

Exhibit “A”

DURBIN & COMPANY, L. L. P.

Certified Public Accountants
2950 50th Street
Lubbock, Texas 79413
(806) Fax (806) 791-3974
791-1591

July 26, 2017

To Board of Directors
Winnie-Stowell Hospital District
Winnie, Texas

We are pleased to confirm our understanding of the services we are to provide for Winnie-Stowell Hospital District (the "District") for the year ended December 31, 2016. We will audit the financial statements of the District, which comprise the statement(s) of net position as of December 31, 2016, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of Winnie-Stowell Hospital District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason,

we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

The auditors' procedures do not include testing compliance with laws and regulations in any jurisdiction related to Medicare and Medicaid antifraud and abuse. It is the responsibility of management of the entity, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provision of laws and regulations that determine the reported amounts and disclosures in the entity's financial statements. Therefore, management's responsibilities for compliance with laws and regulations applicable to its operations, include, but are not limited to, those related to Medicare and Medicaid antifraud and abuse statutes.

Other Services

We will also assist in preparing the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

HIPAA Business Associate Agreement

You agree that you are solely responsible for the accuracy, completeness, and reliability of all data and information you provide us for our engagement. You agree to provide any requested information on or before the date we commence performance of the services. To protect the privacy and provide for the security of any protected health information, as such is defined by the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, and the regulations and policy guidances thereunder ("HIPAA"), we shall enter into a HIPAA Business Associate Agreement ("BAA").

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit in July 2017 and to issue our reports no later than the August 2017 board meeting. Tommy L. Davis, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for this engagement will be at our standard hourly rates plus out-of-pocket costs except that we agree that our gross fee, excluding out-of-pocket costs, will range from \$20,000 to \$24,000. Our estimated fee is based on our understanding that the District's personnel will prepare audit schedules in a timely manner and locate any supporting documentation we require to complete the engagement. This engagement letter does not include any services not specifically stated in this letter. Additional services, which you may request, will be subject to separate arrangements.

Billings are rendered monthly so that you may readily relate our charges to the work performed. In addition to billed charges, billings will include travel, printing, postage and other out-of-pocket costs. Each invoice is payable on receipt. Past due invoices must be current before an audit report can be rendered due to possible independence conflicts. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audits. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We appreciate the opportunity to be of service to Winnie-Stowell Hospital District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Tommy L. Davis, CPA
Durbin & Company, LLP
Partner

RESPONSE:

This letter correctly sets forth the understanding of Winnie-Stowell Hospital District.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

Exhibit “B”

WSHD Treasurers Report and Supporting Documents

Reporting Date: Monday, April 16, 2018

Pending Expenses	For	Amount	Funds Summary	Totals	
Benckenstein & Oxford	Inv #48953	31,409.68	Prosperity Operating	\$548,115.42	
Hubert Oxford	1/2 Legal Retainer	\$500.00	Interbank	\$179,576.58	
Josh Heinz	1/2 Legal Retainer	\$500.00	Prosperity CD	\$105,151.28	
David Sticker	Inv #20366	\$843.75	TexStar	\$662,462.54	
American Education Services	S Stern-Student Loan	\$150.14	Post Oak Bank LOC (Available)	\$254,971.65	
Dept Of Education. FedLoan	H Redwine-Student Loan	\$948.36	Net Cash Position	\$1,750,277.47	
Function 4 (Contract)	Copier	\$56.34	Pending Expenses	<u>(\$410,763.88)</u>	
Indigent Healthcare Solutions	IC Inv 65866	\$1,059.00	Ending Balance	\$1,339,513.59	
Indigent Healthcare Solutions	IC Inv 65872 (Training)	\$97.00	Last Month		
Brookshire Brothers	Indigent Care	\$4,522.38	Prosperity Operating	\$675,993.50	
Wilcox Pharmacy	Indigent Care	\$893.77	Interbank	\$568,777.44	
UTMB at Galveston	Indigent Care	\$3,610.32	Prosperity CD	\$105,151.28	
UTMB Faculty Group	Indigent Care	\$307.52	TexStar	\$661,619.92	
Stace Farrow (Youth Counselor)	Mar Inv	\$340.00	Post Oak Bank LOC (Available)	\$700,000.00	
Durbin & Company	Inv 7532 (2016 Audit)	\$47,813.75	Net Cash Position	\$2,711,542.14	
PB funds Due to Genesis	WF due to CB & TW	\$307,437.25	Pending Expenses	<u>(\$498,741.75)</u>	
GIB funds Due to NH's	United for Quality (7 NHs)	\$10,171.00	Ending Balance	\$1,644,022.95	
Prosperity Credit Card	ACH-	\$53.80			
Wells Fargo	Sweep Account Fees	\$49.82			
Total Pending Expenses		\$410,763.88			
Expenses Incurred Since Last Meeting	For	Amount			
ECISD	ACH-	\$15,000.00			
Function 4 (Lease)	ACH Copier	\$133.42			
Time Warner Cable	ACH-Phone/Internet	\$192.06			
Expense Incurred Last Meeting and Current Meeting		\$15,325.48			
Upcoming Transactions	For	Anticipated Date	Income	Expenses	Running Balance
*MCOs	QIPP 1, Feb. 2018 Comp 1 Pmt.	3/17-24/2018	\$790,996.33		\$790,996.33
Salt Creek Capital	Loan 10, QIPP 1 (IGT 1) Final Principal Pmt.	3/25/2018		(\$823,849.85)	(\$32,853.52)
Post Oak Bank	Line of Credit	3/30/2018	\$445,500.00		\$412,646.48
Salt Creek Capital	Loan 12, QIPP 2 (IGT 2) Principal Pmt., 5th Month & 1st Principle Pmt.	4/1/2018		(\$445,028.35)	(\$32,381.87)
Salt Creek Capital	Loan 12, QIPP 2 (IGT 2) Int. Pmt., 5th Pmt. (Reserved)	4/1/2018		(\$38,715.45)	(\$71,097.32)
*MCOs	QIPP 2, March 2018 Comp 1 Pmt.	4/17-24/2018	\$721,003.82		\$649,906.50
MCOs	QIPP 1, 2nd Qtr. Comps 2, 3, & Lapse Funds	4/17-24/2018	\$2,035,378.15		\$2,685,284.65
Salt Creek Capital	Loan 10, QIPP 2 (IGT 2) Int. Pmt. (Reserved-Final Payment)	4/25/2018		(\$11,533.92)	\$2,673,750.73
*Post Oak Bank	Repay Line of Credit	4/25/2018		(\$721,003.82)	\$1,952,746.91
Nursing Facilities	Pmt for QIPP 1, 2nd Qtr. Component 2, 3, & Lapsing Funds	4/25-30/2018		(\$964,933.76)	\$987,813.15
LTC Group	Pmt. less "true up" funds. Feb. 2018, March 2018, and April 2018	4/25-30/2018		(\$324,900.00)	\$662,913.15
Post Oak Bank	Interest Line of Credit Payment				
Total Upcoming Expenses			\$3,992,878.30	(\$3,329,965.15)	

*** is an estimate.

Outstanding Short Term Revenue Notes

Loan 10					
Principle	\$4,775,588.00				
Interest	16.80%				
Fund Received	5/25/2017				
	Date	Loan Balance	Principle	Interest	Payments
	6/25/2017	\$4,775,588.00	\$0.00	\$68,858.23	\$68,858.23
	7/25/2017	\$4,775,588.00	\$0.00	\$68,858.23	\$68,858.23
	8/25/2017	\$4,775,588.00	\$0.00	\$68,858.23	\$68,858.23
	9/25/2017	\$4,775,588.00	\$0.00	\$68,858.23	\$68,858.23
	10/25/2017	\$4,775,588.00	\$768,585.31	\$58,858.23	\$827,443.54
	11/25/2017	\$4,007,062.46	\$779,284.66	\$56,098.87	\$835,383.53
	12/25/2017	\$3,227,777.56	\$790,194.65	\$45,188.89	\$835,383.54
	1/25/2018	\$2,437,582.68	\$801,257.37	\$34,126.16	\$835,383.53
	2/25/2018	\$1,636,325.07	\$812,474.98	\$22,908.55	\$835,383.53
	3/25/2018	\$823,849.85	\$823,791.03	\$11,533.92	\$835,324.95
		\$0.00	\$4,775,588.00	\$504,147.54	\$5,279,735.54

Loan 12					
Principle	\$2,765,389.00				
Interest	16.80%				
Fund Received	11/1/2017				
	Date	Balance	Interest	Principal	Payment
	11/1/2017	\$2,765,389.00	-	-	-
	12/1/2017	\$2,765,389.00	\$38,715.45	\$0.00	\$38,715.45
	1/1/2018	\$2,765,389.00	\$38,715.45	\$0.00	\$38,715.45
	2/1/2018	\$2,765,389.00	\$38,715.45	\$0.00	\$38,715.45
	3/1/2018	\$2,765,389.00	\$38,715.45	\$0.00	\$38,715.45
	4/1/2018	\$2,320,360.65	\$38,715.45	\$445,028.35	\$483,743.80
	5/1/2018	\$1,869,101.90	\$32,485.05	\$451,258.75	\$483,743.80
	6/1/2018	\$1,411,525.53	\$26,167.43	\$457,576.37	\$483,743.80
	7/1/2018	\$947,543.09	\$19,761.36	\$463,982.44	\$483,743.80
	8/1/2018	\$477,064.89	\$13,265.60	\$470,478.20	\$483,743.80
	9/1/2018	\$0.00	\$6,678.91	\$477,064.89	\$483,743.80
			\$291,935.60	\$2,765,389.00	\$3,057,324.60

Post Oak Bank Line of Credit

Principle	\$2,700,000.00				
Interest	3.25%				
Line of Credit Available	7/12/2017				
	Date	Balance	Interest	Principal	Notes
	7/12/2017	\$2,691,582.00	\$0.00	(\$2,691,582.00)	IGT made for MPAP 3
	8/4/2018	\$2,691,582.00	\$6,560.73	\$0.00	
	8/22/2017	\$2,691,582.00	\$0.00	\$0.00	LOC pmt. with MPAP 3 IGT Funds
	9/5/2017	\$2,691,582.00	\$3,644.85	\$2,691,582.00	Repmt. of LOC for MPAP 3 IGT adv.
	10/24/2017	\$421,500.00	\$0.00	(\$421,500.00)	Loan 10 Principle Pmt.
	11/1/2017	\$2,421,500.00	\$0.00	(\$2,000,000.00)	
	12/7/2017	\$2,421,500.00	\$8,174.27	\$0.00	
	1/8/2018	\$2,421,500.00	\$6,776.86	\$0.00	
	1/30/2018	\$2,421,500.00	\$6,776.83	\$0.00	
	2/22/2018	\$2,000,000.00	\$0.00	\$421,500.00	Repmt. of LOC for Loan 10 adv.
	2/27/2018	\$2,000,000.00	\$6,121.02	\$0.00	
	3/1/2018	\$2,000,000.00	\$5,102.54	\$0.00	
	3/29/2018	\$2,445,028.35	\$0.00	(\$445,028.35)	Loan 10 Principle Pmt.
			\$43,157.10	(\$2,445,028.35)	

District's Investments					
	Amount	Percentage	From	To	Interest
CD at Post Oak Bank C.D. #9503	\$2,700,000.00	1.25%	3/1/2018	3/31/2018	\$2,588.88
CD at Prosperity C.D. #0447	\$105,151.28	0.75%	3/1/2018	3/31/2018	\$198.40
Texstar C.D. #1110	\$662,462.54	1.35%	3/1/2018	3/31/2018	\$685.42

