIPP 110% IGT Out (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(9,551,176.00)
<b>QIPP 110% IGT Return (Incoming)</b>	\$319.00	\$160.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$879.00	9,551,160.00
<b>MPAP IGT (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(9,691,582.00)
<b>MPAP Return (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	19,026,906.10
<b>QIPP Qtrly Supplemental Payment (Incoming)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4,814,616.07
<b>QIPP IGT Reconciliation (Incoming)</b>	\$0.00	\$0.00	\$86,828.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$86,828.80	868,288.00
<b>Nursing Home Qtrly Payment (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(2,207,521.70)
<b>Nursing Home 1/2 of 110% IGT Return (Outgoing)</b>	(\$159.50)	(\$80.00)	(\$40.00)	(\$40.00)	(\$40.00)	(\$40.00)	(\$40.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$439.50)	(199,540.00)
<b>Nursing Home IGT Reconciliation Pymt (Outgoing)</b>	\$0.00	\$0.00	(\$43,414.40)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$43,414.40)	(434,144.00)
<b>Nursing Home MPAP Payments (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(5,258,049.28)
<b>Interest Payments (Outgoing) (Outgoing)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(1,961,433.99)
<b>Professional Services</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(2,356,760.00)
	\$159.50	\$80.00	\$43,454.40	\$40.00	\$40.00	\$40.00	\$40.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43,853.90	117,547.53

# **Exhibit “B”**

## **Highlights of Loan 11**

- **\$7,000,000.00 six (6) month note as opposed to nine (9) month note.**
- **Interest is 6% until such time as MPAP 3 approved.**
- **If MPAP 3 is approved, Interest increases to 16.8% for life of loan and District must pay the difference between 6% paid and 16.8%.**
- **If MPAP is not approved, Loan terminates as soon as District receives funds from the State of Texas to repay loan (i.e., can be paid off early).**
- **If approved and payments occur more after six (6) months, term of note is extended month to month and interest paid on outstanding balance owed.**
- **Instead of pre-paying Interest, District must keep a minimum balance of \$500,000.00 in Interbank Account.**
- **Interest payments due on the 25<sup>th</sup> of each month to match QIPP 1 Loan.**
- **Instead of pre-paying Interest, District must keep a minimum balance of \$500,000.00 in Interbank Account.**
- **See attached for note payment schedule.**

# Interest-Only Loan Calculator



<http://www.vertex42.com/Calculators/interest-only-loan.html>

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Loan Information	
Loan Amount	\$ 7,000,000
Annual Interest Rate	6.00%
Compound Period	Monthly
Term (Length) of Loan	0.50 yrs
First Payment Date	7/11/2016
Payment Frequency	Monthly
Payment Type	End of Period
Interest-Only Period	0.42 yrs
Rounding On	Yes

Summary	
Rate (per period)	0.500%
Number of Payments	6
Years to Pay Off	0.50
Total Payments	\$ 7,210,000.00
Total Interest	\$ 210,000.00

**Interest-Only Payment**                    **\$35,000.00**  
**Payment After IO Period**           **\$7,035,000.00**

## Amortization Schedule

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
						\$7,000,000.00
1	7/11/16	35,000.00		35,000.00	0.00	7,000,000.00
2	8/11/16	35,000.00		35,000.00	0.00	7,000,000.00
3	9/11/16	35,000.00		35,000.00	0.00	7,000,000.00
4	10/11/16	35,000.00		35,000.00	0.00	7,000,000.00
5	11/11/16	35,000.00	<b>0.00</b>	35,000.00	0.00	7,000,000.00
6	12/11/16	7,035,000.00	<b>0.00</b>	35,000.00	7,000,000.00	0.00

# Interest-Only Loan Calculator



<http://www.vertex42.com/Calculators/interest-only-loan.html>

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Loan Information	
Loan Amount	\$ 7,000,000
Annual Interest Rate	16.80%
Compound Period	Monthly
Term (Length) of Loan	0.50 yrs
First Payment Date	7/11/2016
Payment Frequency	Monthly
Payment Type	End of Period
Interest-Only Period	0.42 yrs
Rounding On	Yes

Summary	
Rate (per period)	1.400%
Number of Payments	6
Years to Pay Off	0.50
Total Payments	\$ 7,588,000.00
Total Interest	\$ 588,000.00

**Interest-Only Payment**                    **\$98,000.00**  
**Payment After IO Period**           **\$7,098,000.00**

## Amortization Schedule

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
						\$7,000,000.00
1	7/11/16	98,000.00		98,000.00	0.00	7,000,000.00
2	8/11/16	98,000.00		98,000.00	0.00	7,000,000.00
3	9/11/16	98,000.00		98,000.00	0.00	7,000,000.00
4	10/11/16	98,000.00		98,000.00	0.00	7,000,000.00
5	11/11/16	98,000.00	<b>0.00</b>	98,000.00	0.00	7,000,000.00
6	12/11/16	7,098,000.00	<b>0.00</b>	98,000.00	7,000,000.00	0.00

**Loan 11**  
**6 Month Short Term Promissory Note**  
July 11, 2017 – January 11, 2018

**BORROWER INFORMATION**

Winnie-Stowell Hospital District  
538 Broadway  
Winnie, Texas 77665

**NOTE.** This Commercial Promissory Note dated July 11, 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 the Borrower promises to pay the principal amount of seven million and 00/100 Dollars (\$7,000,000.00) and all interest on the outstanding principal balance and all other charges provided for in this Note, including service charges, to the order of Lender at its office at the address noted above or at such other place as Lender may designate in writing within three business (3) days following the Borrower’s ability to repay the principle in the event the State of Texas’s proposed Minimum Payment Amount Program Eligibility Period 3 (“MPAP 3”) set forth in 15 Tex. Admin. Code § 353.608 is not approved by the Centers for Medicare and Medicaid Services (“CMS”) or on January 11, 2018 if such program is approved (the “Maturity Date”) . The Borrower will make all payments in lawful money of the United States of America.

In the event that Borrower has not received funds from the State of Texas resulting from Borrowers participation in MPAP 3 by January 11, 2017, Borrower and Lender agree that the term of note shall be extended on a month to month basis until Borrower has repaid all outstanding principle and interest at a rate of 16.8% on the balance of principle owed. For each monthly extension, interest therein shall be paid on the 25<sup>th</sup> of each month.

**PAYMENT SCHEDULE.** This Note will be paid according to the following schedule: 1) Monthly Interest on this note is calculated by the following formula:  $(\text{Principle} \times \text{annual interest of } 6\% \text{ or } 16.8\%) \div 12 \text{ Months}$  to be paid in six equal payments on 25<sup>th</sup> day of each month beginning July 25th, 2017 and continuing each month through December 25th, 2017, and 3) thereafter, any unpaid interest accrued on the unpaid principal balance of this Note and the entire balance of unpaid principal shall be finally due and payable, without notice or demand on Maturity Date. 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. See “Exhibit A” for payment schedule.

**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 6% per annum until such time as the State of Texas receives approval by the Centers for Medicare and Medicaid Services ("CMS") for the Minimum Payment Amount Program Eligibility Period 3 ("MPAP 3") as set forth in 15 Tex. Admin. Code § 353.608. Upon approval of MPAP 3, interest on this note shall increase to 16.8% per annum for the entire term of the note and Borrower shall pay any balances owed within three (3) business days of the program's approval. 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. See Exhibit "A" for 6% and 16.8 % Interest Rate Schedule.

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 July 11, 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.**

1. 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.

2. 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 15 Tex. Admin. Code § 353.608. 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 District will follow its adopted Depository Transfer Procedures and any subsequent amendments to these procedures will be approved with the consent of the Lender.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.

**[INTENTIONALLY LEFT BLANK]**

**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: Edward Murrell

Title: President

Lender: SALT CREEK CAPITAL, LLC

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

Name: Alfred G. Allen, III

Title: President

Exhibit "A"  
6% and 16.8% Interest Rate Calculator and Payment Schedule

# Interest-Only Loan Calculator



<http://www.vertex42.com/Calculators/interest-only-loan.html>

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Loan Information	
Loan Amount	\$ 7,000,000
Annual Interest Rate	6.00%
Compound Period	Monthly
Term (Length) of Loan	0.50 yrs
First Payment Date	7/11/2016
Payment Frequency	Monthly
Payment Type	End of Period
Interest-Only Period	0.42 yrs
Rounding On	Yes

Summary	
Rate (per period)	0.500%
Number of Payments	6
Years to Pay Off	0.50
Total Payments	\$ 7,210,000.00
Total Interest	\$ 210,000.00

**Interest-Only Payment**                    **\$35,000.00**  
**Payment After IO Period**           **\$7,035,000.00**

## Amortization Schedule

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
						\$7,000,000.00
1	7/11/16	35,000.00		35,000.00	0.00	7,000,000.00
2	8/11/16	35,000.00		35,000.00	0.00	7,000,000.00
3	9/11/16	35,000.00		35,000.00	0.00	7,000,000.00
4	10/11/16	35,000.00		35,000.00	0.00	7,000,000.00
5	11/11/16	35,000.00	<b>0.00</b>	35,000.00	0.00	7,000,000.00
6	12/11/16	7,035,000.00	<b>0.00</b>	35,000.00	7,000,000.00	0.00

# Interest-Only Loan Calculator



<http://www.vertex42.com/Calculators/interest-only-loan.html>

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Loan Information	
Loan Amount	\$ 7,000,000
Annual Interest Rate	16.80%
Compound Period	Monthly
Term (Length) of Loan	0.50 yrs
First Payment Date	7/11/2016
Payment Frequency	Monthly
Payment Type	End of Period
Interest-Only Period	0.42 yrs
Rounding On	Yes

Summary	
Rate (per period)	1.400%
Number of Payments	6
Years to Pay Off	0.50
Total Payments	\$ 7,588,000.00
Total Interest	\$ 588,000.00

**Interest-Only Payment**                    **\$98,000.00**  
**Payment After IO Period**           **\$7,098,000.00**

## Amortization Schedule

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
						\$7,000,000.00
1	7/11/16	98,000.00		98,000.00	0.00	7,000,000.00
2	8/11/16	98,000.00		98,000.00	0.00	7,000,000.00
3	9/11/16	98,000.00		98,000.00	0.00	7,000,000.00
4	10/11/16	98,000.00		98,000.00	0.00	7,000,000.00
5	11/11/16	98,000.00	<b>0.00</b>	98,000.00	0.00	7,000,000.00
6	12/11/16	7,098,000.00	<b>0.00</b>	98,000.00	7,000,000.00	0.00

**Loan No. 11**  
**6 Month Short Term Promissory Note**  
**Blocked Account Control**  
**Agreement (“Shifting Control”)**

AGREEMENT dated as of	July 11,	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 6 Month Short Term Commercial Note No. 11 signed on July 11, 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 Winnie, Texas 77665		Address for Notices:		P.O. Box 930, 455 Elm Street, Suite 100 Graham, Texas 76540	
Fax No.:		(409) 296-6326		Fax No.:		(940) 549-5691	
Email Address:		Murrelledward@yahoo.Com		Email Address:		aga@turnerandallen.com	
INTERBANK							
By:		Date:					
Name:		Harold Wilbanks					
Title:		Sr. Vice President					
<b>Address for other Notices:</b> InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____				<b>Address For Shifting Control and Termination Notices:</b> InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____			

# **Exhibit A**



# **Exhibit B**

## Exhibit C

### SHIFTING CONTROL NOTICE

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

Re: Blocked Account Control Agreement dated as of July 11 2017, (the "Agreement") by and among

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

relating to Account(s) 1755271008

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Ladies and Gentlemen:

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

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

**LOAN No. 11**  
**LOAN AND SECURITY AGREEMENT FOR**  
**6 MONTH SHORT TERM PROMISSORY NOTE**

July 11, 2017 – January 11, 2017

Effective as of July 11, 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 6 Month Short Term 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
Highland 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 6 Month Short Term Promissory Note 11 signed on July 11, 2017 by the Debtor with a term ending January 11, 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 “C”**



# ASSOCIATION RESOLUTION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,700,000.00	07-07-2017	07-07-2018	790154	4A / 07		SRL	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

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

**Lender:** Post Oak Bank, N.A.  
2000 West Loop South, Suite 100  
Houston, TX 77027  
(713) 439-3900

## I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

**THE ASSOCIATION'S EXISTENCE.** The complete and correct name of the Association is Winnie-Stowell Hospital District ("Association"). The Association is an organization which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Texas. The Association is duly authorized to transact business in all other states in which the Association is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Association is doing business. Specifically, the Association is, and at all times shall be, duly qualified as a foreign association in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Association has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Association maintains an office at 538 Broadway, Winnie, TX 77665. Unless the Association has designated otherwise in writing, the principal office is the office at which the Association keeps its books and records. The Association will notify Lender prior to any change in the location of the Association's state of organization or any change in the Association's name. The Association shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Association and the Association's business activities.

**RESOLUTIONS ADOPTED.** At a meeting of the officers of the Association, duly called and held on July 7, 2017, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

**OFFICER.** The following named person is an officer of Winnie-Stowell Hospital District:

<u>NAMES</u>	<u>TITLES</u>	<u>AUTHORIZED</u>	<u>ACTUAL SIGNATURES</u>
Edward Russell Murrell	President	Y X	_____

**ACTIONS AUTHORIZED.** The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Association. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Association:

**Borrow Money.** To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Association and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

**Execute Notes.** To execute and deliver to Lender the promissory note or notes, or other evidence of the Association's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Association's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

**Grant Security.** To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Association or in which the Association now or hereafter may have an interest, including without limitation all of the Association's real property and all of the Association's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Association to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

**Execute Security Documents.** To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

**Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Association or in which the Association may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Association's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

**Further Acts.** In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from the Association, at Lender's address shown above, written notice of revocation of such authority: **Edward Russell Murrell, President of Winnie-Stowell Hospital District.**

**ASSUMED BUSINESS NAMES.** The Association has filed or recorded all documents or filings required by law relating to all assumed business names used by the Association. Excluding the name of the Association, the following is a complete list of all assumed business names under which the Association does business: **None.**

**NOTICES TO LENDER.** The Association will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Association's name; (B) change in the Association's assumed business name(s); (C) change in the structure of the Association; (D) change in the authorized signer(s); (E) change in the Association's principal office address; (F) change in the Association's state of organization; (G) conversion of the Association to a new or different type of business entity; or (H) change in any other aspect of the Association that directly or indirectly relates to any agreements between the Association and Lender. No change in the Association's name or state of organization will take effect until after Lender has received notice.

**CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS.** The officer named above is duly elected, appointed, or employed by or for the Association, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Association, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

**CONTINUING VALIDITY.** Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to Lender and receipt acknowledged by Lender in writing at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Association's agreements or commitments in effect at the time notice is given.

**IN TESTIMONY WHEREOF,** I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Association certify that all statements and representations made in this Resolution are true and correct. This Association Resolution is dated July 7, 2017.



Loan No: 790154

**ASSOCIATION RESOLUTION  
(Continued)**

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CERTIFIED TO AND ATTESTED BY:

X  
Raul Espinoza, Secretary

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Association's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Association.





# PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,700,000.00	07-07-2017	07-07-2018	790154	4A / 07		SRL	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

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

**Lender:** Post Oak Bank, N.A.  
2000 West Loop South, Suite 100  
Houston, TX 77027  
(713) 439-3900

**Principal Amount: \$2,700,000.00**

**Date of Note: July 7, 2017**

**PROMISE TO PAY.** Winnie-Stowell Hospital District ("Borrower") promises to pay to Post Oak Bank, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Million Seven Hundred Thousand & 00/100 Dollars (\$2,700,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.250% per annum based on a year of 360 days. Interest shall be calculated from the date of each advance until repayment of each advance or maturity, whichever occurs first. The interest rate may change under the terms and conditions of the "POST MATURITY RATE" section.

**CHOICE OF USURY CEILING AND INTEREST RATE.** The interest rate on this Note has been implemented under the "Weekly Ceiling" as referred to in Sections 303.002 and 303.003 of the Texas Finance Code.

**PAYMENT.** Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 7, 2018. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning August 7, 2017, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest as shown on the most recent statement or bill provided to Borrower (if no statement or bill has been provided for any reason, it shall be applied to the unpaid interest accrued since the last payment); then to principal; then to any late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**MAXIMUM INTEREST RATE.** Under no circumstances will the interest rate on this Note exceed (except for any higher default rate shown below) the lesser of 18.000% per annum or the maximum rate allowed by applicable law.

**INTEREST CALCULATION METHOD.** Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding, unless such calculation would result in a usurious rate, in which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be. All interest payable under this Note is computed using this method.

**PREPAYMENT.** Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned interest. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Post Oak Bank, N.A., P.O. BOX 22009 Houston, TX 77227-2009.

**LATE CHARGE.** If a payment is 15 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

**POST MATURITY RATE.** The Post Maturity Rate on this Note is the lesser of (A) the maximum rate allowed by law or (B) 18.000% per annum based on a year of 360 days. Borrower will pay interest on all sums due after final maturity, whether by acceleration or otherwise, at that rate.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going organization, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Cure Provisions.** If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within twenty (20) days; or (2) if the cure requires more than twenty (20) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance under this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.

**JURY WAIVER.** Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender



**PROMISSORY NOTE  
(Continued)**

Loan No: 790154

Page 2

or Borrower against the other.

**GOVERNING LAW.** This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

**DISHONORED CHECK CHARGE.** Borrower will pay a processing fee of \$25.00 if any check given by Borrower to Lender as a payment on this loan is dishonored.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

**COLLATERAL.** Borrower acknowledges this Note is secured by the following collateral described in the security instrument listed herein: certificates of deposit described in an Assignment of Deposit Account dated July 7, 2017.

**LINE OF CREDIT.** This Note evidences a revolving line of credit. Advances under this Note may be requested either orally or in writing by Borrower or as provided in this paragraph. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: **Edward Russell Murrell, President of Winnie-Stowell Hospital District.** Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure. This revolving line of credit shall not be subject to Ch. 346 of the Texas Finance Code.

**NOTICE OF FINAL AGREEMENT. THIS DOCUMENT AND ALL OTHER DOCUMENTS RELATING TO THIS LOAN CONSTITUTE A WRITTEN LOAN AGREEMENT WHICH REPRESENTS 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 AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS LOAN.**

**IMAGING.** Borrower (or Guarantor or Grantor, as applicable) understands and agrees that (i) Lender's (Bank's) document retention policy involves the imaging of executed loan documents and the destruction of the paper originals, and (ii) Borrower (or Guarantor or Grantor, as applicable) waives any right that it may have to claim that the imaged copies of the loan documents are not originals.

**FACSIMILE PROVISIONS.** All parties agree that any executed facsimile copy of this document shall be deemed to be of the same force and effect as the original, manually executed documents.

**BUSINESS FINANCIAL REQUIREMENTS. Financial Statements.** Furnish Lender with the following:

**Annual Statements.** As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to Lender.

**SUCCESSOR INTERESTS.** The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

**NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES.** Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Post Oak Bank, N.A. P.O. BOX 22009 Houston, TX 77227-2009.

**GENERAL PROVISIONS.** This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. **NOTICE:** Under no circumstances (and notwithstanding any other provisions of this Note) shall the interest charged, collected, or contracted for on this Note exceed the maximum rate permitted by law. The term "maximum rate permitted by law" as used in this Note means the greater of (a) the maximum rate of interest permitted under federal or other law applicable to the indebtedness evidenced by this Note, or (b) the higher, as of the date of this Note, of the "Weekly Ceiling" or the "Quarterly Ceiling" as referred to in Sections 303.002, 303.003 and 303.006 of the Texas Finance Code. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Texas (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. The right to accelerate maturity of sums due under this Note does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to charge or collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment in full so that the rate or amount of interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, notice of dishonor, notice of intent to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

**PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.**

**BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.**

**BORROWER:**

**WINNIE-STOWELL HOSPITAL DISTRICT**

By: Edward Russell Murrell, President of Winnie-Stowell Hospital District



# ASSIGNMENT OF DEPOSIT ACCOUNT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,700,000.00	07-07-2017	07-07-2018	790154	4A / 07		SRI	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

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

**Lender:** Post Oak Bank, N.A.  
2000 West Loop South, Suite 100  
Houston, TX 77027  
(713) 439-3900

THIS ASSIGNMENT OF DEPOSIT ACCOUNT dated July 7, 2017, is made and executed between Winnie-Stowell Hospital District ("Grantor") and Post Oak Bank, N.A. ("Lender").

**ASSIGNMENT.** For valuable consideration, Grantor assigns and grants to Lender a security interest in the Collateral, including without limitation the deposit account(s) described below, to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**COLLATERAL DESCRIPTION.** The word "Collateral" means the following described deposit account(s) ("Account"):

CD Account Number 5029053 with Lender with an approximate balance of \$2,700,000.00

together with (A) all interest, whether now accrued or hereafter accruing; (B) all additional deposits hereafter made to the Account; (C) any and all proceeds from the Account; and (D) all renewals, replacements and substitutions for any of the foregoing.