**TO THE BEST OF MY KNOWLEDGE, THESE FIGURES IN THE WSDH TREASURER'S
REPORT AND SUPPORTING DOCUMENTS CORRECT AND IN COMPLIANCE WITH THE**

**Edward Murrell,
 President**

Date

**Anthony Stramecki,
 Treasurer/Investment Officer**

Date

Winnie-Stowell Hospital District

04/18/18

Balance Sheet

Accrual Basis

As of March 31, 2018

	<u>Mar 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
100 Prosperity Bank -Checking	554,191.53
102 Prosperity Bank - CD#0447	105,151.28
104 Post Oak Bank - CD#9053	2,700,000.00
105 TexStar	662,462.54
106 Wells Fargo NHs Combined	18,081.65
107 Graham InterBank combined	652,085.02
108 Post Oak NHs Combined	1,792,947.09
Total Checking/Savings	<u>6,484,919.11</u>
Total Current Assets	6,484,919.11
Fixed Assets	
120 Equipment	140,654.96
125 Accumulated Depreciation	-113,810.64
Total Fixed Assets	<u>26,844.32</u>
Other Assets	
110 Sales Tax Receivable	116,206.43
117 NH - QIPP Prog Receivable	3,196,117.55
117a NH - QIPP Prog Overpayment	-182,219.71
118 Prepaid Expense	3,775.00
119 Prepaid IGT	3,969,457.20
Total Other Assets	<u>7,103,336.47</u>
TOTAL ASSETS	<u>13,615,099.90</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
190 NH Payables Combined	2,129,566.91
201 NH Payable-LTC	216,600.00
201 NHP Accounts Payable	1,185,085.77
210.12 Loan Payable #12 QIPP	2,765,389.00
210.50 Loan Post Oak #2 QIPP	2,445,028.35
225 FUTA Tax Payable	112.00
230 SUTA Tax Payable	251.31
235 Payroll Liabilities	1,426.84
Total Other Current Liabilities	<u>8,743,460.18</u>
Total Current Liabilities	<u>8,743,460.18</u>
Total Liabilities	8,743,460.18
Equity	
300 Net Assets, Capital, net of	59,503.44
310 Net Assets-Unrestricted	4,660,955.90
Net Income	151,180.38
Total Equity	<u>4,871,639.72</u>
TOTAL LIABILITIES & EQUITY	<u>13,615,099.90</u>

Winnie-Stowell Hospital District Profit & Loss Budget vs. Actual

As of March 31, 2018

Accrual Basis

	Jan - Mar 18	Budget	\$ Over Budget	% of Budget
Income				
400 Sales Tax Revenue	110,327.03	500,000.00	-389,672.97	22.1%
405 Investment Income	2,818.14	10,000.00	-7,181.86	28.2%
409 Tobacco Settlement	0.00	11,500.00	-11,500.00	0.0%
415 Nursing Home - QIPP Program	4,238,549.04	15,838,446.00	-11,599,896.96	26.8%
Total Income	4,351,694.21	16,359,946.00	-12,008,251.79	26.6%
Expense				
500 Admin-Administrative Salary	12,000.00	52,000.00	-40,000.00	23.1%
501 Admin-Security	0.00	1,200.00	-1,200.00	0.0%
504 Admin-Administrators PR Tax	787.67	4,500.00	-3,712.33	17.5%
505 Admin-Board Bonds	50.00	250.00	-200.00	20.0%
515 Admin-Bank Service Charges	81.00	360.00	-279.00	22.5%
521 Professional Fees - Acctng	7,500.00	12,000.00	-4,500.00	62.5%
522 Professional Fees-Auditing	0.00	50,000.00	-50,000.00	0.0%
523 Professional Fees - Legal	80,213.25	50,000.00	30,213.25	160.4%
550 Admin-D&O / Liability Ins.	449.00	15,000.00	-14,551.00	3.0%
560 Admin-Cont Ed, Travel	0.00	5,000.00	-5,000.00	0.0%
561 Admin-Cont Ed-Medical Pers.	450.42	5,000.00	-4,549.58	9.0%
562 Admin-Travel&Mileage Reimb.	0.00	1,000.00	-1,000.00	0.0%
569 Admin-Meals	0.00	2,500.00	-2,500.00	0.0%
570 Admin-District/County Prom	0.00	5,000.00	-5,000.00	0.0%
571 Admin-Office Supplies/Post	2,670.39	3,600.00	-929.61	74.2%
572 Admin-Web Site	365.00	1,500.00	-1,135.00	24.3%
573 Admin-Copier Lease/Contract	536.66	1,800.00	-1,263.34	29.8%
575 Admin-Cell Phone Reimburse	450.00	1,800.00	-1,350.00	25.0%
576 Admin-Telephone/Internet	576.18	2,000.00	-1,423.82	28.8%
590 Admin-Election Cost	0.00	1,000.00	-1,000.00	0.0%
591 Admin-Notices & Fees	24.70	100.00	-75.30	24.7%
600 East Chambers ISD Partnersh	45,000.00	180,000.00	-135,000.00	25.0%
602 IC-WCH 1115 Waiver Prog	138,516.00	496,000.00	-357,484.00	27.9%
603a IC-Pharmaceutical Costs	26,844.32	79,000.00	-52,155.68	34.0%
604 IC-Non Hosp Cost-Other	0.00	10,000.00	-10,000.00	0.0%
604 IC-Non Hosp Costs UTMB	45,633.34	180,000.00	-134,366.66	25.4%
605 IC-Office Supplies/Postage	55.65	1,200.00	-1,144.35	4.6%
611 IC-Indigent Care Dir Salary	5,460.00	27,000.00	-21,540.00	20.2%
612 IC-Payroll Taxes -Ind Care	473.69	2,400.00	-1,926.31	19.7%
615 IC-Software	3,177.00	12,708.00	-9,531.00	25.0%
616 IC-Travel	641.16	550.00	91.16	116.6%
617 IC -Youth Counseling	255.00	30,000.00	-29,745.00	0.9%
630 NH Program-Mgt Fees	925,377.42	3,148,972.00	-2,223,594.58	29.4%
631 NH Program-IGT	2,387,794.20	9,540,501.00	-7,152,706.80	25.0%
633 NH Program-Acctg Fees	0.00	43,000.00	-43,000.00	0.0%
634 NH Program-Legal Fees	19,425.00	150,000.00	-130,575.00	13.0%
635 NH Program-LTC Fees	324,900.00	1,082,957.00	-758,057.00	30.0%
636 NH Program-Bonds	0.00	450.00	-450.00	0.0%
637 NH Program-Interest Expense	170,776.78	1,058,406.00	-887,629.22	16.1%
638 NH Program-Bank Fees & Misc	30.00	0.00	30.00	100.0%
639 NH Program-Appraisal	0.00	23,594.00	-23,594.00	0.0%
653 Service Fee	0.00	100.00	-100.00	0.0%
Total Expense	4,200,513.83	16,282,448.00	-12,081,934.17	25.8%
Net Income	151,180.38	77,498.00	73,682.38	195.1%

WSHD Prosperity Checking Account Check Register

Date	Ref/Check	Description	Amount	Balance	Memo	Category
3/21/2018		Daily Ledger Bal		\$752,069.60		
3/21/2018		Wire Transfer Dep WIRE IN WINNIE STOWELL HOSPITAL DISTRICT	\$5,733.96	\$752,069.60		
3/21/2018		Wire Transfer Dep WIRE IN WINNIE STOWELL HOSPITAL DISTRICT	\$70,342.14	\$746,335.64		
3/22/2018		Daily Ledger Bal		\$784,314.72		
3/22/2018		ACH Payment INTUIT PAYROLL S QUICKBOOKS 611500560 210000	(\$2,430.82)	\$784,314.72		
3/22/2018		Wire Transfer Dep WIRE IN WINNIE STOWELL HOSPITAL DISTRICT	\$34,675.94	\$786,745.54		
3/23/2018		Daily Ledger Bal		\$721,495.92		
3/23/2018	2371	Check	(\$400.00)	\$721,495.92		
3/23/2018	2372	Check	(\$1,000.00)	\$721,895.92		
3/23/2018	2366	Check	(\$277.97)	\$722,895.92		
3/23/2018	2369	Check	(\$339.31)	\$723,173.89		
3/23/2018	2365	Check	(\$2,718.75)	\$723,513.20		
3/23/2018	2353	Check	(\$18,322.27)	\$726,231.95		
3/23/2018	2352	Check	(\$19,425.00)	\$744,554.22		
3/23/2018	2351	Check	(\$20,335.50)	\$763,979.22		
3/26/2018		Daily Ledger Bal		\$896,411.52		
3/26/2018	2364	Check	(\$45.00)	\$896,411.52		
3/26/2018	2355	Check	(\$500.00)	\$896,456.52		
3/26/2018	2341	Check	(\$365.00)	\$896,956.52		
3/26/2018		ACH Payment PB CREDIT CARD PAYMENT 405469200014270 11312	(\$1,423.60)	\$897,321.52		
3/26/2018		Wire Transfer Dep WIRE IN WINNIE STOWELL HOSPITAL DISTRICT	\$58,013.34	\$898,745.12		
3/26/2018		Wire Transfer Dep WIRE IN WINNIE STOWELL HOSPITAL DISTRICT	\$119,235.86	\$840,731.78		
3/27/2018		Daily Ledger Bal		\$896,261.38		
3/27/2018	2350	Check	(\$150.14)	\$896,261.38		
3/28/2018		Daily Ledger Bal		\$877,626.77		
3/28/2018	2359	Check	(\$10,723.07)	\$877,626.77		
3/28/2018	2358	Check	(\$1,059.00)	\$888,349.84		
3/28/2018	2368	Check	(\$5,102.54)	\$889,408.84		
3/28/2018	2356	Check	(\$1,750.00)	\$894,511.38		
3/29/2018		Daily Ledger Bal		\$580,295.43		
3/29/2018		Wire Transfer Fee WIRE FEE	(\$20.00)	\$580,295.43		
3/29/2018		Wire Transfer WIRE OUT CLAIRMONT	(\$383,049.09)	\$580,315.43		
3/29/2018	2357	Check	(\$44.67)	\$963,364.52		
3/29/2018	2361	Check	(\$7,012.32)	\$963,409.19		
3/29/2018	2362	Check	(\$2,717.37)	\$970,421.51		
3/29/2018		Wire Transfer Dep WIRE IN WINNIE STOWELL HOSPITAL DISTRICT	\$57,692.34	\$973,138.88		
3/29/2018		Wire Transfer Dep WIRE IN WINNIE STOWELL HOSPITAL DISTRICT	\$37,819.77	\$915,446.54		
3/30/2018	2370	Check	(\$23,599.68)	\$556,195.75		
3/30/2018	2354	Check	(\$500.00)	\$579,795.43		
3/31/2018		Daily Ledger Bal		\$556,348.76		
3/31/2018		Accr Earning Pymt Added to Account	\$153.01	\$556,348.76		
4/2/2018		Daily Ledger Bal		\$555,553.69		
4/2/2018	2360	Check	(\$795.07)	\$555,553.69		
4/4/2018		Daily Ledger Bal		\$555,298.69		
4/4/2018	2363	Check	(\$255.00)	\$555,298.69		
4/5/2018		Daily Ledger Bal		\$552,818.47		
4/5/2018		ACH Payment INTUIT PAYROLL S QUICKBOOKS 611500560 210000	(\$2,480.22)	\$552,818.47		
4/9/2018		Daily Ledger Bal		\$552,818.47		
4/10/2018		Daily Ledger Bal		\$551,391.63		
4/10/2018		ACH Payment IRS USATAXPYMT 270850082776532 6103601001680	(\$1,426.84)	\$551,391.63		
4/11/2018		Daily Ledger Bal		\$536,391.63		
4/11/2018	995028	Check	(\$15,000.00)	\$536,391.63		
4/12/2018		Daily Ledger Bal		\$536,391.63		
4/13/2018		Daily Ledger Bal		\$548,307.48		
4/13/2018	2373	Check	(\$100.00)	\$548,307.48		
4/13/2018		ACH Deposit CPA STATE FISCAL INV-PAYMTS 32015872396000 2	\$12,015.85	\$548,407.48		
4/16/2018		ACH Payment TIME WARNER CABL TW CABLE 0290121119 SPA 43	(\$192.06)	\$548,115.42		

BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW
BBVA COMPASS BANK BUILDING
3535 CALDER AVENUE, SUITE 300

Hubert Oxford, IV

BEAUMONT, TEXAS 77706
TELEPHONE:(409) 833-9182
FAX: (409) 833-8819

hoxfordiv@benoxford.com

April 17, 2018

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

Re: Winnie Stowell Hospital District; Billable Invoice for January 2018 Time Entries less Retainer; Our File No. 87250.

Dear President Murrell,

Attached, please find the second half of the firm's monthly invoice for January 2018 on behalf of Benckenstein & Oxford, LLP. This invoice is for \$32,409.68 but the amount due is \$31,409.68 after reducing the invoice by \$1,000.00 for the monthly retainer already paid.

Please recall, in January 2018, we acquired five (5) new nursing facilities and processed all the required paperwork. In addition, we prepared for meeting with Post Oak Bank and began negotiating loan terms for Loan 13 with Salt Creek Capital.

Lastly, please find a sheet with nine (9) time entries for the Hospital District from 2015-2017. Rather than invoice the District, I have asked the accounting department to write off this time.

Will you please review and let me know if there are any questions? If not, we would appreciate your payment of this invoice in the amount of \$31,409.68 representing the balance owed for January 2018.

With best wishes, I am

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.

By:  _____

Hubert Oxford, IV

Enclosure

Benckenstein & Oxford, L.L.P.

3535 Calder Avenue, Suite 300
Beaumont, TX 77706

April 17, 2018

INVOICE #: 48953 **HOIV**
Billed through: January 31, 2018
Client/Matter #: WSHD 87250

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

RE: Winnie-Stowell Hospital District

PROFESSIONAL SERVICES RENDERED

01/02/18	HOIV	Prepared extensive e-mail to Salt Creek Capital providing a detailed explanation of accounts and the lack of a need for a DACA and DAISA agreement on the District's bank accounts at Post Oak Bank.	4.00 hrs
01/02/18	HOIV	Reviewed Second Amended Transfer Procedures and Loan 10 & 12 Documents and began extensive revision of the Transfer Procedures to account for Double Lock Box Arrangements at Post Oak Bank and revised QIPP Component payment deposits.	3.50 hrs
01/03/18	HOIV	Conference call with collections counsel for HMG Park Manor regarding collection case; and reviewed e-mail with draft petition and supporting documents.	1.20 hrs
01/03/18	HOIV	Prepared draft agenda for January 2018 meeting and drafted e-mail to Board President suggesting a special meeting in order to address some of the agenda item that would be time consuming at the Regular Meeting.	0.70 hrs
01/03/18	HOIV	Exchanged nine (9) e-mails with Caring Healthcare counsel for HUD regarding outstanding signatures; and gathered and organized signatures pages.	1.30 hrs
01/03/18	HOIV	Received HMG's amendments to the Amended & Restated Management Agreements for six (6) nursing facilities to account for the reconciliation of payments following the receipt of Component 2, 3, and Lapsing funds; and modified Exhibit A spreadsheet.	1.80 hrs
01/03/18	HOIV	Conference call with Salt Creek Capital regarding Third Amended Transfer Policy and adding additional nursing homes.	0.60 hrs
01/04/18	HOIV	Exchanged eight (8) e-mails with Post Oak Bank and Caring HUD Counsel missing documents and obtaining signatures from Post Oak for DAISA and DACA agreements.	0.80 hrs
01/04/18	HOIV	Exchanged eight (8) e-mails with LTC Group and Salt Creek Capital regarding electronic deposits of QIPP funds and agreements to make electronic deposits with the MCOs.	0.70 hrs
01/08/18	HOIV	Received draft Amended & Restated Management Agreements from Caring Healthcare; reviewed changes to the agreement to take into account	4.00 hrs

reconciling the payments made to the Managers during the second quarter of a six (6) month QIPP period; modified the terms of payment and modified the Exhibit that illustrates the changes made.

01/08/18	HOIV	Prepared drafts of amendments to Promissory Notes, Security Agreements, DACA, and DAISA agreements for Interbank to account for new Commercial and Government Receivables Accounts and withdrawal of QIPP Component 2, 3 and lapsing funds.	2.80 hrs
01/08/18	HOIV	Participated in extensive conference call with Salt Creek Capital to discuss the proposed amendments to the Loan 10 documents in order to provide for the District to remove QIPP 2, 3 and Lapsing funds from the Districts commercial account at Post Oak Bank.	0.60 hrs
01/08/18	HOIV	Reviewed the District's indigent care policy and worked with Stace Farrow in drafting amendments to the policy to provide for youth counseling services.	1.40 hrs
01/08/18	HOIV	Conference call with Interbank and exchanged five (5) follow up e-mails to Interbank and Salt Creek Capital regarding the purpose of Government Receivables and Commercial Accounts.	0.70 hrs
01/08/18	HOIV	Prepared bank account resolution for Interbank to establish a Government Receivables and Commercial Account; and submitted to Salt Creek Capital for review.	0.90 hrs
01/09/18	HOIV	Received initial information on SB 625 and the newly enacted reporting requirements; reviewed the statute; and participated in a conference call with staff to discuss the reporting requirements and deadlines.	1.30 hrs
01/09/18	HOIV	Began drafting Third Amended Transfer Procedures by Summarizing Double Lock Box letter from Richard Luband and held multiple conference calls with Salt Creek Capital regarding the same.	6.00 hrs
01/09/18	HOIV	Gathered and organized documents for Special Meeting and prepared Board packet.	2.00 hrs
01/10/18	HOIV	Received notice of 1115 Waiver extension and held a conference call with LTC Group to discuss the impact of the 1115 Waiver extension on the QIPP program.	0.80 hrs
01/10/18	HOIV	Exchanged ten (10) e-mails with HMG and Genesis Counsel regarding Amended & Restated Management Agreements and distribution of signature pages after the District's Special Meeting.	0.60 hrs
01/10/18	HOIV	Receipt and review of Memorandum of Lease Agreement for Garrison and submitted to client for signature.	0.70 hrs
01/10/18	HOIV	Prepared for and attended Special Meeting.	4.00 hrs
01/10/18	CJ	Receive and prepare documents for execution at meeting;	2.00 hrs
01/11/18	HOIV	Revised cash flow processes to illustrate all accounts at Post Oak Bank.	0.80 hrs
01/11/18	HOIV	Reviewed spreadsheet submitted by LTC Group regarding additional QIPP funds; held five (5) conference calls with LTC Group regarding a number of issues resulting from the additional funds; prepared e-mail to Salt Creek	3.10 hrs

Capital explaining the District's position and concerns regarding acquiring new facilities; and increased IGT costs due to the additional funds available and more nursing facilities.

01/11/18	HOIV	Worked with staff to organize documents signed at Special Meeting for Caring HUD Loans; Amended Management Agreements; and various other documents and distributed the documents to the appropriate persons.	2.70 hrs
01/11/18	HOIV	Drafted e-mail to Board and Post Oak Bank regarding LTC and Salt Creek Capital and the need to expedite loans through Post Oak Bank; held conference call with Post Oak Bank regarding the same.	1.40 hrs
01/12/18	HOIV	Worked with Salt Creek Capital, Wells Fargo, and staff, to obtain signatures on the required documents needed to close the District's Wells Fargo accounts by reviewing the closing document and exchanging five (5) e-mails to make the request of Salt Creek Capital.	0.60 hrs
01/12/18	HOIV	Conference call with Salt Creek Capital regarding terms of upcoming Loan 13 note.	0.60 hrs
01/12/18	HOIV	Prepared cash flow chart for the District's Interbank accounts for review by Interbank.	0.80 hrs
01/15/18	HOIV	Drafted extensive e-mail to Salt Creek Capital to present the District's position for lower interest rates and better terms for Loan 13.	2.70 hrs
01/15/18	HOIV	Conference calls with Steve Lucas regarding arranging a meeting in Houston to increase the District's line of credit.	0.60 hrs
01/16/18	HOIV	Prepared Board presentation for a QIPP update; account update; and forecasted projections by updating spreadsheets and editing Powerpoint document.	3.80 hrs
01/17/18	HOIV	Received report on Component 2, 3, and Lapsing Funds for the first Quarter of QIPP 1; reviewed the report and held a conference call with the LTC Group to receive an explanation; and then drafted an e-mail to the client advising them of the payment.	1.40 hrs
01/17/18	HOIV	Reviewed notes and prepared extensive set of minutes for December 20, 2017 Public Hearing and Regular Meeting; and put together meeting exhibits.	6.00 hrs
01/18/18	HOIV	Gathered documents regarding Wells Fargo DACA and DAISA for Garrison and Clairmont facilities and drafted extensive e-mail to Josh Rodriguez, with Wells Fargo, requesting that the District accounts for these two facilities be closed; and participated in conference call with Mr. Rodriguez following his receipt of e-mail.	2.20 hrs
01/18/18	HOIV	Read and reviewed proposed rule change for QIPP in anticipation of meeting with Post Oak Bank and exchanged three (3) e-mails with LTC regarding the same.	0.70 hrs
01/18/18	HOIV	Reviewed notes, gathered documents, and prepared minutes for the January 10, 2018 Special Meeting.	4.00 hrs
01/19/18	HOIV	Researched QIPP program and Component 1 payment dates in preparation for meeting with Post Oak Bank.	3.50 hrs