**CROSS-COLLATERALIZATION.** In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise. However, this Agreement shall not secure, and the "Indebtedness" shall not include, any obligations arising under Subchapters E and F of Chapter 342 of the Texas Finance Code, as amended.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL.** With respect to the Collateral, Grantor represents and promises to Lender that:

**Ownership.** Grantor is the lawful owner of the Collateral free and clear of all loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

**Right to Grant Security Interest.** Grantor has the full right, power, and authority to enter into this Agreement and to assign the Collateral to Lender.

**No Prior Assignment.** Grantor has not previously granted a security interest in the Collateral to any other creditor.

**No Further Transfer.** Grantor shall not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

**No Defaults.** There are no defaults relating to the Collateral, and there are no offsets or counterclaims to the same. Grantor will do everything required of Grantor under the terms, conditions, promises, and agreements contained in or relating to the Collateral.

**Proceeds.** Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are received by Grantor shall be held by Grantor in trust for Lender and immediately shall be delivered by Grantor to Lender to be held as part of the Collateral.

**Validity; Binding Effect.** This Agreement is binding upon Grantor and Grantor's successors and assigns and is legally enforceable in accordance with its terms.

**Financing Statements.** Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

**LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL.** While this Agreement is in effect, Lender may retain the rights to possession of the Collateral, together with any and all evidence of the Collateral, such as certificates or passbooks. This Agreement will remain in effect until (a) there no longer is any Indebtedness owing to Lender; (b) all other obligations secured by this Agreement have been fulfilled; and (c) Grantor, in writing, has requested from Lender a release of this Agreement.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures paid by Lender for such purposes will then bear interest at the Note rate from the date paid by Lender to the date of repayment by Grantor. To the extent permitted by applicable law, all such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**LIMITATIONS ON OBLIGATIONS OF LENDER.** Lender shall use ordinary reasonable care in the physical preservation and custody of any certificate or passbook for the Collateral but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility (A) for the collection or protection of any income on the Collateral; (B) for the preservation of rights against issuers of the Collateral or against third persons; (C) for ascertaining any maturities, conversions, exchanges, offers, tenders, or similar matters relating to the Collateral; nor (D) for informing the Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Grantor fails to make any payment when due under the Indebtedness.

**Other Defaults.** Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

**Default in Favor of Third Parties.** Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or ability to perform Grantor's obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**ASSIGNMENT OF DEPOSIT ACCOUNT  
(Continued)**

**Insolvency.** The dissolution or termination of Grantor's existence as a going organization, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Cure Provisions.** If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within twenty (20) days; or (2) if the cure requires more than twenty (20) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**RIGHTS AND REMEDIES ON DEFAULT.** Upon the occurrence of an Event of Default, or at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any rights or remedies that may be available at law, in equity, or otherwise:

**Accelerate Indebtedness.** Lender may declare all Indebtedness of Grantor to Lender immediately due and payable, without notice of any kind to Grantor.

**Application of Account Proceeds.** Lender may take directly all funds in the Account and apply them to the Indebtedness. If the Account is subject to an early withdrawal penalty, that penalty shall be deducted from the Account before its application to the Indebtedness, whether the Account is with Lender or some other institution. Any excess funds remaining after application of the Account proceeds to the Indebtedness will be paid to Grantor as the interests of Grantor may appear. Grantor agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Account to the Indebtedness. Lender also shall have all the rights of a secured party under the Texas Uniform Commercial Code, even if the Account is not otherwise subject to such Code concerning security interests, and the parties to this Agreement agree that the provisions of the Code giving rights to a secured party shall nonetheless be a part of this Agreement.

**Transfer Title.** Lender may effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as Grantor's attorney-in-fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

**Other Rights and Remedies.** Lender shall have and may exercise any or all of the rights and remedies of a secured creditor under the provisions of the Texas Uniform Commercial Code, at law, in equity, or otherwise.

**Deficiency Judgment.** If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

**Election of Remedies.** Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

**Cumulative Remedies.** All of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and to exercise its remedies.

**NOTICE OF FINAL AGREEMENT. THIS DOCUMENT AND ALL OTHER DOCUMENTS RELATING TO THIS LOAN CONSTITUTE A WRITTEN LOAN AGREEMENT WHICH REPRESENTS 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 AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS LOAN.**

**IMAGING.** Borrower (or Guarantor or Grantor, as applicable) understands and agrees that (i) Lender's (Bank's) document retention policy involves the imaging of executed loan documents and the destruction of the paper originals, and (ii) Borrower (or Guarantor or Grantor, as applicable) waives any right that it may have to claim that the imaged copies of the loan documents are not originals.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including Lender's reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Texas.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.



**ASSIGNMENT OF DEPOSIT ACCOUNT  
(Continued)**

Loan No: 790154

Page 3

**Power of Attorney.** Grantor hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (1) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (2) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (3) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, to execute and deliver its release and settlement for the claim; and (4) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable. This power is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lender.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Successors and Assigns.** Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**Waive Jury.** All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Account.** The word "Account" means the deposit account(s) described in the "Collateral Description" section.

**Agreement.** The word "Agreement" means this Assignment of Deposit Account, as this Assignment of Deposit Account may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Deposit Account from time to time.

**Borrower.** The word "Borrower" means Winnie-Stowell Hospital District and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Collateral.** The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

**Default.** The word "Default" means the Default set forth in this Agreement in the section titled "Default".

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**Grantor.** The word "Grantor" means Winnie-Stowell Hospital District.

**Guaranty.** The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

**Lender.** The word "Lender" means Post Oak Bank, N.A., its successors and assigns.

**Note.** The word "Note" means the Note dated July 7, 2017 and executed by Winnie-Stowell Hospital District in the principal amount of \$2,700,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Property.** The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS ASSIGNMENT OF DEPOSIT ACCOUNT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JULY 7, 2017.**

GRANTOR:

WINNIE-STOWELL HOSPITAL DISTRICT

By: Edward Russell Murrell, President of Winnie-Stowell Hospital District



## DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,700,000.00	07-07-2017	07-07-2018	790154	4A / 07		SRL	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

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

**Lender:** Post Oak Bank, N.A.  
2000 West Loop South, Suite 100  
Houston, TX 77027  
(713) 439-3900

**LOAN TYPE.** This is a non-precomputed Fixed Rate (3.250%) Nondisclosable Revolving Line of Credit Loan to an Unincorporated Association for \$2,700,000.00 due on July 7, 2018.

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for:

- Personal, Family or Household Purposes.  
 Personal Investment.  
 Business, Agricultural and All Other.

**SPECIFIC PURPOSE.** The specific purpose of this loan is: Revolving Line of Credit to provide working capital.

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$2,700,000.00 as follows:

Other Disbursements:	\$2,700,000.00
\$2,700,000.00 Upon Borrower's request	
Note Principal:	\$2,700,000.00

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JULY 7, 2017.

**BORROWER:**

WINNIE-STOWELL HOSPITAL DISTRICT

By: \_\_\_\_\_  
Edward Russell Murrell, President of Winnie-Stowell  
Hospital District



# NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Call	Account	Officer	Initials
\$2,700,000.00	07-07-2017	07-07-2018	790154	4A / 07		SRI	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

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

**Lender:** Post Oak Bank, N.A.  
2000 West Loop South, Suite 100  
Houston, TX 77027  
(713) 439-3900

THE WRITTEN LOAN AGREEMENT REPRESENTS 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.

As used in this Notice, the following terms have the following meanings:

**Loan.** The term "Loan" means the following described loan: a non-precomputed Fixed Rate (3.250%) Nondisclosable Revolving Line of Credit Loan to an Unincorporated Association for \$2,700,000.00 due on July 7, 2018.

**Loan Agreement.** The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

### LOAN DOCUMENTS

- Association Resolution: Winnie-Stowell Hospital District
- TX Assignment of Deposit Account: Collateral owned by Winnie-Stowell Hospital District
- Disbursement Request and Authorization
- Errors and Omissions Agreement: Winnie-Stowell Hospital District
- Promissory Note
- USA Patriot Notice - IMPORTANT INFORMATION ABOUT OPENING AN ACCOUNT
- Notice of Final Agreement

**Parties.** The term "Parties" means Post Oak Bank, N.A. and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

**Borrower:** Winnie-Stowell Hospital District  
**Grantor(s):** Winnie-Stowell Hospital District

This Notice of Final Agreement is given by Post Oak Bank, N.A. pursuant to Section 26.02 of the Texas Business and Commerce Code. Each Party who signs below, other than Post Oak Bank, N.A., acknowledges, represents, and warrants to Post Oak Bank, N.A. that it has received, read and understood this Notice of Final Agreement. This Notice is dated July 7, 2017.

**BORROWER:**

WINNIE-STOWELL HOSPITAL DISTRICT

By: Edward Russell Murrell, President of Winnie-Stowell Hospital District

**LENDER:**

POST OAK BANK, N.A.

X   
Authorized Officer



# NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,700,000.00	07-07-2017	07-07-2018	790154	4A / 07		SRL	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

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

**Lender:** Post Oak Bank, N.A.  
2000 West Loop South, Suite 100  
Houston, TX 77027  
(713) 439-3900

THE WRITTEN LOAN AGREEMENT REPRESENTS 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.

As used in this Notice, the following terms have the following meanings:

**Loan.** The term "Loan" means the following described loan: a non-precomputed Fixed Rate (3.250%) Nondisclosable Revolving Line of Credit Loan to an Unincorporated Association for \$2,700,000.00 due on July 7, 2018.

**Loan Agreement.** The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

### LOAN DOCUMENTS

- Association Resolution: Winnie-Stowell Hospital District
- TX Assignment of Deposit Account: Collateral owned by Winnie-Stowell Hospital District
- Disbursement Request and Authorization
- Errors and Omissions Agreement: Winnie-Stowell Hospital District
- Promissory Note
- USA Patriot Notice - IMPORTANT INFORMATION ABOUT OPENING AN ACCOUNT
- Notice of Final Agreement

**Parties.** The term "Parties" means Post Oak Bank, N.A. and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

**Borrower:** Winnie-Stowell Hospital District  
**Grantor(s):** Winnie-Stowell Hospital District

This Notice of Final Agreement is given by Post Oak Bank, N.A. pursuant to Section 26.02 of the Texas Business and Commerce Code. Each Party who signs below, other than Post Oak Bank, N.A., acknowledges, represents, and warrants to Post Oak Bank, N.A. that it has received, read and understood this Notice of Final Agreement. This Notice is dated July 7, 2017.