Client-	WSHD	87250	Invoice #	48953	PAGE	4
01/21/18	HOIV	Read, reviewed, and responded to extensive e-mail from Stace Farrow regarding youth counseling program.			0.40 hrs	
01/22/18	HOIV	Received spreadsheet from LTC with calculations for additional funds; revised proposed interest rates; and additional homes.			3.00 hrs	
01/22/18	HOIV	Made revisions to draft District's Home page and submitted to staff and web designer for review and consideration.			1.00 hrs	
01/22/18	HOIV	Prepared e-mail to Board to provide updated figures for QIPP based on new homes, increased QIPP funds available; and actual achievement rate for first quarter of QIPP 1.			0.80 hrs	
01/22/18	HOIV	Exchanged sixteen (16) e-mails and multiple conference calls with LTC Group regarding QIPP calculation spreadsheet and reasoning in the spreadsheet's development.			2.30 hrs	
01/23/18	HOIV	Participated in conference call with District Auditor and Prepared legal representation letter for 2016 Audit.			1.30 hrs	
01/23/18	HOIV	Continued with preparing information for upcoming meeting with Post Oak Bank to discuss loans for QIPP.			4.00 hrs	
01/23/18	HOIV	Worked with staff to prepare and analysis cash report for Board consideration.			1.40 hrs	
01/23/18	HOIV	Received and reviewed CHOW documents for five new HMG facilities and submitted to client for approval.			0.60 hrs	
01/24/18	HOIV	Prepared documents in anticipation of Regular Meeting.			2.00 hrs	
01/24/18	HOIV	Worked with Auditor to finalize and prepare 2016 Audit in anticipation of January 2016 Regular meeting.			2.00 hrs	
01/24/18	HOIV	Worked with LTC Group on revising QIPP master spreadsheet in anticipation of upcoming meeting with Post Oak Bank and to present updated data to the District's Board.			2.70 hrs	
01/24/18	HOIV	Attended January 24, 2018 Regular meeting.			2.50 hrs	
01/25/18	HOIV	Participated in conference calls with Board members and staff regarding the January 2018 Regular meeting and worked with staff to organize and distribute signature pages of documents approved at the meeting.			1.40 hrs	
01/25/18	HOIV	Continued working and finalized presentation to Post Oak Bank by modifying existing spreadsheets; QIPP model; organized supporting documents; and Powerpoint; and submitted to Post Oak Bank for review and consideration for recommended modifications.			5.50 hrs	
01/25/18	HOIV	Received notice of upcoming Uncompensated Care IGT for February 1, 2018; reviewed IGT amount and compared to prior years' request; and participated in conference calls and seven e-mails with staff and Winnie Community Hospital in order confirm deadlines and need for Special Meeting on January 30, 2018.			1.30 hrs	
01/25/18	HOIV	Drafted e-mail to counsel for Bernakia to provide documents and to discuss the status of the District's accounts at Wells Fargo for the Clairmont and			0.80 hrs	

Woodland's facility and to explain the urgency in closing the accounts.

01/26/18	HOIV	Gathered documents and drafted extensive e-mail after meeting with Post Oak responding to questions raised during the meeting.	2.00 hrs
01/26/18	HOIV	Prepared for meeting with Post Oak Bank in Houston, Texas and attended the meeting to discuss increasing the District's line of credit.	5.00 hrs
01/26/18	HOIV	Drafted e-mail to East Chambers ISD to request assistance with promoting youth counseling program.	0.40 hrs
01/26/18	CJ	Assist with execution of all HUD documents with Edward Murrell;	4.00 hrs
01/29/18	HOIV	Gathered information on prior loans with Neches Capital and Salt Creek Capital; organized the data in a spreadsheet; and drafted extensive e-mail to counsel for Salt Creek Capital explaining the reasons why the District should actually receive a reduced interest rate and more favorable terms.	7.00 hrs
01/29/18	HOIV	Conference calls with counsel for Genesis; Post Oak Bank; and LTC Group regarding other banks that assist with nursing homes operations; and drafted e-mail to Post Oak Bank to provide them with sample loan document for a line of credit issues to a Hospital District for nursing home Operations.	1.40 hrs
01/30/18	HOIV	Participated in multiple conference calls with Board President and LTC Group to discuss Salt Creek Capital Loan 13 proposal and counter-proposal options.	2.50 hrs
		Total fees for this matter	\$32,100.00

DISBURSEMENTS

01/31/18	Copy Expense	145.18
01/31/18	Color Copy Expense	164.50
	Total disbursements for this matter	\$309.68

BILLING SUMMARY:

Oxford, IV Hubert	126.60 hrs @	\$250.00 /hr	\$31,650.00
Jones, Cayla	6.00 hrs @	\$75.00 /hr	\$450.00
TOTAL FEES			\$32,100.00
TOTAL DISBURSEMENTS			\$309.68
TOTAL CHARGES FOR THIS INVOICE			\$32,409.68
RETAINER			\$1,000.00 CR

TOTAL BALANCE NOW DUE \$31,409.68

Federal ID# 74-1646478

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

Benckenstein & Oxford, L.L.P. WAGNER, CLAUDE GRADEN-(1)-PA-MDL Selected Time Entries		
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HOIV	Prepared draft minutes of the Special Meeting.	Aug 24/17
Posted		1.30
HOIV	Conference call with HMG's Account's Receivable Lender, HMG Landlord, and HMG Counsel regarding clo	Mar 31/17
Posted		0.60
HOIV	Received and began reviewing and make comments as well as changes to second revised versions of Col	Mar 29/17
Posted		3.60
HOIV	Exchanged four (4) e-mails with THHSC in response to their e-mail informing Districts of the 100% a	Mar 29/17
Posted		0.30
HOIV	Conference call with LTC to arrange introduction with Charles Luband to get assistance with attorne	Mar 24/17
Posted		0.60
HOIV	Exchanged four (4) e-mails with Genesis regarding their acceptance of the State's settlement offer.	Mar 23/17
Posted		0.30
HOIV	Worked with Gary Klein of Caring Healthcare by exchanging twelve (12) e-mails and multiple conferen	Sep 14/16
Posted		1.40
HOIV	Exchange four e-mails with Tommy Davis regarding audit proposal.	Feb 15/16
Posted		0.30
HOIV	Worked with staff on preparing notice for public hearing on budget for 2016.	Dec 17/15
Posted		0.40

BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW
BBVA COMPASS BANK BUILDING
3535 CALDER AVENUE, SUITE 300

Hubert Oxford, IV

BEAUMONT, TEXAS 77706
TELEPHONE:(409) 833-9182
FAX: (409) 833-8819

hoxfordiv@benoxford.com

April 12, 2018

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

Re: Invoice and Draft Minutes for March 21, 2018 Regular Meeting; Our File No. 87250.

Dear President Murrell,

Attached, please find the draft Minutes for March 21, 2018 Regular Meeting. Also attached are the Minutes from the Special Meeting on March 21, 2018. After you have had a chance to review these minutes, please let me know if there are any changes that need to be made.

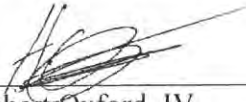
Also, please allow this letter to serve as a *partial invoice* for \$1,000.00 representing the retainer for work performed in January 2018. We would request that you put this invoice in line for payment at the March 21, 2018 Regular meeting and we will give the District credit for the \$1,000.00 payment when we invoice the District for March 2018.

If you concur, please draft a check in the amount of \$500.00 checks payable to Josh Heinz and a second check for \$500.00 to Hubert Oxford, IV.

With best wishes, I am

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.


Hubert Oxford, IV

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

RECEIVED
APR 13 2018

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

04/13/2018

Invoice # 20366

Professional Services

Amount

04/13/18 **3-20-18** Review books and make adjustments in prep for meeting. Discuss account numbers and possible revisions.
4.00 Hrs.

843.75

3-21-18 Finalize reports for March meeting.
2.75 Hrs.

TOTAL HRS 6.75 @ \$125.00 = \$843.75

For professional services rendered

\$843.75

Balance due

\$843.75

Invoices Due Upon Receipt



U.S. Department of Education
Information about your federal student loan

RECEIVED
APR - 4 2018



**YOUR 2017
TAX INFO.
IS NOW
ONLINE!**

MyFedLoan.org/GetTaxInfo

March 30, 2018

MONTHLY BILL

Name: HEATH O REDWINE
Account Number: 61 1316 9949

Payment Summary	
Last Payment Received	12/08/2017
Current Payment Due	\$948.36
Total Due by 04/20/2018	\$948.36

YOUR LOAN DETAILS

Date Disbursed	Loan Program	Original Balance	Current Balance	Outstanding Interest	Interest Rate	Monthly Payment	Current Due
01/30/2017	DLSCNS	\$7,515.49	\$7,515.49	\$61.45	6.125%	\$58.05	\$58.05
01/30/2017	DLUCNS	\$115,259.13	\$115,259.13	\$3,538.88	6.125%	\$890.31	\$890.31

Total paid since your last statement	\$0.00
Interest Satisfied	\$0.00
Principal Satisfied	\$0.00

As of today, you've paid on your loans	\$1,145.00
Total Interest Satisfied	\$1,145.00
Total Principal Satisfied	\$0.00

Make checks payable to FedLoan Servicing and include your 10 digit account number.

Customer Statement

Amount Enclosed: Do not write dollar sign in boxes below or on check.

Account Number: 61 1316 9949
Total Amount Due: \$948.36
Due Date: 04/20/2018

\$

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20180890161131699491000094836000000000000000000002

#BWBCFT
#B874 6429 2303 30L7#
HEATH O REDWINE
13764 POWERS RD
HAMSHIRE TX 77622-8451


 DEPARTMENT OF EDUCATION
 FEDLOAN SERVICING
 PO BOX 530210
 ATLANTA GA 30353-0210



CONTRACT INVOICE

Invoice Number: INV614507
 Invoice Date: 04/17/2018

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

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

Account No	Payment Terms	Due Date	Invoice Total	Balance Due	
3A0064	Net 30	05/17/2018	\$56.34	\$56.34	
Invoice Remarks					
Contract Number	Contact	Contract Amount	P.O. Number	Start Date	Exp. Date
4457-01		\$56.34		01/26/2016	01/25/2021
Contract Remarks					

Summary:

Contract base rate charge for this billing period	\$0.00
Contract overage charge for the 03/26/2018 to 04/25/2018 overage period	\$56.34 **
	\$56.34

**See overage details below

Detail:

Equipment included under this contract

KM/227

Number	Serial Number	Base Adj.	Location
3A2812	A7AK011001716	\$0.00	Winnie - Stowell Hospital District 538 Broadway Winnie, TX 77665

Meter Type	Meter Group	Begin Meter	End Meter	Credits	Total	Covered	Billable	Rate	Overage
B\W	3A2812 - B\W	69,577	73,813		4,236	0	4,236	\$0.013300	\$56.34
									\$56.34

Please include invoice number on check.

Remit Payment To:
 Function 4, LLC
 12560 Reed Rd, Ste 200
 Sugar Land, TX 77478

Invoice SubTotal	\$56.34
Tax:	\$0.00
Invoice Total	\$56.34
Balance Due:	\$56.34

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

Invoice # 65866

Phone # (800) 834-0560

Fax # (936) 756-6741

Date: 4/1/2018

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

Terms: Net receipt of invoice

Professional services for the month of May 2018

1,059.00

RECEIVED

APR 02 2018

Total

\$1,059.00

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

THANK YOU FOR YOUR BUSINESS!!!

IHS

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

Invoice # 65872

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

RECEIVED
MAR 30 2018

Date: 3/27/2018

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

Terms: Net receipt of invoice

Registration fee for the 2018 IHS Customer Advisory Conference	97.00
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Total	\$97.00
--------------	----------------

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

THANK YOU FOR YOUR BUSINESS!!!

IHS

GL Totals

Issued 04/13/18

Winnie Stowel Hospital District Indigent Healthcare Services
Batch Dates 03/31/18-03/31/18Brookshire Bros. Phar. (Winnie)
P.O. Box 1359
Winnie, TX 77665

Vendor #: 65460

GL #	Description	Amount
WSHD	Wshd	4,522.38
	Expenditures	4,522.38
	Reimb/Adjustments	
	Grand Total	4,522.38

30 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
036-2475*65460*20	WSHD	03/30/2018	45.21	45.21
036-2475*65460*20	WSHD	03/30/2018	34.40	34.40
036-2475*65460*20	WSHD	03/30/2018	5.00	5.00
036-2475*65460*20	WSHD	03/30/2018	31.69	31.69
036-2475*65460*20	WSHD	03/30/2018	11.94	11.94
036-2749*65460*34	WSHD	03/17/2018	16.16	16.16
036-2749*65460*34	WSHD	03/15/2018	386.21	386.21
036-2815*65460*9	WSHD	03/05/2018	34.40	34.40
036-2815*65460*9	WSHD	03/26/2018	34.00	31.90
036-2815*65460*9	WSHD	03/26/2018	78.75	78.75
036-2821*65460*13	WSHD	03/07/2018	117.71	84.64
036-2821*65460*13	WSHD	03/08/2018	435.05	435.05
036-2821*65460*13	WSHD	03/28/2018	5.00	5.00
036-2856*65460*18	WSHD	03/14/2018	17.89	14.30
036-2856*65460*18	WSHD	03/14/2018	152.10	152.10
036-2856*65460*18	WSHD	03/14/2018	5.00	5.00
036-3067*65460*9	WSHD	03/05/2018	27.84	27.84
036-3413*65460*27	WSHD	03/06/2018	40.25	40.25
036-3413*65460*27	WSHD	03/10/2018	5.00	5.00
036-3413*65460*27	WSHD	03/19/2018	401.87	401.87
036-3414*65460*9	WSHD	03/21/2018	5.00	5.00
036-3414*65460*9	WSHD	03/21/2018	22.10	22.10
036-3414*65460*9	WSHD	03/21/2018	12.00	12.00
036-3426*65460*33	WSHD	03/26/2018	55.00	55.00
036-3432*65460*26	WSHD	03/12/2018	25.88	25.88
036-3432*65460*26	WSHD	03/12/2018	5.00	5.00
036-3432*65460*26	WSHD	03/12/2018	5.00	5.00
036--3424*65460*22	WSHD	03/08/2018	10.00	10.00
036--3424*65460*22	WSHD	03/08/2018	222.44	163.83
036--3424*65460*22	WSHD	03/08/2018	12.00	12.00
1000*65460*20	WSHD	03/01/2018	12.00	12.00
1000*65460*20	WSHD	03/01/2018	50.42	50.42
1000*65460*20	WSHD	03/01/2018	115.58	115.58
1011*65460*26	WSHD	03/06/2018	5.54	5.54

GL Totals

Issued 04/13/18

Winnie Stowel Hospital District Indigent Healthcare Services
Batch Dates 03/31/18-03/31/18Brookshire Bros. Phar. (Winnie)
P.O. Box 1359
Winnie, TX 77665

Vendor #: 65460

Invoice #	GL #	Date in	Amt Billed	Amt Paid
1011*65460*26	WSHD	03/05/2018	114.28	114.28
1011*65460*26	WSHD	03/14/2018	12.00	12.00
1019*65460*19	WSHD	03/02/2018	5.00	5.00
1019*65460*19	WSHD	03/03/2018	5.00	5.00
1019*65460*19	WSHD	03/03/2018	16.99	16.99
1019*65460*19	WSHD	03/06/2018	8.06	8.06
1019*65460*19	WSHD	03/06/2018	5.00	5.00
1019*65460*19	WSHD	03/06/2018	25.88	25.88
1019*65460*19	WSHD	03/06/2018	15.84	15.84
1019*65460*19	WSHD	03/06/2018	5.00	5.00
1019*65460*19	WSHD	03/06/2018	56.96	56.96
1023*65460*11	WSHD	03/02/2018	19.74	19.74
1023*65460*11	WSHD	03/02/2018	5.00	5.00
1023*65460*11	WSHD	03/31/2018	19.74	19.74
1023*65460*11	WSHD	03/31/2018	5.00	5.00
1024*65460*19	WSHD	03/07/2018	12.93	11.85
1024*65460*19	WSHD	03/14/2018	270.33	225.98
1030*65460*20	WSHD	03/31/2018	34.52	34.52
1030*65460*20	WSHD	03/31/2018	268.43	220.96
1031*65460*7	WSHD	03/19/2018	18.01	18.01
1038*65460*16	WSHD	03/30/2018	130.67	130.67
1038*65460*16	WSHD	03/06/2018	46.89	46.89
1038*65460*16	WSHD	03/30/2018	231.21	231.21
1043*65460*14	WSHD	03/26/2018	52.68	52.68
1044*65460*6	WSHD	03/06/2018	10.90	10.90
1044*65460*6	WSHD	03/06/2018	75.66	75.66
1046*65460*13	WSHD	03/01/2018	27.07	27.07
1046*65460*13	WSHD	03/01/2018	5.00	5.00
1046*65460*13	WSHD	03/01/2018	52.54	52.54
1046*65460*13	WSHD	03/02/2018	33.77	33.77
1046*65460*13	WSHD	03/02/2018	25.88	25.88
1049*65460*12	WSHD	03/05/2018	5.00	5.00
1049*65460*12	WSHD	03/05/2018	38.41	38.41
1054*65460*11	WSHD	03/23/2018	5.00	5.00
1054*65460*11	WSHD	03/27/2018	15.00	15.00
1079*65460*5	WSHD	03/27/2018	51.22	51.22
1083*65460*2	WSHD	03/12/2018	10.00	10.00
1084*65460*2	WSHD	03/13/2018	18.35	10.39
1084*65460*2	WSHD	03/20/2018	16.72	16.72
1085*65460*2	WSHD	03/26/2018	45.41	45.41
1085*65460*2	WSHD	03/26/2018	11.37	11.37
1087*65460*1	WSHD	03/06/2018	14.90	14.90
1087*65460*1	WSHD	03/06/2018	26.35	26.35
1087*65460*1	WSHD	03/08/2018	18.01	18.01
1087*65460*1	WSHD	03/08/2018	29.81	28.33
1091*65460*1	WSHD	03/02/2018	28.67	28.67
1091*65460*1	WSHD	03/02/2018	293.85	293.85

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Issued 04/13/18

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
Batch Dates 03/31/18-03/31/18

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

Vendor #: 65460

Invoice #	GL #	Date in	Amt Billed	Amt Paid
1091*65460*1	WSHD	03/16/2018	34.61	34.61
30 invoices, 82 line items			4,722.09	4,522.38
Grand Totals			4,722.09	4,522.38

30 total invoices
82 total line items

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 03/31/18-03/31/18

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

Vendor #: 18651

GL #	Description	Amount
WSHD	Wshd	893.77
	Expenditures	893.77
	Reimb/Adjustments	
	Grand Total	893.77

8 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
036-2783*18651*82	WSHD	03/26/2018	219.39	103.53
036-2783*18651*82	WSHD	03/22/2018	177.06	97.18
036-2833*18651*98	WSHD	03/08/2018	373.81	175.02
036-3364*18651*49	WSHD	03/23/2018	54.86	54.86
036-3364*18651*49	WSHD	03/23/2018	23.62	12.76
036-3364*18651*49	WSHD	03/23/2018	24.00	24.00
036-3364*18651*49	WSHD	03/23/2018	24.00	24.00
036-3364*18651*49	WSHD	03/23/2018	20.00	20.00
1008*18651*16	WSHD	03/21/2018	24.11	13.01
1008*18651*16	WSHD	03/21/2018	40.76	20.32
1008*18651*16	WSHD	03/02/2018	15.52	8.72
1040*18651*14	WSHD	03/10/2018	26.78	26.78
1040*18651*14	WSHD	03/10/2018	43.71	43.71
1040*18651*14	WSHD	03/10/2018	27.67	19.81
1075*18651*1	WSHD	03/05/2018	101.78	47.97
1075*18651*1	WSHD	03/05/2018	101.30	48.86
1075*18651*1	WSHD	03/05/2018	72.19	35.36
1086*18651*2	WSHD	03/13/2018	75.14	63.76
J392*18651*2	WSHD	03/01/2018	46.28	22.97
J392*18651*2	WSHD	03/01/2018	53.12	26.35
J392*18651*2	WSHD	03/01/2018	6.81	4.80
8 invoices, 21 line items	***		1,551.91	893.77
Grand Totals			1,551.91	893.77

8 total invoices
 21 total line items

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 03/31/18-03/31/18

Utmh At Galveston
 P. O. Box 660120 Dept 730
 Dallas, TX 75266

Vendor #: 63614

GL #	Description	Amount
WSHD	Wshd	3,610.32
	Expenditures	3,610.32
	Reimb/Adjustments	
	Grand Total	3,610.32

6 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
036-2811*63614*6	WSHD	02/22/2018	517.00	124.08
1008*63614*3	WSHD	02/26/2018	2,367.00	568.08
1024*63614*2	WSHD	01/29/2018	323.00	77.52
1040*63614*5	WSHD	02/08/2018	10,397.00	2,495.28
1040*63614*5	WSHD	02/15/2018	323.00	77.52
1073*63614*4	WSHD	02/08/2018	558.00	133.92
1074*63614*5	WSHD	01/29/2018	558.00	133.92
6 invoices, 7 line items	***		15,043.00	3,610.32
Grand Totals			15,043.00	3,610.32

6 total invoices
 7 total line items

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 03/31/18-03/31/18

Utmf Faculty Grp Practice
 Po Box 650859 Dep 710
 Dallas, TX 75265

Vendor #: 63615
 NPI: 1942241146

GL #	Description	Amount
WSHD	Wshd	307.52
	Expenditures	307.52
	Reimb/Adjustments	
	Grand Total	307.52

4 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
036-2783*63615*1	WSHD	02/26/2018	415.00	95.54
036-2811*63615*5	WSHD	02/22/2018	270.00	56.08
1040*63615*5	WSHD	02/08/2018	1,680.00	147.88
1073*63615*5	WSHD	02/08/2018	23.00	8.02
4 invoices, 4 line items	***		2,388.00	307.52
Grand Totals			2,388.00	307.52

4 total invoices
 4 total line items

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 03/31/18-03/31/18

Stace Farrow Youth Counselor
 714 Campbell Rd
 Winnie, TX 77665

Vendor #: 63616
 NPI: 467236878

GL #	Description	Amount
WSHD	Wshd	340.00
	Expenditures	340.00
	Reimb/Adjustments	
	Grand Total	340.00

2 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid
YC01*63616*2	WSHD	03/29/2018	85.00	85.00
YC01*63616*2	WSHD	03/22/2018	85.00	85.00
YC03*63616*1	WSHD	03/29/2018	85.00	85.00
YC03*63616*1	WSHD	03/22/2018	85.00	85.00
2 invoices, 4 line items			340.00	340.00
Grand Totals			340.00	340.00

2 total invoices
 4 total line items

→ DUBBIN & CO.

Certified Public Accountants

2950 50th Street • Lubbock, TX 79413
(806) 791-1591 • www.dhcg.com

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

RECEIVED

APR 06 2018

Date: 3/22/2018
Invoice Number: 7532
Client: 102400.1

2016 Audit Services Applicable to Your Account

\$47,813.75

Invoice Total: \$47,813.75

We appreciate your business.