**BORROWER:**

WINNIE-STOWELL HOSPITAL DISTRICT

By: Edward Russell Murrell, President of Winnie-Stowell Hospital District

**LENDER:**

POST OAK BANK, N.A.

X [Signature]  
Authorized Officer





# ERRORS AND OMISSIONS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,700,000.00	07-07-2017	07-07-2018	790154	4A / 07		SRI	

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538 Broadway  
Winnie, TX 77665

**Lender:** Post Oak Bank, N.A.  
2000 West Loop South, Suite 100  
Houston, TX 77027  
(713) 439-3900

**LOAN NO.:** 790154

The undersigned Borrower for and in consideration of the above-referenced Lender funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority or the Department of Veterans Affairs.

The undersigned Borrower does hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation.

DATED effective this July 7, 2017

**BORROWER:**

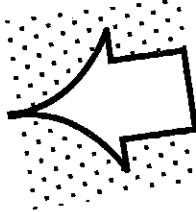
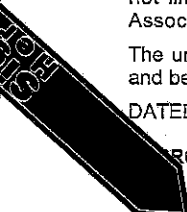
WINNIE-STOWELL HOSPITAL DISTRICT

By: Edward Russell Murrell, President of Winnie-Stowell Hospital District

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

X \_\_\_\_\_  
(Notary Public)

My Commission Expires: \_\_\_\_\_




# **Exhibit “D”**

**INTERLOCAL COOPERATION ACT CONTRACT  
TO PROVIDE HEALTH CARE SERVICES  
BETWEEN THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON  
AND THE WINNIE-STOWELL HOSPITAL DISTRICT**

This Interlocal Cooperation Act Contract (the “Contract”) is entered into pursuant to the authority granted under *Chapter 791, Texas Government Code* by and between **The University of Texas Medical Branch at Galveston**, a component institution of The University of Texas System and an agency of the State of Texas, (“UTMB”), and **Winnie-Stowell Hospital District** (“Hospital District”) for the provision of the health care services to the Hospital District’s eligible residents described herein.

This Contract is subject to the provisions of the Texas Indigent Health Care and Treatment Act, *Chapter 61, Texas Health & Safety Code* (the “Act”). However, UTMB and Hospital District understand and acknowledge that Hospital District shall be liable to UTMB for the treatment and provision of health care services to any Eligible Resident under this Contract, as contemplated and authorized under Section 74.005 (d), Texas Education Code, up to the Cap Out amount.

**I. Definitions:**

- 1.1 **Cap Out:** The maximum annual Hospital District liability per Eligible Resident under this Contract, which UTMB and Hospital District agree shall be **\$60,000** services provided by UTMB. 
- 1.2 **Eligible Resident:** An Eligible Resident is a Hospital District resident who:
  - 1.2.1 Presents a valid Hospital District identification card to UTMB; and either
  - 1.2.2 Presents a valid referral authorization from the Hospital District indigent health care office, an authorized Hospital District official, the Hospital District’s authorized third party administrator or from a physician designated by the Hospital District indigent health care office as authorized to make referrals, in addition to a valid preauthorization from the Hospital District or Hospital District’s designee; or
  - 1.2.3 Presents in a UTMB emergency room without a referral where Emergency Care will be provided.
- 1.3 **Emergency Care:** Care given to any person who presents in the UTMB emergency room to evaluate and stabilize a medical condition of recent onset and severity, including severe pain, that would lead a prudent layperson possessing an average knowledge of medicine and health to believe that the person’s condition, sickness, or injury is of such a nature that failure to get immediate medical care could result in: 1) placing the patient's health in serious jeopardy; (2) serious impairment to bodily functions; (3) serious dysfunction of a bodily organ or part; (4) serious disfigurement; or (5) in the case of woman, serious jeopardy to the health of the fetus.

- 1.4 **Invoice:** An invoice is the demand for payment for services provided by UTMB to Eligible Residents which may be submitted at the election of the Hospital District either electronically or in monthly statement form as set out in Section 2.2.2.
- 1.5 **Patient Encounter:** A patient encounter includes each preauthorized inpatient or outpatient visit to UTMB by an Eligible Resident and all medically appropriate procedures, treatments, and ancillary services associated with that visit.
- 1.6 **Primary Care:** General health care services provided by family practitioners, pediatricians, and internal medicine physicians.
- 1.7 **Secondary Care:** Specialty health care services provided by a specialist who is asked to provide more insight and treatment regarding the medical problem of a patient who has been referred to UTMB.
- 1.8 **Tertiary Care:** Health care services provided within a sophisticated specialty care setting that is serving as a referral and support alternative to primary and secondary care.
- 1.9 **Medical Screening Examination:** The process required to reach with reasonable clinical confidence the point at which it can be determined whether a medical emergency does or does not exist. Depending on patient's presenting symptoms, the exam could range from a simple process involving only a brief history and physical exam to a complex process that involves performing ancillary studies and procedures, including clinical lab tests, CT scans, and/or diagnostic tests and procedures. The exam is an ongoing process that must continue until the patient is stabilized or it can be determined whether a medical emergency does or does not exist.

## II. Responsibilities:

### 2.1 Hospital District's Responsibilities:

- 2.1.1 The Hospital District agrees to pay UTMB the fees charged to the Hospital District by UTMB for health care services rendered pursuant to this Contract within sixty (60) days of date of the Invoice except for amounts specifically disputed in accordance with Section 2.1.2. The undisputed portions of any Invoice will not be withheld and will be paid in accordance with this section 2.1.1.
- 2.1.2 In the event the Hospital District disputes all or any portion of an amount included on an Invoice, the Hospital District will notify UTMB in writing of the specific reason for which the amount is being disputed. Valid reasons for dispute include (i) appointment not authorized; (ii) Cap Out and (iii) Medicaid patient. In the case of the first two, UTMB and Hospital District will consult their respective records to resolve the dispute. In the case of a Medicaid patient, the Hospital District will provide the Medicaid Number, the Add Date, Effective Date and Term Date and such other information as is reasonably requested by UTMB. Any other reason for disputing a charge (i.e., duplicate charge) must be accompanied by a full explanation of the

reason for non-payment and evidence that such charge is not valid and the Hospital District will provide to UTMB such additional information as is reasonably requested by UTMB. All notices of dispute shall be in writing, specific, in good faith, and promptly forwarded to the respective UTMB billing entity, but in no event later than forty-five (45) days from the date of the Invoice containing the disputed charge. Dispute notices received by UTMB later than forty-five (45) days from the date of the Invoice shall be null and void and the disputed amount shall be due and owing from the Hospital District to UTMB. Notices of dispute of a charge will be sent directly to the respective UTMB billing entity set forth in Section 2.1.4 and Section 2.1.5 with the appropriate documentation necessary for each such billing entity. UTMB shall respond to any notice of dispute within thirty (30) days of receipt of same. If UTMB's response indicates payment is expected for the amount(s) in dispute, the Hospital District shall have thirty (30) days from receipt of UTMB's response to either pay the disputed amount(s) or notify UTMB that the amount remains in dispute. If the amount remains in dispute, the dispute shall be resolved as set forth in section 4.3 below.

- 2.1.3 Payment of Invoices shall be made directly to the respective UTMB billing entities specified in Section 2.1.4 and Section 2.1.5.
- 2.1.4 Physician payments mailed to: UTMB Faculty Group Practice, P.O. Box 650859, Dept 710, Dallas, TX 75265-0859.
- 2.1.5 Hospital payments mailed to: UTMB at Galveston, P.O. Box 660120, Dept 730, Dallas, TX 775266-0120.
- 2.1.6 The Hospital District shall screen and register patients in accordance with the provisions of the Act and the Hospital District's internal procedures in advance of treatment.
- 2.1.7 The Hospital District shall provide each indigent patient with a card that identifies the patient as an Eligible Resident and contains the information in the form identified in Exhibit A.
- 2.1.8 The Hospital District agrees to refer Eligible Residents through its indigent health care office, by a physician designated by the Hospital District indigent health care office and/or by a designated third party administrator as authorized by the Hospital District to make referrals.
- 2.1.9 The Hospital District shall complete the UTMB referral form as identified in Exhibit B in advance in order to authorize treatment for all Eligible Residents.
- 2.1.10 The Hospital District shall identify to UTMB the specific indigent health care officials who can authorize referrals and confirm Eligible Resident status, including the name, address and phone numbers of Hospital District officials or designated third party administrators for telephone eligibility verification and patient referral.

- 2.1.11 The Hospital District shall be solely responsible for arranging for any follow-up medical care or health care services to be performed by UTMB including referral form completion for Eligible Residents referred to UTMB.
- 2.1.12 The Hospital District shall ensure that the information contained in the referral form is accurate and complete and that all referrals contain a valid and unique authorization identifier for each Patient Encounter. An authorization identifier is required to evidence the guarantee of benefits, eligibility for the referral and payment for health care services provided by UTMB under this Contract
- 2.1.13 Services provided by UTMB, excluding the Medical Screening Examination performed on an Eligible Resident upon presentation at a UTMB emergency room, require pre-authorization. Hospital District is only obligated to pay for services specifically authorized under each Patient Encounter as outlined in Section 1.5, except as allowed under Section 2.1.14.
- 2.1.14 Hospital District agrees to pay for Emergency Care received by any Eligible Resident at the UTMB Emergency Room, including the Medical Screening Examination, without regard to prior authorization, at rates specified under this Contract. Any services provided that do not constitute Emergency Care will be subject to preauthorization by the Hospital District or Hospital District's designee. Hospital District acknowledges and understands that the UTMB Emergency Room may not offer Medical Screening Exams at such times that staffing needs do not allow. During such times, Eligible Residents who present to the Emergency Room will be treated by a physician provider. Preauthorization shall not be required for any Emergency Care provided. UTMB will continue to make reasonable efforts to refer Eligible Residents not requiring Emergency Care to the Hospital District's indigent care office or primary care clinic in accordance with the provisions of this Contract. In addition, patients who receive a Medical Screening Examination and are deemed to be non-emergent will be directed to the financial screening process before further care may be provided. During the financial screening process, UTMB will inform the patient that medical services in the UTMB Emergency Room that are deemed non-emergent as a result of the Medical Screening Examination, will be the responsibility of the patient to cover payment in full.
- 2.1.15 Hospital District acknowledges that the physician services in UTMB's Emergency Care unit are contracted with a third-party provider. Hospital District understands and agrees that a separate agreement may be executed between Hospital District and such third-party for the provision of Emergency Care physician services under terms and at rates to be determined under such separate agreement.

2.1.16 Hospital District or its designee agrees to promptly respond to a request from UTMB to authorize additional health care services not previously authorized or included under the Medical Screening Examination that are medically necessary when delaying such health care services may be harmful to the Eligible Resident. Hospital District or its designee shall utilize its best faith effort to respond within three (3) hours of UTMB's request to authorize

additional health care services. If UTMB does not receive a response from Hospital District within three (3) hours of UTMB's initial attempt to request authorization for services, UTMB will presume that Hospital District has authorized the additional services and will provide the additional services to Eligible Resident.

2.1.17 Hospital District or its designee agrees to notify UTMB by fax at (409) 747-0850 or other mutually agreeable electronic means, including email, when it disenrolls an Eligible Resident from the Hospital District's indigent health care program. Such notice shall be delivered within 72 hours of the effective date of the disenrollment, and shall include the name, date of birth, and social security number of the affected individual.

2.1.18 Hospital District agrees that it will not require Eligible Residents receiving health care services from UTMB under this Contract to obtain health care services outside of UTMB, including but not limited to radiology, electronic imaging, laboratory and pathology services in those instances where: (1) the Eligible Resident has been admitted to a UTMB facility as an in-patient; or (2) if in the opinion of a UTMB physician, the provision of services by a third party provider would significantly disrupt or impair the continuity of care provided to the Eligible Resident by UTMB. The parties acknowledge and understand that procedures requiring preauthorization are determined by Hospital District and specified in Exhibit C, as provided in Section 2.1.13 of this Contract. Except that, in cases where an Eligible Resident is referred to UTMB for neurology, orthopedic or neurosurgery services, the Hospital District must provide concurrent pre-authorization for both medically necessary radiology services and neurology, orthopedic or neurosurgery services.

## 2.2 UTMB's responsibilities:

2.2.1 At the time of referral of an Eligible Resident, UTMB agrees to provide health care services within the then current limits of its capacities and capabilities to the Hospital District's Eligible Residents at the authorized and agreed upon fee schedule attached as Exhibit D to this Contract.

2.2.2 UTMB agrees to submit Invoices on a timely basis to the Hospital District from each billing entity.

2.2.2.1 Invoices may be submitted either (i) electronically for each Patient Encounter of an Eligible Resident; or (ii) in a paper statement prepared on a monthly basis reflecting the accumulated amounts due to UTMB from the Hospital District for the Patient Encounters of all Eligible Residents during the previous month regardless of the date of a Patient Encounter. The Hospital District has elected the method of invoicing indicated on the signature page of this Contract. The Hospital District may change such election only upon written notification to UTMB at least sixty (60) days prior to the date requested for such change to take effect.

- 2.2.2.2 Invoices that are sent in electronic form will be sent within ninety-five (95) days of the date of each Patient Encounter. If submitted in paper statement form, the Invoice will include the amounts due to UTMB from the Hospital District for the Patient Encounters of all Eligible Residents accumulated during the previous month regardless of the date of a Patient Encounter, although the Invoice will be sent within one-hundred twenty-five (125) days of the date of any Patient Encounter included on the Invoice. Separate Invoices will be submitted for hospital and physician services.
- 2.2.3 UTMB agrees that it will not “balance bill” for health care services provided to those Eligible Residents who have the appropriate consultation form identified in Exhibit B. UTMB agrees to accept Hospital District’s payment as payment in full for health care services provided to Eligible Residents. In the event that Eligible Resident is entitled to payment for health care services from a third party payer, UTMB shall not demand from Hospital District any amount received by Hospital District for reimbursement from a third party payer. In the event that UTMB receives payment from both the Hospital District and a third party payer, UTMB agrees to refund the Hospital District for the amount received from the Hospital District. For purposes of accomplishing the intent of this section, the Hospital District assigns to UTMB its rights to collection for any third party claim for services rendered by UTMB to Eligible Residents. Refund should be submitted to the appropriate Hospital District within one hundred twenty (120) days of UTMB receipt of payment from third party payer.
- 2.2.4 UTMB agrees to make a best faith effort to provide discharge summaries and consultation reports, procedure and/or operative notes (and case notes, if requested by Hospital District) and consult notes for clinic services to the Hospital District’s referring physician. UTMB shall furnish such information to the Hospital District’s referring physician not later than ten (10) business days of the date of discharge of the patient. In addition, UTMB shall furnish the same information, as soon as practicable, upon request to the Hospital District’s indigent healthcare office or its assignee. In the event UTMB fails to provide such information as is required by this section on a timely basis for more than ten percent (10%) of the Hospital District’s patients treated at UTMB during any calendar month during the term of this Contract, then upon such failure of performance Hospital District may immediately institute the dispute resolution procedure set forth in section 4.3 below. UTMB agrees to provide copies of medical records under this section without charge. If additional copies of the same medical records are requested, whether in the same or subsequent request by Hospital District, Hospital District will pay for the additional copies at the rates then charged by UTMB for such copies under similar circumstances.
- 2.2.5 UTMB agrees to refer all Eligible Residents back to the Hospital District’s indigent care office for follow-up treatment of the referred condition.
- 2.2.6 UTMB Invoices shall include a CMS UB-04 for inpatient/hospital services and a CMS 1500 for outpatient/physician services. UTMB shall provide all necessary documents in its possession to assist Hospital District in seeking



reimbursement from other sources, including assignments for Medicaid eligible services provided to SSI Appellant Eligible Residents. If a Hospital District eligible patient is subsequently determined to be Medicaid eligible and Hospital District has already paid UTMB for services rendered to Medicaid eligible, the Hospital District will request a refund from UTMB. Once UTMB has been paid by Medicaid, UTMB will refund the money to the Hospital District.

- 2.2.7 UTMB agrees to use reasonable efforts to inform the Hospital District of the cumulative amount of all Invoices.
- 2.2.8 UTMB agrees to provide names, addresses, and phone numbers for personnel responsible for arranging for health care services under this Contract.
- 2.2.9 UTMB agrees to comply with Federal and State laws regarding Emergency Care. UTMB agrees to make reasonable efforts to refer Hospital District residents not requiring Emergency Care to the Hospital District's indigent health care office for referral in accordance with the provisions of this Contract.
- 2.2.10 UTMB provides professional liability insurance coverage for employed UTMB faculty, qualifying part-time contracted faculty, residents, and students through the University of Texas System Professional Medical Liability Benefit Plan (the "Plan") for claims arising from or related to acts and/or omissions occurring within the course and scope of their clinical, educational, and research duties and responsibilities. The plan provides coverage of \$500,000 per claim and \$1.5 million in annual aggregate and is an "incurred" plan and provides "tail" coverage. UTMB agrees to provide evidence of current coverage under such policies and to immediately inform Hospital District of any actual or proposed material modification, cancellation, or termination of such insurance. Hospital District acknowledges that, as an agency of the State of Texas, UTMB's liability for the tortious conduct of UTMB employees or for injuries caused by conditions of tangible personal property is provided for by the provisions of the Texas Tort Claims Act (*Texas Civil Practice and Remedies Code, Chapters 101, 104, and 108*). Workers' Compensation Insurance coverage for employees of UTMB is provided by UTMB as mandated by the provisions of *Texas Labor Code, Chapter 503*.
- 2.2.11 UTMB agrees to allow Hospital District and/or its agent access to the medical and billing records of services provided under this Contract to Hospital District's Eligible Residents treated by UTMB for purposes of allowing Hospital District and/or its agent to conduct audits regarding medical necessity and/or billing accuracy. In such event, Hospital District shall provide notice not less than three (3) business days in advance of on-site visit and specify those records it desires to inspect and review. On-site visits will be conducted during normal business hours. Hospital District and/or its agent will adhere to all UTMB standard security requirements for premises access. All costs of such audits shall be the responsibility of Hospital District. UTMB agrees to cooperate with Hospital District regarding such audit processes.

2.2.12 UTMB has the right to terminate the physician-patient relationship or the provision of non-emergent services to an Eligible Resident if a UTMB Physician determines that continuing the relationship or providing the requested services are not in the best interest of the Eligible Resident.

**2.3 Health care services not UTMB's responsibility:**

2.3.1 UTMB does not agree to provide Outpatient Pharmacy services.

2.3.2 UTMB does not agree to provide transportation to and from UTMB.

2.3.3 UTMB does not agree to provide take-home medical supplies.

2.3.4 UTMB does not agree to provide health care services via telemedicine.

2.3.5 UTMB does not agree to provide routine eye care and exams.

**2.4 Health care services carve out:**

2.4.1 Oncology Services - Under this Contract, UTMB agrees to accept the referral of an Eligible Resident to its oncology service for consultation only, and to provide a diagnostic evaluation and treatment plan for the Eligible Resident.

2.4.2 Invasive Cardiology/Cardiovascular Services - Under this Contract, UTMB agrees to accept the referral of an Eligible Resident to its invasive cardiology/cardiovascular service for consultation only, and to provide a diagnostic evaluation and treatment plan for the Eligible Resident. If the Hospital District requests UTMB to provide invasive cardiology/cardiovascular services as outlined in the treatment plan for the Eligible Resident, the Hospital District agrees to pay UTMB for a complete episode of care, as set forth in the treatment plan, based on the compensation amounts detailed in Exhibit D, Compensation Schedule, up to \$75,000.

If the Hospital District requests UTMB to provide oncology services as outlined in the treatment plan for the Eligible Resident, the Hospital District will be required to sign a separate one-time agreement with UTMB and agree to pay for a complete episode of care, as set forth in the treatment plan, based on the compensation amounts detailed in Exhibit D, Compensation Schedule, regardless of the Cap Out amount.

### III. Warranties:

- 3.1 UTMB warrants that (1) the health care services to be performed hereunder are necessary and authorized for activities that are properly within its statutory functions and programs; (2) it has the authority to contract for the services under authority granted in Chapters 65 and 74, *Texas Education Code*, and Chapter 791, *Texas Government Code*; (3) it has all necessary power and has received all necessary approvals to execute and deliver this Contract, and (4) the representative signing this Contract on its behalf is authorized by its governing body to sign this Contract.
- 3.2 Hospital District warrants that (1) it has authority to perform the services under authority granted in Chapter 61, *Texas Health & Safety Code* and Chapter 791, *Texas Government Code*; (2) it has all necessary power and has received all necessary approvals to execute and deliver this Contract, and (3) the representative signing this Contract on its behalf is authorized by its governing body to sign this Contract.
- 3.3 UTMB, at all times during the existence of this Agreement, warrants that it will comply with and provide services in accordance with (i) all applicable federal, State, Hospital District and municipal laws, rules, ordinances and regulations as they relate to this Agreement; (ii) the standards of the Joint Commission; and (iii) all applicable UTMB policies, bylaws, rules and regulations, including UTMB's Compliance Program.