WINNIE STOWELL HOSPITAL

Account Number: XXXX XXXX XXXX 2704

ACCOUNT SUMMARY

Credit Limit	\$10,000.00
Credit Available	\$9,946.00
Statement Closing Date	March 31, 2018
Days in Billing Cycle	31
Previous Balance	\$1,515.60
- Payments & Credits	\$1,515.60
+ Purchases & Other Charges	\$53.80
+ Cash Advances	\$0.00
+ Finance Charges	\$0.00
= New Balance	\$53.80

PAYMENT INFORMATION

New Balance	\$53.80
Minimum Payment Due	\$20.00
Payment Due Date	April 25, 2018

Questions? Call Card Services 1-800-248-9600
 Or Write: PO Box 2360 Stop Code P-23
 Omaha, NE 68108

Notice: SEE REVERSE SIDE FOR MORE IMPORTANT INFORMATION

TRANSACTIONS

Tran Date	Post Date	Reference Number	Transaction Description	Amount
TOTAL 4054692000142704				\$1,515.60-
03/08	03/08	F319100EK00CHGDDA	AUTOMATIC PAYMENT - THANK YOU	92.00-
03/25	03/25	F319100F400CHGDDA	AUTOMATIC PAYMENT - THANK YOU	1,423.60-
SHERRIE NORRIS				TOTAL 4054692000142720 \$53.80
02/28	03/01	2469216EB2Y0FHP9D	Intuit *PayrollEE usag 800-446-8848 CA MCC: 5734 MERCHANT ZIP: 92129	4.33
03/01	03/01	2469216EQ2XXPFKBW	GOOGLE *SVCSAPPS_wshd- cc@google.com CA MCC: 7311 MERCHANT ZIP: 94043	21.08
03/06	03/06	2443106EH0RT778QH	ADOBE SYSTEMS, INC. 800-833-6687 CA MCC: 4816 MERCHANT ZIP: 95110	16.21
03/21	03/21	2479487F1S66DH8RS	ENTERPRISE CAR TOLLS 877-8601258 NY MCC: 4784 MERCHANT ZIP: 11577	1.15
03/26	03/26	2444500F600ELYTLT	USPS PO 4898150665 WINNIE TX	6.70

Transactions continued on next page

1031 VVG 002 7 31 180331 0 PAGE 1 of 3 1 0 3191 2000 CORP



PROSPERITY BANK
 CREDIT CARD DEPARTMENT
 402 CYPRESS ST. SUITE 100
 ABILENE TX 79601

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

Make Check
 Payable to:

PROSPERITY BANK
 PO BOX 660525
 DALLAS TX 75266-0525

Payment Information

Account Number:	XXXX XXXX XXXX 2704
Payment Due Date	April 25, 2018
New Balance	\$53.80
Minimum Payment Due	\$20.00
Past Due Amount	\$0.00
Amount Enclosed:	\$ <input type="text"/>

ACH

TRANSACTIONS (continued)

Tran Date	Post Date	Reference Number	Transaction Description	Amount
03/30	03/30	2469216F92XPVZHA8	MCC: 9402 MERCHANT ZIP: 77665 Intuit *PayrollEE usag 800-446-8848 CA MCC: 5734 MERCHANT ZIP: 92129	4.33

IMPORTANT ACCOUNT INFORMATION

Don't forget to update your automated payment plans. Merchants will need your new card number and expiration date.
 "To view your statement or make payments online, visit <https://prosperityonline.fdecs.com>."

IMPORTANT NOTICE FOR AUTOMATIC, INTERNET, OR PHONE ACH PAYMENTS:
 Your payment may be reduced by any credit adjustments or payments made since your last statement.

\$53.80 WILL BE DEDUCTED FROM YOUR ACCOUNT AND CREDITED AS YOUR AUTOMATIC PAYMENT ON 04/25/18.
 TOTAL *FINANCE CHARGE* PAID IN 2017 \$12.97

INTEREST CHARGE CALCULATION

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

Type of Balance	ANNUAL PERCENTAGE RATE (APR)	Balance Subject to Interest Rate	Days in Billing Cycle	Interest Charge
Purchases	9.90% (f)	\$0.00	31	\$0.00
Cash Advances	9.90% (f)	\$0.00	31	\$0.00

(v) = variable (f) = fixed

March 26, 2018
Invoice Number: 0121119032618
Account Number: 8260 17 029 0121119
Security Code: 1931
Service At: 538 BROADWAY
WSHD RM
WINNIE TX 77665-7600

Auto Pay Notice

Contact Us

Visit us at business.twc.com
Or, call us at 1-866-519-1263

Summary

*Service from 04/05/18 through 05/04/18
details on following pages*

Previous Balance	192.06
Payments Received -Thank You!	-192.06
Remaining Balance	\$0.00
Spectrum Business™ Internet	104.98
Spectrum Business™ Voice	79.98
Taxes, Fees and Charges	7.10
Current Charges	\$192.06
<i>YOUR AUTO PAY WILL BE PROCESSED 04/16/18</i>	
Total Due by Auto Pay	\$192.06

SPECTRUM BUSINESS NEWS

NOTE. Taxes, Fees and Charges listed in the Summary only apply to Spectrum Business TV and Spectrum Business Internet and are detailed on the following page. Taxes, Fees and Charges for Spectrum Business Voice are detailed in the Billing Information section.

Spectrum Enterprise Commercial Terms of Service have changed. The new terms may be viewed at <https://enterprise.spectrum.com> and will be effective May 1, 2018 for existing Spectrum Enterprise clients.



RECEIVED

APR 02 2018

Thank you for choosing Spectrum Business.
We appreciate your prompt payment and value you as a customer.

Auto Pay. Thank you for signing up for auto pay. Please note your payment may be drafted and posted to your Spectrum Business account the day after your transaction is scheduled to be processed by your bank.



4145 S. FALKENBURG RD RIVERVIEW FL 33578-8652
8260 1700 NO RP 26 03272018 NNNNNNNN 01 007101 0022

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

March 26, 2018

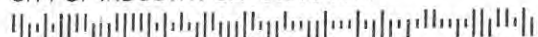
Winnie Stowell Hospital

Invoice Number: 0121119032618
Account Number: 8260 17 029 0121119
Service At: 538 BROADWAY
WSHD RM
WINNIE TX 77665-7600

Total Due by Auto Pay \$192.06



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



826017029012111900192062



Invoice Number: Winnie Stowell Hospital
 Account Number: 0121119032618
 Security Code: 8260 17 029 0121119
 1931

Contact Us
 Visit us at business.twc.com
 Or, call us at 1-866-519-1263
 8260 1700 NO RP 26 09272018 NNNNNNNN 01 007101 0022

Charge Details		
Previous Balance		192.06
EFT Payment	03/16	-192.06
Remaining Balance		\$0.00

Spectrum Business™ Voice Continued	
Current Charges	\$192.06
Total Due by Auto Pay	\$192.06

Billing Information

Tax and Fees - This statement reflects the current taxes and fees for your area (including sales, excise, user taxes, etc.). These taxes and fees may change without notice.

Terms & Conditions - Spectrum's detailed standard terms and conditions for service are located at spectrum.com/policies.

Notice - Nonpayment of any portion of your cable television, high-speed data, and/or Digital Phone service could result in disconnection of any of your Spectrum provided services.

Time Warner Cable Entity - The Time Warner Cable entity providing the service is a subsidiary of Charter Communications Operating, LLC and uses the brand name "Spectrum Business". Charter Communications Operating, LLC and Charter Communications Holdings, LLC are affiliates owned and controlled by Charter Communications, Inc.

Recovery Fee - Spectrum imposes surcharges to recover costs of complying with its governmental obligations. Specifically, Spectrum chooses to impose the State Cost Recovery Fee to recover the cost of Spectrums Texas Margins Tax liability.

The following taxes, fees and surcharges are included in the price of the applicable service - TAXES: E911 EQUALIZATION SURCHARGE \$0.12, E911 FEE \$1.00, STATE AND LOCAL SALES TAX \$4.99. FEES AND CHARGES: FEDERAL UNIVERSAL SERVICE FUND \$3.09, STATE UNIVERSAL SERVICE FUND \$1.72, TX PUC RECOVERY FEE \$0.09.

Past Due Fee / Late Fee Reminder - A late fee will be assessed for past due charges for service.

Payments received after 03/26/18 will appear on your next bill.
 Service from 04/05/18 through 05/04/18

Spectrum Business™ Internet	
Spectrum Business Internet Plus	99.99
Includes: Web Hosting, Cloud Backup and Security Suite	
Business WiFi	4.99
Spectrum Domain Name	0.00
Spectrum Vanity Email	0.00
	\$104.98

Taxes	State and Local Sales Tax	6.55
Fees & Charges	TWC State Cost Recovery Fee	0.55
		\$7.10

Spectrum Business™ Internet Total \$112.08

Spectrum Business™ Voice	
Phone number (409) 296-1003	
Spectrum Business Voice	49.99
	\$49.99
Phone number (409) 400-4023	
Spectrum Business Voice	49.99
Promotional Discount	-20.00
	\$29.99

For additional call details, please visit business.twc.com/myaccount.

Spectrum Business™ Voice Total \$79.98

Continued on the next page

Your WAY can be the GREEN way!
GO GREEN with Spectrum Business.
 Online Bill Pay is helping the environment one customer at a time.
 It's easy - all you need to do is sign up for Online Bill Pay.
 It will save you money on postage and time - and it will also save trees!

Enrolling is easy, just go to business.twc.com/myaccount.
 Each month, you'll receive a paperless e-bill that you pay online with your choice of payment options.

- Debit Card - Credit Card - Electronic Funds Transfer
- Receive a quick summary of your account at any time
- Access up to 6 months of statements



For questions or concerns, please call 1-866-519-1263.



BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW
BBVA COMPASS BANK BUILDING
3535 CALDER AVENUE, SUITE 300

Hubert Oxford, IV

BEAUMONT, TEXAS 77706
TELEPHONE:(409) 833-9182
FAX: (409) 833-8819

hoxfordiv@benoxford.com

April 12, 2018

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

Re: Invoice and Draft Minutes for March 21, 2018 Regular Meeting; Our File No. 87250.

Dear President Murrell,

Attached, please find the draft Minutes for March 21, 2018 Regular Meeting. Also attached are the Minutes from the Regular Meeting on March 21, 2018. After you have had a chance to review these minutes, please let me know if there are any changes that need to be made.

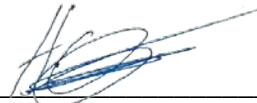
Also, please allow this letter to serve as a *partial invoice* for \$1,000.00 representing the retainer for work performed in March 2018. We would request that you put this invoice in line for payment at the April 18, 2018 Regular meeting and we will give the District credit for the \$1,000.00 payment when we invoice the District for March 2018.

If you concur, please draft a check in the amount of \$500.00 checks payable to Josh Heinz and a second check for \$500.00 to Hubert Oxford, IV.

With best wishes, I am

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.