### IV Miscellaneous:

- 4.1 **Term and Termination.** 4.1 The term of this Contract shall be from September 1, 2016 through August 31, 2017, regardless of the date of execution. The Contract will renew for two additional consecutive one year terms, September 1, 2017 through August 31, 2018 and September 1, 2018 through August 31, 2019, subject to any applicable rate changes published by the Texas Health and Human Services Commission, which will be provided annually to the County in Exhibit A. This Contract may be terminated earlier by either party by giving thirty (30) days written notice to the other party. Execution of this Contract shall supersede and replace any previous agreement between Hospital District and UTMB for indigent health care services provided on or after September 1, 2016. Physician services will be designated by the last date of service of a Patient Encounter. Hospital services will be designated by admission date.

For continuation of care after the effective date of termination, the parties agree to cooperate to arrange for the prompt, medically appropriate transfer of Eligible Residents following termination of this Contract. In the case of inpatient services provided to Eligible Residents after the effective date of termination, except as may be required by the obligation of UTMB to continue care in the event of special circumstances, UTMB shall continue such care and be compensated by the Hospital District until the conclusion of the course of treatment. Such continued treatment shall be at the rates then in effect under this Contract. For outpatient treatment, the Hospital District agrees to move the Eligible Resident to a contracted provider unless both parties agree in writing to a short term continuum of care plan. Services provided under this section, with accompanying requirements, survive the termination of Contract.

Hospital District may terminate this Agreement immediately upon any of the following occurrences: (i) loss of UTMB's JCAHO accreditation; or (ii) loss of UTMB's Medicare certification.

- 4.2 **Jurisdiction/Venue.** The parties agree that this Contract shall be construed in accordance with the laws of the State of Texas and that venue shall lie in a State District Court in Travis County, Texas.
- 4.3 **Dispute Resolution Procedure.** The parties agree to use the dispute resolution process provided for in Chapter 2260 of the Texas Government Code to attempt to resolve all disputes arising under this Contract. Either party must give written notice to the other party of a claim for breach of this Contract not later than the 180<sup>th</sup> day after the date of the event giving rise to the claim. By their execution of this Contract, the parties acknowledge and knowingly and voluntarily agree that neither the execution of this Contract; nor the conduct, act or inaction by any person in the execution, administration, or performance of this Contract constitutes or is intended to constitute a waiver of the other party's immunity from suit with respect to claims of third parties.
- 4.4 **Entire Agreement/Amendment.** This Contract constitutes the entire agreement between the parties. This Contract may be amended only in writing and signed by both parties.
- 4.5 **HIPAA Obligation and Other Regulations Implementing the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. §1320(d) ("HIPAA")).** To the extent either party comes into contact with information considered Individually Identifiable Health Information as defined by 42 U.S.C. §1320(d), Protected Health Information or Electronic Protected Health Information (collectively known as "Protected Information") as regulated by the Department of Health and Human Services (DHHS) through the adoption of standards, 45 CFR Parts 160 and 164 (Privacy Rule) and 45 CFR Parts 160, 162 and 164 (Security Rule), collectively referred to as "the HIPAA Rules," such party agrees to keep private and to secure any information considered Protected Information in accordance with federal law. Further, the parties will execute the Business Associate Agreement appended hereto as Exhibit E.
- 4.6 **Notices.** Except as otherwise provided in this section, all notices, consents, approvals, demands, requests or other communications provided for or permitted to be given under any of the provisions of this Contract shall be in writing and shall be deemed to have been duly given or served when delivered by hand delivery or when deposited in the U.S. mail by registered or certified mail, return receipt requested, postage prepaid, and addressed as set forth below or to such other person or address as may be given in writing by either party to the other in accordance with this Section:

UTMB: Cheryl A. Sadro, CPA, MSM  
Executive Vice President  
Chief Business & Finance Officer  
The University of Texas Medical Branch

301 University Blvd.  
Galveston, TX 77555-0128

Cc to: Department of Legal Affairs  
The University of Texas Medical Branch  
301 University Blvd.  
Galveston, Texas 77555-0171  
Phone: (409) 747-8738  
Fax: (409) 747-8741

If to Winnie-Stowell  
Hospital District: Edward Murrell, Chairman of the Board  
PO Box 1997  
538 Broadway  
Winnie, TX 77665  
409-296-1003

- 4.7 **State Auditor's Office.** The parties understand that acceptance of funds under this Contract constitutes acceptance of the authority of the Texas State Auditor's Office, or any successor agency (collectively, "Auditor"), to conduct an audit or investigation in connection with those funds pursuant to Sections 51.9335(c), 73.115(c) and 74.008(c), Texas Education Code. The contracting parties agree to cooperate with the Auditor in the conduct of the audit or investigation, including without limitation providing all records requested. The contracting parties will include this provision in all contracts with permitted subcontractors.
- 4.8 **Assignment.** This Contract is not transferable or assignable except upon written approval by receiving party and performing party.
- 4.9 **Severability.** If any one or more of the provisions contained in this Contract shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained therein.
- 4.10 **Public Records.** It shall be the independent responsibility of UTMB and Hospital District to comply with the provisions of Chapter 552, *Texas Government Code* (the "*Public Information Act*"), as those provisions apply to the parties' respective information. Neither party is authorized to receive public information requests or take any action under the *Public Information Act* on behalf of the other party.
- 4.11 **Force Majeure.** Neither UTMB nor Hospital District shall be required to perform any term, condition, or covenant of this Contract so long as such performance is delayed or prevented by acts of God, material or labor restrictions by any governmental authority, civil riot, floods, hurricanes, or other natural disasters, and any other cause not reasonably within the control of UTMB or Hospital District and that by the exercise of due diligence UTMB or Hospital District is unable, wholly or in part, to prevent or overcome.

**IN WITNESS WHEREOF**, each of the parties agrees to the terms of this Contract and has caused this Contract to be executed on the following page by its duly authorized representative to be effective as of September 1, 2016.

**WINNIE-STOWELL  
HOSPITAL DISTRICT**

**THE UNIVERSITY OF TEXAS MEDICAL  
BRANCH AT GALVESTON**

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

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

Name: \_\_\_\_\_

Cheryl A. Sadro, CPA, MSM  
Executive Vice President  
Chief Business & Finance Officer

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

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

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

Attest: \_\_\_\_\_

Content Reviewed \_\_\_\_\_

**Election by Hospital District as to Method of  
Invoicing (please initial one):**

\_\_\_\_\_ **Paper Monthly Statement**

\_\_\_\_\_ **Electronic**

**Exhibit A**  
**Eligible Resident Identification Card**

**Card**

<b>Hospital District Indigent Care Card</b>	
<b>No.</b>	_____
Effective Date:	<u>10-01-14</u>
Expiration Date:	<u>09-31-15</u>
Hospital District Identification No:	<u>123456</u>
Coverage:	_____
Name:	Mr/Mrs. Hospital District Resident
Address:	1313 Main Street Your City, Texas 00000
Telephone:	409-555-5555
Date of Birth:	<u>10-23-1949</u>
Primary Care Provider:	_____
<i>Signature</i>	_____
<b>Hospital District Indigent Care Coordinator</b>	
<i>Signature</i>	_____
<b>Hospital District Indigent Patient's Signature</b>	
Patient Must Present This Card at Time of Registration.	
This card is not an evidence of eligibility for bene- fits. Determination of eligibility will be estab- lished through the Hospital District Indigent Care Coordinator's Office.	

Cards are to be created by the Hospital District.  
Each card should have a unique number assigned as a security precaution and tracking mechanism.  
Each card should have an original signature by the appropriate representative of the Hospital District.  
Each card should have an original signature by the resident.  
Each covered family member should have their own card issued. This would replace existing letters.

Exhibit B

UTMB Clinical Information - Referral Form

Form Initiated By: Office of County Affairs [ ] Date: \_\_\_\_\_
County or Hospital District [ ]

Please Print Legibly

County / Hospital District Name: REQUIRED Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Referring County Physician: REQUIRED Phone: REQUIRED Fax: REQUIRED

Referring Physician Address: REQUIRED City: REQUIRED Zip: REQUIRED

Select Appropriate Request / Approval for: Procedure [ ] Referral [ ]
Consultation [ ] More Visits [ ]

Authorization #: REQUIRED Auth Expiration Date: \_\_\_\_\_ No. of Visits Approved: \_\_\_\_\_

Authorized By: \_\_\_\_\_ Date: \_\_\_\_\_

Patient Name: REQUIRED Phone: \_\_\_\_\_ DOB: REQUIRED

Procedure/Service Requested: \_\_\_\_\_

CPT: \_\_\_\_\_

Diagnosis: \_\_\_\_\_ ICD-9: \_\_\_\_\_

Symptoms: \_\_\_\_\_

Pertinent History: \_\_\_\_\_

Previous Treatments: \_\_\_\_\_

Current Medications: \_\_\_\_\_

Treatment Plan: \_\_\_\_\_

Has the patient applied for: Medicaid: Y / N SSI: Y / N Initiated At: UTMB / County

UTMB Physician: \_\_\_\_\_ Clinic: \_\_\_\_\_

Appointment Date: \_\_\_\_\_ Appointment Time: \_\_\_\_\_

Phone: (409) 747-5100 Fax: (409) 747-0850

Affix Label / Write in Patient Information:

Name: \_\_\_\_\_

UH#: \_\_\_\_\_

Clinic Information/Referral Form

The University of Texas Medical Branch
Galveston, Texas

Requesting County

Patient Information

Office of
County Affairs



**Exhibit C**  
**Procedures Requiring Preauthorization**

Services provided by UTMB require preauthorization, except the Medical Screening Examination performed on an Eligible Resident upon presentation at a UTMB emergency room. The following services require preauthorization:

**INPATIENT SERVICES:**

- Inpatient Admissions / Acute care hospitalization
- Skilled Nursing Facility

**OUTPATIENT SERVICES:**

- Surgeries or procedures requiring conscious sedation or general anesthesia performed in a physician's office, free standing surgery center, ambulatory surgery center, or hospital based surgery center
- CT Scan
- Echocardiogram
- MRI/MRA
- Nuclear Studies/Imaging
- PET Scan
- Physical Therapy
- Speech Therapy
- Occupational Therapy
- Hyperbaric Treatments- only in special circumstances
- Infusion Treatment
- Oral Surgery - only in special circumstances
- Durable Medical Equipment limited to Home Oxygen Equipment
- Diabetic Supplies
- Home and Community Health Care