Hubert Oxford, IV

Exhibit “C”

March 2018 Indigent Care Summary

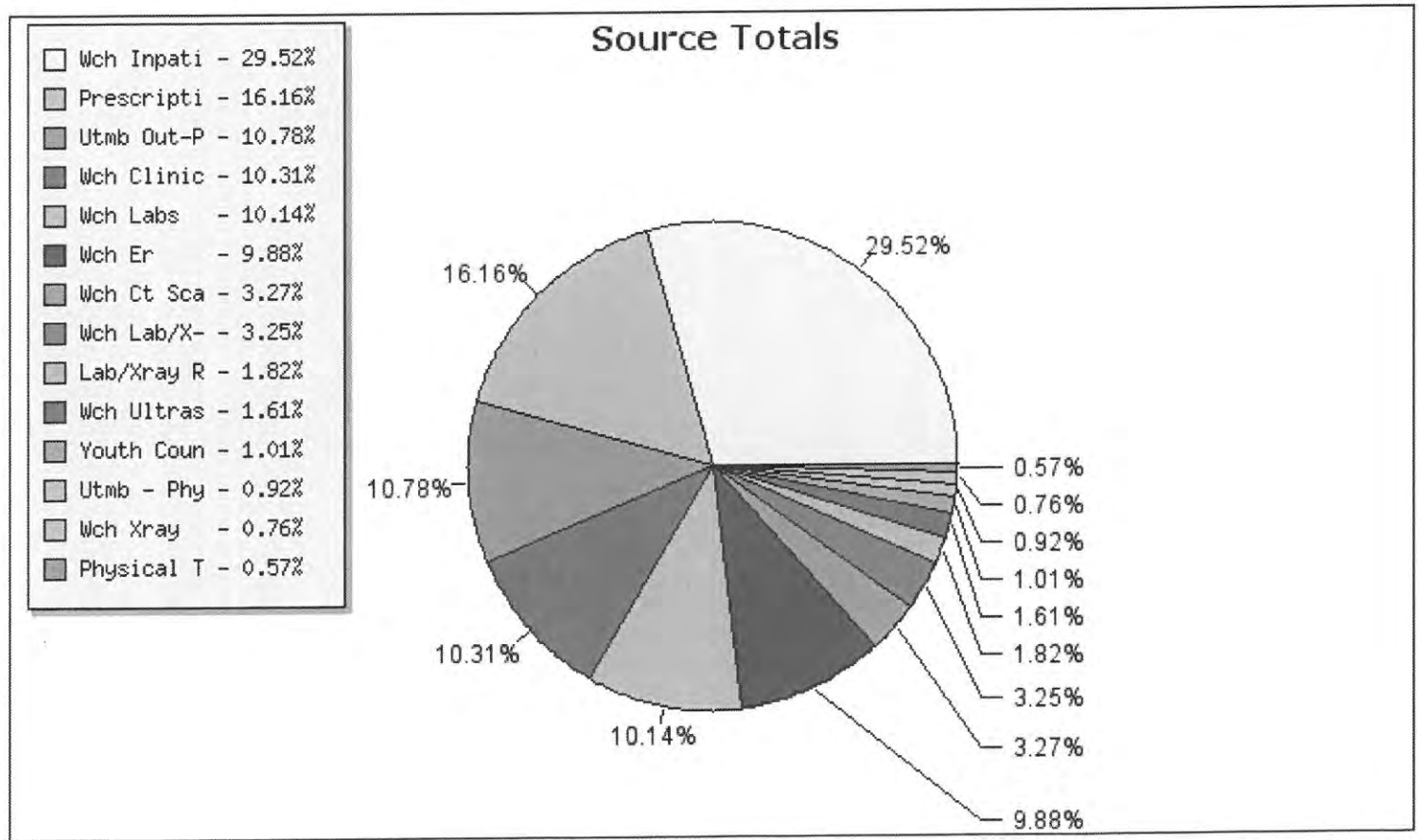
	March				Year to Date			
# of Clients:	62							
	Billed Amount	Medicaid Rate	% of Services	Actually Paid	Billed Amount	Medicaid Rate	% of Services	Actually Paid
Summary by Facility								
Winnie Community Hospital	\$51,985.00	\$23,831.61	43.17%	\$0.00	\$177,503.00	\$75,293.99	136.39%	\$0.00
Pharmacy								
Brookshire Brothers Pharmacy	\$4,722.09	\$4,522.38	8.19%	\$4,522.38	\$26,537.55	\$23,301.63	42.21%	\$23,301.63
Wilcox Pharmacy	\$1,551.91	\$893.77	1.62%	\$893.77	\$4,431.79	\$2,695.82	4.88%	\$2,695.82
Total	\$6,274.00	\$5,416.15		\$5,416.15	\$30,969.34	\$25,997.45		\$25,997.45
UTMB								
UTMB Hospital	\$15,043.00	\$3,610.32	6.54%	\$3,610.32	\$122,764.23	\$29,463.40	53.37%	\$29,463.40
UTMB Physician Services	\$2,388.00	\$307.52	0.56%	\$307.52	\$26,977.00	\$7,393.63	13.39%	\$7,393.63
Youth Counseling	\$340.00	\$340.00	0.62%	\$340.00	\$595.00	\$595.00	1.08%	\$595.00
Total	\$17,771.00	\$4,257.84	7.71%	\$4,257.84	\$150,336.23	\$37,452.03		\$37,452.03
Grand Totals	\$76,030.00	\$33,505.60		\$9,673.99	\$358,808.57	\$138,743.47		\$63,449.48
Summary by Service Provided								
Prescription Drugs	\$6,274.00	\$5,416.15	9.81%	\$5,416.15	\$30,969.34	\$25,997.45	47.09%	\$25,997.45
WCH Clinic	\$8,423.00	\$3,453.43	6.26%	\$0.00	\$28,181.00	\$11,554.21	20.93%	\$0.00
WCH ER	\$8,075.00	\$3,310.75	6.00%	\$0.00	\$83,407.00	\$34,196.87	61.95%	\$0.00
WCH Inpatient	\$17,984.00	\$9,891.20	17.92%	\$0.00	\$17,984.00	\$9,891.20	17.92%	\$0.00
WCH Observation	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
WCH Labs	\$8,287.00	\$3,397.67	6.15%	\$0.00	\$8,331.00	\$3,415.71	6.19%	\$0.00
WCH Physical Therapy	\$463.00	\$189.83	0.34%	\$0.00	\$4,644.00	\$1,904.04	3.45%	\$0.00
WCH Ultrasound	\$1,312.00	\$537.92	0.97%	\$0.00	\$1,968.00	\$806.88	1.46%	\$0.00
WCH Lab/Xray	\$2,656.00	\$1,088.96	1.97%	\$0.00	\$9,965.00	\$4,085.65	7.40%	\$0.00
WCH CT Scan	\$2,674.00	\$1,096.34	1.99%	\$0.00	\$2,674.00	\$1,096.34	1.99%	\$0.00
WCH Xray	\$620.00	\$254.20	0.46%	\$0.00	\$7,684.00	\$3,150.44	5.71%	\$0.00
Lab/Xray readings	\$1,491.00	\$611.31	1.11%	\$0.00	\$2,603.00	\$1,067.23	1.93%	\$0.00
UTMB Outpatient	\$15,043.00	\$3,610.32	6.54%	\$3,610.32	\$122,764.23	\$29,463.40	53.37%	\$29,463.40
UTMB Anesthesia	\$0.00	\$0.00	0.00%	\$0.00	\$1,680.00	\$1,155.00	2.09%	\$1,155.00
UTMB Physician Services	\$2,388.00	\$307.52	0.56%	\$307.52	\$25,297.00	\$6,238.63	11.30%	\$6,238.63
Youth Counseling	\$340.00	\$340.00	0.62%	\$340.00	\$595.00	\$595.00	1.08%	\$595.00
Grant Totals	\$76,030.00	\$33,505.60		\$9,673.99	\$348,746.57	\$134,618.05		\$63,449.48

Source Totals for Batch Dates 03/01/2018 through 03/31/2018

Wch Inpatient	29.52%	\$9,891.20
Prescription Drugs	16.16%	\$5,416.15
Utmb Out-Patient	10.78%	\$3,610.32
Wch Clinic	10.31%	\$3,453.43
Wch Labs	10.14%	\$3,397.67
Wch Er	9.88%	\$3,310.75
Wch Ct Scan	3.27%	\$1,096.34
Wch Lab/X-Ray	3.25%	\$1,088.96
Lab/Xray Readings	1.82%	\$611.31
Wch Ultrasound	1.61%	\$537.92
Youth Counseling	1.01%	\$340.00
Utmb - Physician Services	0.92%	\$307.52
Wch Xray	0.76%	\$254.20
Physical Therapy	0.57%	\$189.83

Total Expenditures

\$33,505.60



Entry Statistics for Entry Dates 03/01/2018 through 03/31/2018

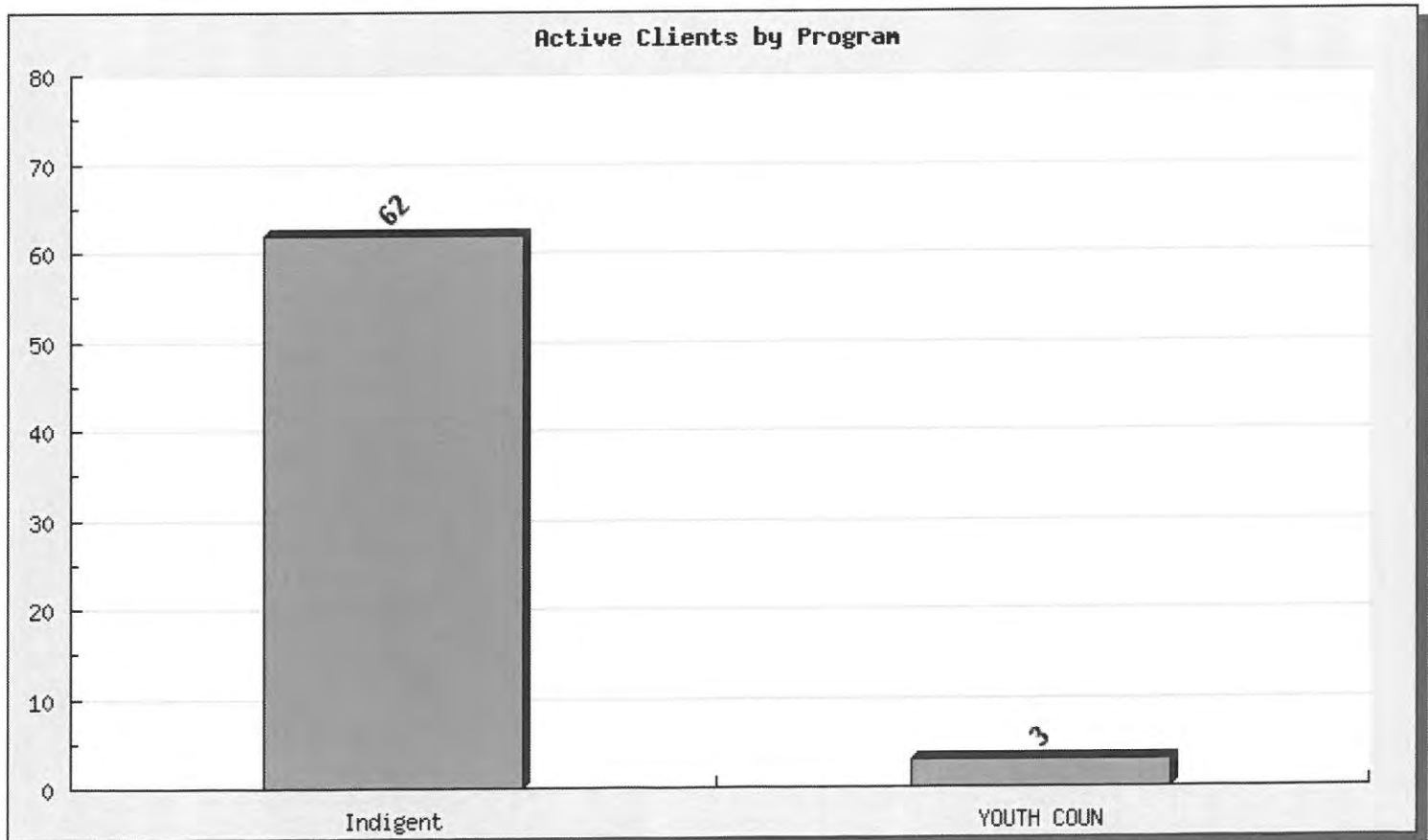
Clients Entered	3
Rapid Reg. Entered	2
Vendors Entered	1
Worksheets Entered	9
Invoices Entered	88