**EXHIBIT D**  
**Compensation Schedule**

Inpatient Services:	Hospital District agrees to pay for authorized Inpatient Services in accordance with Texas Medicaid allowable In-Patient TEFRA rate calculated from UTMB's most recent cost report. Payments for services rendered will be in accordance with UTMB's facility specific TEFRA In-Patient Percentage of 39% of current billed charges.
Outpatient Services:	Hospital District agrees to pay for authorized Outpatient Services in accordance with Texas Medicaid allowable Out-Patient TEFRA rate calculated from UTMB's most recent cost report. Payments for services rendered will be in accordance with UTMB's facility specific TEFRA Out-Patient Percentage of 28% of current billed charges.
Outpatient Surgery:	Hospital District agrees to pay authorized Outpatient Surgeries in accordance with UTMB's TEFRA Out-Patient Percentage of 28% of billed charges.
Implants:	Hospital District agrees to pay for authorized implants at 28% of eligible billed charges.
Outpatient Laboratory Services:	Hospital District agrees to pay authorized Outpatient Laboratory Services in accordance with the UTMB's TEFRA Out-Patient Percentage of 28% of billed charges.
Professional Services:	Hospital District agrees to pay all authorized physician services, except Anesthesia services reimbursed per ASA unit, at 120% of the current Texas Medicaid Reimbursement Methodology. If the Center for Medicare and Medicaid, the state of Texas or any other governmental agency with governing authority reduces the Texas Medicaid Reimbursement Methodology during the term of this agreement, the parties hereto will increase the physician payment rates in equal proportion to offset the reduction.
Mid-Level Providers:	Hospital District agrees to pay all covered mid-level provider services at 95% of the physician payment rates listed above under Professional Services.
Anesthesia:	Hospital District agrees to pay \$55 per ASA unit, based on current ASA units and 15 minute time units.
Any fees not otherwise defined:	HOSPITAL DISTRICT agrees to pay 28% of billed charges.

**Limit on Charge Master Increases.** UTMB is limited to an aggregate increase during the one-year term of this Contract not to exceed eight percent (8%) for all charges submitted that are reimbursed on a percentage of billed charges, excluding medical supplies and pharmaceuticals. Medical supplies shall include but not be limited to: implants, prosthetics, orthotics and stents. If during the term of this Contract UTMB has an aggregate increase in its charge master greater than eight percent (8%), UTMB agrees to adjust the percentage rate of billed charges set forth in Exhibit D such that HOSPITAL DISTRICT does not pay an amount that exceeds the eight percent (8%) cap on the increase in UTMB's charge master.

## Exhibit E

### UTMB Business Associate Agreement

This Business Associate Agreement (the "Agreement"), is made by and between Business Associate and Covered Entity (collectively the "Parties") to comply with privacy standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. parts 160 and 164 ("the Privacy Rule") and security standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. parts 160, 162 and 164, ("the Security Rule"), and the Health Information Technology for Economic and Clinical Health (HITECH) Act, Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009 and regulations promulgated there under and any applicable state confidentiality laws.

### RECITALS

WHEREAS, Business Associate provides payment services ("Services") to or on behalf of Covered Entity;

WHEREAS, in connection with these Services, Covered Entity discloses to Business Associate certain PHI that is subject to protection under the HIPAA Rules; and

WHEREAS, the HIPAA Rules requires that Covered Entity receive adequate assurances that Business Associate will comply with certain obligations with respect to the PHI received in the course of providing Services to or on behalf of Covered Entity.

NOW THEREFORE, in consideration of the mutual promises and covenants herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

- A. Definitions. Terms used herein, but not otherwise defined, shall have meaning ascribed by the Privacy Rule and the Security Rule.
1. Breach. "Breach" shall mean the unauthorized acquisition, access, use, or disclosure of protected health information which compromises the security or privacy of such information, except where an unauthorized person to whom such information is disclosed would not reasonably have been able to retain such information.
  2. Business Associate. "Business Associate" shall mean **Hospital District**.
  3. Covered Entity. "Covered Entity" shall mean **The University of Texas Medical Branch at Galveston (UTMB)**.
  4. Designated Record Set. "Designated Record Set" shall mean a group of records maintained by or for a covered entity, as defined by HIPAA, that is: (i) the medical records and billing records about Individuals maintained by or for a covered health care provider; (ii) the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or (iii) used, in whole or in part, by or for the covered entity to make decisions about Individuals. For purposes of this definition, the term "record" means any item, collection, or grouping

of information that includes PHI and is maintained, collected, used, or disseminated by or for a covered entity.

5. HIPAA Rules. The Privacy Rule and the Security Rule and amendments codified and promulgated by the HITECH Act are referred to collectively herein as “HIPAA Rules.”
  6. Individual. “Individual” shall mean the person who is the subject of the protected health information.
  7. Protected Health Information (“PHI”). “Protected Health Information” or PHI shall mean individually identifiable health information that is transmitted or maintained in any form or medium.
  8. Required by Law. “Required by Law” shall mean a mandate contained in law that compels a use or disclosure of PHI.
  9. Secretary. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his or her Designee.
  10. Sensitive Personal Information. “Sensitive Personal Information” shall mean an individual's first name or first initial and last name in combination with any one or more of the following items, if the name and the items are not encrypted: a) social security number; driver's license number or government-issued identification number; or account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to an individual's financial account; or b) information that identifies an individual and relates to: the physical or mental health or condition of the individual; the provision of health care to the individual; or payment for the provision of health care to the individual.
  11. Unsecured PHI. “Unsecured PHI” shall mean PHI that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of Public Law 111–5 on the HHS Web site.
- B. Obligations of Business Associate. Business Associate agrees to comply with applicable federal and state confidentiality and security laws, specifically the provisions of the HIPAA Rules applicable to business associates, including:
1. Use and Disclosure of PHI. Except as otherwise permitted by this Agreement or applicable law, Business Associate shall not use or disclose PHI except as necessary to provide Services described above to or on behalf of Covered Entity, and shall not use or disclose PHI that would violate the HIPAA Rules if used or disclosed by Covered Entity. Provided, however, Business Associate may use and disclose PHI as necessary for the proper management and administration of Business Associate, or to carry out its legal responsibilities. In such cases, Business Associate shall:

- a. Provide information and training to members of its workforce who use or disclose PHI regarding the confidentiality requirements of the HIPAA Rules and this Agreement;
  - b. Obtain reasonable assurances from the person or entity to whom the PHI is disclosed that:
    1. the PHI will be held confidential and further used and disclosed only as Required by Law or for the purpose for which it was disclosed to the person or entity; and
    2. the person or entity will notify Business Associate of any instances of which the person is aware the confidentiality of the PHI has been breached; and
  - c. Agree to notify the Privacy Officer of Covered Entity of any instances of which it is aware PHI was used or disclosed for a purpose that is not otherwise provided for in this Agreement or for a purpose not expressly permitted by the HIPAA Rules.
2. Data Aggregation. In the event that Business Associate works for more than one Covered Entity, Business Associate is permitted to use and disclose PHI for data aggregation purposes, however, only in order to analyze data for permitted health care operations, and only to the extent that such use is permitted under the HIPAA Rules.
  3. De-identified Information. The Business Associate may use and disclose de-identified PHI if written approval from the Covered Entity is obtained, and the PHI is de-identified in compliance with the HIPAA Rules. Moreover, Business Associate shall review and comply with the requirements defined under Section C. of this Agreement.
  4. Safeguards.
    - a. Business Associate shall maintain appropriate safeguards to ensure that PHI is not used or disclosed other than as provided by this Agreement or as Required by Law. Business Associate shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of any electronic PHI it creates, receives, maintains, or transmits on behalf of Covered Entity.
    - b. Business Associate shall assure that all PHI be secured when accessed by Business Associate's employees, agents or subcontractors. Any access to PHI by Business Associate's employees, agents or subcontractor shall be limited to legitimate business needs while working with PHI. Any personnel changes by Business Associate, eliminating the legitimate business needs for employees, agents or contractors access to PHI—either by revision of duties or termination--shall be immediately reported to

Covered Entity. Such reporting shall be made no later than the third business day after the personnel change becomes effective.

5. Minimum Necessary. Business Associate shall ensure that all uses and disclosures of PHI are subject to the principle of “minimum necessary use and disclosure,” i.e., that only PHI that is the minimum necessary to accomplish the intended purpose of the use, disclosure, or request is used or disclosed.
6. Disclosure to Agents and Subcontractors. If Business Associate discloses PHI received from Covered Entity to agents, including a subcontractor, Business Associate shall require the agent or subcontractor to agree to the same restrictions and conditions as apply to Business Associate under this Agreement. Business Associate shall ensure that any agent, including a subcontractor, agrees to implement reasonable and appropriate safeguards to protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity. Business Associate shall be liable to Covered Entity for any acts, failures or omissions of the agent or subcontractor in providing the Services as if they were Business Associate’s own acts, failures or omissions, to the extent permitted by law. Business Associate further expressly warrants that its agents or subcontractors will be specifically advised of, and will comply in all respects with, the terms of this Agreement.
7. Individual Rights Regarding Designated Record Sets. If Business Associate maintains a Designated Record Set on behalf of Covered Entity, Business Associate agrees as follows:
  - a. Business Associate agrees, if it maintains PHI in a Designated Record Set, it will permit an Individual to inspect or copy PHI at the request and direction of Covered Entity to meet the requirements of 45 C.F.R. § 164.524. If the PHI is in electronic format, the Individual shall have a right to obtain a copy of such information in electronic format and, if the Individual chooses, to direct that an electronic copy be transmitted directly to an entity or person designated by the individual in accordance with HITECH Section 13405(c).
  - b. Business Associate agrees, if it maintains PHI in a Designated Record Set, to make amendments to PHI at the request and direction of Covered Entity to meet the requirements of 45 C.F.R. 164.526.
  - c. Business Associate agrees, if it maintains PHI in a Designated Record Set, to maintain the required documentation to provide an accounting of disclosures of PHI at the request and direction of Covered Entity to meet the requirements of 45 C.F.R. § 164.528 and HITECH Sub Title D Title IV Section 13405(c).
8. Internal Practices, Policies and Procedures. Business Associate agrees to make internal practices, books, and records, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or to the Secretary or its

designee for purposes determining Covered Entity's compliance with the HIPAA Rules.

9. Withdrawal of Authorization. If the use or disclosure of PHI in this Agreement is based upon an Individual's specific authorization for the use or disclosure of his or her PHI, and the Individual revokes such authorization, the effective date of such authorization has expired, or such authorization is found to be defective in any manner that renders it invalid, Business Associate shall, if it has notice of such revocation, expiration, or invalidity, cease the use and disclosure of the Individual's PHI except to the extent it has relied on such use or disclosure, or if an exception under the HIPAA Rules expressly applies.
10. Knowledge of HIPAA Rules. Business Associate agrees to review and understand the HIPAA Rules as it applies to Business Associate, and to comply with the applicable requirements of the HIPAA Rule, as well as any applicable amendments.
11. Information Breach Notification for PHI. Business Associate expressly recognizes that Covered Entity has certain reporting and disclosure obligations to the Secretary and the Individual in case of a security breach of unsecured PHI. Where Business Associate accesses, maintains, retains, modifies, records, stores, destroys, or otherwise holds, uses, or discloses unsecured PHI, Business Associate without unreasonable delay and in no case later than five (5) calendar days following the discovery of a breach of such information, shall notify Covered Entity of such breach. Initial notification of the breach does not need to be in compliance with Sub Title D Title IV Section 13402 of the HITECH Act; however, Business Associate must provide Covered Entity with all information necessary for Covered Entity to comply with Sub Title D Title IV Section 13402 of the HITECH Act without reasonable delay, and in no case later than 45 days following the discovery of the breach. Business Associate shall be liable for the costs associated with such breach if caused by the Business Associate's negligent or willful acts or omissions, or the negligent or willful acts or omissions of Business Associate's agents, officers, employees or subcontractors. Business Associate's duty to notify Covered Entity of any breach does not permit Business Associate to notify those individuals whose PHI has been breached by Business Associate without the express written permission of Covered Entity to do so. Any and all notification to those individuals whose PHI has been breached shall be made under the direction, review and control of Covered Entity.
12. Information Breach Notification for Other Sensitive Personal Information. In addition to the reporting required under Section B.11, Business Associate shall notify Covered Entity of any breach of computerized sensitive personal information to assure Covered Entity's compliance with the notification requirements of Title 11, Subtitle B, Chapter 521, Subchapter A, Section 521.053, Texas Business & Commerce Code. Accordingly, Business Associate shall be liable for all costs associated with any breach caused by Business Associate's negligent or willful acts or omissions, or those negligent or willful acts or omissions of Business Associate's agents, officers, employees or subcontractors.
13. Identity Theft Prevention Program. If in providing services to the Covered Entity patients, Business Associate regularly extends, renews or continues credit to



patients or regularly allows patients to defer payment for services including setting up payment plans in connection with covered accounts (as that term is defined at 16 C.F.R. 681.2(b)(3)), the Business Associate shall comply with the Federal Trade commission's "Red Flag" Rules by developing and implementing a written identity theft prevention program designed to identify, detect, mitigate and respond to suspicious activities (red flags) that could indicate identity theft has occurred.

14. Notice. Any notice required by Business Associate shall be submitted to Covered Entity as follows:

Immediate Notification:

Information Security Officer: iso@utmb.edu; 409-772-3838  
Chief Privacy Officer: cpo@utmb.edu; 409-747-8700

Entire File Related to Notice:

Department of Compliance  
UTMB  
301 University Blvd.  
Route 0198  
Galveston, TX 77555-0198

C. Permitted Uses and Disclosures by Business Associates.

Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in this Business Associates Agreement or in a Master Services Agreement, provided that such use or disclosure would not violate the HIPAA Rules if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity. Also, Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with the HIPAA Rules.

1. Use. Business Associate will not, and will ensure that its directors, officers, employees, contractors and other agents do not, use PHI other than as permitted or required by Business Associate to perform the Services or as required by law, but in no event in any manner that would constitute a violation of the Privacy Standards or Security Standards if used by Covered Entity.
2. Disclosure. Business Associate will not, and will ensure that its directors, officers, employees, contractors, and other agents do not, disclose PHI other than as permitted pursuant to this arrangement or as required by law, but in no event disclose PHI in any manner that would constitute a violation of the Privacy Standards or Security Standards if disclosed by Covered Entity.
3. Business Associate acknowledges and agrees that Covered Entity owns all right, title, and interest in and to all PHI, and that such right, title, and interest will be vested in Covered Entity. Neither Business Associate nor any of its employees,

agents, consultants or assigns will have any rights in any of the PHI, or right to use the PHI in any form including, but not limited to, stripped or aggregated information, or statistical information derived from or in connection with the PHI, except as expressly set forth above. Business Associate represents, warrants, and covenants that it will not compile and/or distribute analyses to third parties using any PHI without Covered Entity's express written consent.

D. Application of Security and Privacy Provisions to Business Associate.

1. Security Measures. Sections 164.308, 164.310, 164.312 and 164.316 of Title 45 of the Code of Regulations dealing with the administrative, physical and technical safeguards as well as policies, procedures and documentation requirements that apply to Covered Entity shall in the same manner apply to Business Associate. Any additional security requirements contained Sub Title D of Title IV of the HITECH Act that apply to Covered Entity shall also apply to Business Associate. Pursuant to the foregoing requirements in this section, the Business Associate will implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, has access to, or transmits. Business Associate will also ensure that any agent, including a subcontractor, to whom it provides such information, agrees to implement reasonable and appropriate safeguards to protect such information.
2. Annual Guidance. For the first year beginning after the date of the enactment of the HITECH Act and annually thereafter, the Secretary shall annually issue guidance on the most effective and appropriate technical safeguards for use in carrying out the sections referred to in subsection (a) and the security standards in subpart C of part 164 of title 45, Code of Federal Regulations. Business Associate shall, at their own cost and effort, monitor the issuance of such guidance and comply accordingly.
3. Privacy Provisions. The enhanced HIPAA privacy requirements including but not necessarily limited to accounting for certain PHI disclosures for treatment, restrictions on the sale of PHI, restrictions on marketing communications, payment and health care operations contained Subtitle D of the HITECH Act that apply to the Covered entity shall equally apply to the Business Associate.
4. Application of Civil and Criminal Penalties. If Business Associate violates any security or privacy provision specified in subparagraphs (1) and (2) above, sections 1176 and 1177 of the Social Security Act (42 U.S.C. 1320d-5, 1320d-6) shall apply to Business Associate with respect to such violation in the same manner that such sections apply to Covered Entity if it violates such provisions.

E. Obligations of Covered Entity. If deemed applicable by Covered Entity, Covered Entity shall:

1. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices in accordance with 45 CFR 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.
2. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
3. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI
4. Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by Covered Entity.

F. Term and Termination.

1. Term. This Agreement shall be effective as of the Effective Date and shall be terminated when all PHI provided to Business Associate by Covered Entity, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity.
2. Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
  - a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement, whether it is in the form of a stand alone agreement or an addendum to a Master Services Agreement, if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
  - b. Immediately terminate this Agreement whether it is in the form of a stand alone agreement or an addendum to a Master Services Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
  - c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary.
3. Effect of Termination. Upon termination of this Agreement for any reason, Business Associate agrees to return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, maintained by Business Associate in any form. If Business Associate determines that the return or destruction of PHI is not feasible, Business Associate shall inform Covered Entity in writing of the reason thereof, and shall agree to extend the protections of this Agreement to such PHI and limit further uses and disclosures of the PHI to those

purposes that make the return or destruction of the PHI not feasible for so long as Business Associate retains the PHI.

G. Miscellaneous.

1. Mitigation. If Business Associate violates this Agreement or either of the HIPAA Rules, Business Associate agrees to mitigate any damage caused by such breach.
2. Rights of Proprietary Information. Covered Entity retains any and all rights to the proprietary information, confidential information, and PHI it releases to Business Associate.
3. Survival. The respective rights and obligations of Business Associate under this Agreement shall survive the termination of this Agreement.
4. Amendments. This Agreement may not be changed or modified in any manner except by an instrument in writing signed by a duly authorized officer of each of the Parties hereto. However, the Parties agree to amend this Agreement from time to time as necessary, in order to allow Covered Entity's to comply with the requirements of the HIPAA Rules.
5. Choice of Law. This Agreement and the rights and the obligations of the Parties hereunder shall be governed by and construed under the laws of the State of Texas, without regard to applicable conflict of laws principles.
6. No Waiver. Failure or delay on the part of either Party to exercise any right, power, privilege or remedy hereunder shall not constitute a waiver thereof. No provision of this Agreement may be waived by either Party except by a writing signed by an authorized representative of the Party making the waiver.
7. Severability. The provisions of this Agreement shall be severable, and if any provision of this Agreement shall be held or declared to be illegal, invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect as though such illegal, invalid or unenforceable provision had not been contained herein.
8. No Third Party Beneficiaries. Nothing in this Agreement shall be considered or construed as conferring any right or benefit on a person not party to this Agreement nor imposing any obligations on either Party hereto to persons not a party to this Agreement.
9. Headings. The descriptive headings of the articles, sections, subsections, exhibits and schedules of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in anyway the meaning or interpretation of this Agreement.
10. Entire Agreement. This Agreement constitutes the entire Agreement between the Parties hereto with respect to the subject matter hereof and supersedes all previous written or oral understandings, agreements, negotiations, commitments, and any

other writing and communication by or between the Parties with respect to the subject matter hereof. In the event of any inconsistencies between any provisions of this Agreement in any provisions of the Exhibits, Riders, or amendments, the provisions of this Agreement shall control.

11. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with the HIPAA Rules and any applicable state confidentiality laws. The provisions of this Agreement shall prevail over the provisions of any other agreement that exists between the Parties that may conflict with, or appear inconsistent with, any provision of this Agreement or the HIPAA Rules.
12. Regulatory References. A citation in this Agreement to the Code of Federal Regulations shall mean the cited section as that section may be amended from time to time.
13. Indemnification. To the extent permitted by Texas law, Business Associate agrees to indemnify and hold harmless Covered Entity from and against all claims, demands, liabilities, judgments or causes of action of any nature for any relief, elements of recovery or damages recognized by law (including, without limitation, attorney's fees, defense costs, and equitable relief), for any damage or loss incurred by Covered Entity arising out of, resulting from, or attributable to any acts or omissions or other conduct of Business Associate or its agents in connection with the performance of Business Associate's or its agents' duties under this Agreement.

**IN WITNESS WHEREOF**, Business Associate and Covered Entity have executed this Agreement to be effective September 1, 2016.

**COVERED ENTITY**

**BUSINESS ASSOCIATE**

By: \_\_\_\_\_  
Name: Cheryl A. Sadro, CPA, MSM  
Title: Executive Vice President  
Chief Business & Finance Officer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

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

\_\_\_\_\_  
Content Reviewed

UTMB BA AGREEMENT 2010-02-19