Void Statistics for Void Dates 03/01/2018 through 03/31/2018

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

Active Clients by Program for Eligibility Dates 03/01/2018 through 03/31/2018

Indigent	62
YOUTH COUNSELING	3
Total Clients By Program	65



Appointments Scheduled by Type for Appointment Dates 03/01/2018 through 03/31/2018

New Appointment	0
Renewal	11
<hr/>	
Total Appointments Scheduled	11

Source Totals ReportWinnie Stowel Hospital District Indigent Healthcare
ServicesBatch Dates 03/31/2018 through 03/31/2018
For Vendor: All Vendors

Source	Description	Amount Billed	Amount Paid
02	Prescription Drugs	6,274.00	5,416.15
20	Physical Therapy	463.00	189.83
21	Wch Clinic	8,423.00	3,453.43
23	Wch Inpatient	17,984.00	9,891.20
24	Wch Er	8,075.00	3,310.75
25	Wch Lab/X-Ray	2,656.00	1,088.96
26	Wch Ct Scan	2,674.00	1,096.34
27	Wch Labs	8,287.00	3,397.67
28	Wch Xray	620.00	254.20
29	Wch Ultrasound	1,312.00	537.92
31	Utmb - Physician Services	2,388.00	307.52
34	Utmb Out-Patient	15,043.00	3,610.32
39	Youth Counseling	340.00	340.00
44	Lab/Xray Readings	1,491.00	611.31
Expenditures		76,030.00	33,505.60
Reimb/Adjustments			
Grand Total		76,030.00	33,505.60

Source Totals Report Detail

Invoice #	Source	DOS	Amount Billed	Amount Paid
036-2833*18651*98	02	03/08/2018	373.81	175.02
036-3067*65460*9	02	03/05/2018	27.84	27.84
036-3426*65460*33	02	03/26/2018	55.00	55.00
1031*65460*7	02	03/19/2018	18.01	18.01
1043*65460*14	02	03/26/2018	52.68	52.68
1079*65460*5	02	03/27/2018	51.22	51.22
1083*65460*2	02	03/12/2018	10.00	10.00
1086*18651*2	02	03/13/2018	75.14	63.76
036-2749*65460*34	02	03/17/2018	16.16	16.16
036-2749*65460*34	02	03/15/2018	386.21	386.21
036-2783*18651*82	02	03/26/2018	219.39	103.53
036-2783*18651*82	02	03/22/2018	177.06	97.18
1024*65460*19	02	03/07/2018	12.93	11.85
1024*65460*19	02	03/14/2018	270.33	225.98
1030*65460*20	02	03/31/2018	34.52	34.52
1030*65460*20	02	03/31/2018	268.43	220.96
1044*65460*6	02	03/06/2018	10.90	10.90
1044*65460*6	02	03/06/2018	75.66	75.66
1049*65460*12	02	03/05/2018	5.00	5.00
1049*65460*12	02	03/05/2018	38.41	38.41
1054*65460*11	02	03/23/2018	5.00	5.00
1054*65460*11	02	03/27/2018	15.00	15.00
1084*65460*2	02	03/13/2018	18.35	10.39
1084*65460*2	02	03/20/2018	16.72	16.72
1085*65460*2	02	03/26/2018	45.41	45.41
1085*65460*2	02	03/26/2018	11.37	11.37

036-2815*65460*9	02	03/05/2018	34.40	34.40
036-2815*65460*9	02	03/26/2018	34.00	31.90
036-2815*65460*9	02	03/26/2018	78.75	78.75
036-2821*65460*13	02	03/07/2018	117.71	84.64
036-2821*65460*13	02	03/08/2018	435.05	435.05
036-2821*65460*13	02	03/28/2018	5.00	5.00
036-2856*65460*18	02	03/14/2018	17.89	14.30
036-2856*65460*18	02	03/14/2018	152.10	152.10
036-2856*65460*18	02	03/14/2018	5.00	5.00
036-3413*65460*27	02	03/06/2018	40.25	40.25
036-3413*65460*27	02	03/10/2018	5.00	5.00
036-3413*65460*27	02	03/19/2018	401.87	401.87
036-3414*65460*9	02	03/21/2018	5.00	5.00
036-3414*65460*9	02	03/21/2018	22.10	22.10
036-3414*65460*9	02	03/21/2018	12.00	12.00
036-3432*65460*26	02	03/12/2018	25.88	25.88
036-3432*65460*26	02	03/12/2018	5.00	5.00
036-3432*65460*26	02	03/12/2018	5.00	5.00
036--3424*65460*22	02	03/08/2018	10.00	10.00
036--3424*65460*22	02	03/08/2018	222.44	163.83
036--3424*65460*22	02	03/08/2018	12.00	12.00
1000*65460*20	02	03/01/2018	12.00	12.00
1000*65460*20	02	03/01/2018	50.42	50.42
1000*65460*20	02	03/01/2018	115.58	115.58
1008*18651*16	02	03/21/2018	24.11	13.01
1008*18651*16	02	03/21/2018	40.76	20.32
1008*18651*16	02	03/02/2018	15.52	8.72
1011*65460*26	02	03/06/2018	5.54	5.54
1011*65460*26	02	03/05/2018	114.28	114.28
1011*65460*26	02	03/14/2018	12.00	12.00
1038*65460*16	02	03/30/2018	130.67	130.67
1038*65460*16	02	03/06/2018	46.89	46.89
1038*65460*16	02	03/30/2018	231.21	231.21
1040*18651*14	02	03/10/2018	26.78	26.78
1040*18651*14	02	03/10/2018	43.71	43.71
1040*18651*14	02	03/10/2018	27.67	19.81
1075*18651*1	02	03/05/2018	101.78	47.97
1075*18651*1	02	03/05/2018	101.30	48.86
1075*18651*1	02	03/05/2018	72.19	35.36
1091*65460*1	02	03/02/2018	28.67	28.67
1091*65460*1	02	03/02/2018	293.85	293.85
1091*65460*1	02	03/16/2018	34.61	34.61
J392*18651*2	02	03/01/2018	46.28	22.97
J392*18651*2	02	03/01/2018	53.12	26.35
J392*18651*2	02	03/01/2018	6.81	4.80
1023*65460*11	02	03/02/2018	19.74	19.74
1023*65460*11	02	03/02/2018	5.00	5.00
1023*65460*11	02	03/31/2018	19.74	19.74
1023*65460*11	02	03/31/2018	5.00	5.00
1087*65460*1	02	03/06/2018	14.90	14.90
1087*65460*1	02	03/06/2018	26.35	26.35
1087*65460*1	02	03/08/2018	18.01	18.01
1087*65460*1	02	03/08/2018	29.81	28.33
036-2475*65460*20	02	03/30/2018	45.21	45.21
036-2475*65460*20	02	03/30/2018	34.40	34.40
036-2475*65460*20	02	03/30/2018	5.00	5.00
036-2475*65460*20	02	03/30/2018	31.69	31.69
036-2475*65460*20	02	03/30/2018	11.94	11.94
036-3364*18651*49	02	03/23/2018	54.86	54.86

036-3364*18651*49	02	03/23/2018	23.62	12.76
036-3364*18651*49	02	03/23/2018	24.00	24.00
036-3364*18651*49	02	03/23/2018	24.00	24.00
036-3364*18651*49	02	03/23/2018	20.00	20.00
1046*65460*13	02	03/01/2018	27.07	27.07
1046*65460*13	02	03/01/2018	5.00	5.00
1046*65460*13	02	03/01/2018	52.54	52.54
1046*65460*13	02	03/02/2018	33.77	33.77
1046*65460*13	02	03/02/2018	25.88	25.88
1019*65460*19	02	03/02/2018	5.00	5.00
1019*65460*19	02	03/03/2018	5.00	5.00
1019*65460*19	02	03/03/2018	16.99	16.99
1019*65460*19	02	03/06/2018	8.06	8.06
1019*65460*19	02	03/06/2018	5.00	5.00
1019*65460*19	02	03/06/2018	25.88	25.88
1019*65460*19	02	03/06/2018	15.84	15.84
1019*65460*19	02	03/06/2018	5.00	5.00
1019*65460*19	02	03/06/2018	56.96	56.96

38 invoices, 103 line items

6,274.00 5,416.15

1030*63057*19	20	03/09/2018	463.00	189.83
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1 invoices, 1 line items

463.00 189.83

1030*63057*19	21	03/21/2018	224.00	91.84
036-2749*63057*22	21	03/17/2018	188.00	77.08
036-2815*63057*8	21	03/13/2018	580.00	237.80
1000*63057*16	21	03/01/2018	224.00	91.84
1019*63057*12	21	03/06/2018	224.00	91.84
1044*63057*7	21	03/06/2018	224.00	91.84
1076*63057*3	21	03/22/2018	224.00	91.84
1038*63057*6	21	03/16/2018	224.00	91.84
1038*63057*6	21	03/30/2018	305.00	125.05
1087*63057*2	21	03/06/2018	419.00	171.79
1087*63057*2	21	03/08/2018	224.00	91.84
1011*63057*22	21	03/01/2018	107.00	43.87
1011*63057*22	21	03/08/2018	224.00	91.84
1011*63057*22	21	03/15/2018	243.00	99.63
1011*63057*22	21	03/23/2018	243.00	99.63
1011*63057*22	21	03/27/2018	491.00	201.31
1091*63057*1	21	03/08/2018	339.00	138.99
1091*63057*1	21	03/20/2018	224.00	91.84
1090*63057*1	21	03/06/2018	339.00	138.99
1090*63057*1	21	03/09/2018	34.00	13.94
1090*63057*1	21	03/20/2018	224.00	91.84
036-3414*63057*6	21	03/21/2018	224.00	91.84
1014*63057*4	21	03/06/2018	224.00	91.84
1075*63057*1	21	03/22/2018	224.00	91.84
1075*63057*1	21	03/23/2018	34.00	13.94
1024*63057*17	21	03/14/2018	338.00	138.58
1024*63057*17	21	03/19/2018	305.00	125.05
J392*63057*3	21	03/01/2018	346.00	141.86
1085*63057*2	21	03/26/2018	150.00	61.50
1085*63057*2	21	03/29/2018	224.00	91.84
036-2821*63057*11	21	03/07/2018	224.00	91.84
1084*63057*2	21	03/20/2018	224.00	91.84
036-3364*63057*19	21	03/15/2018	224.00	91.84
036-3364*63057*19	21	03/22/2018	77.00	31.57

036-3364*63057*19	21	03/29/2018	77.00	31.57
21 invoices, 35 line items			8,423.00	3,453.43
1011*63057*23	23	03/08/2018	17,071.00	9,389.05
1011*63057*23	23	03/08/2018	913.00	502.15
1 invoices, 2 line items			17,984.00	9,891.20
1011*63057*22	24	03/16/2018	698.00	286.18
1091*63057*1	24	03/15/2018	6,101.00	2,501.41
1085*63057*2	24	03/24/2018	1,276.00	523.16
3 invoices, 3 line items			8,075.00	3,310.75
1090*63057*1	25	03/09/2018	2,656.00	1,088.96
1 invoices, 1 line items			2,656.00	1,088.96
1075*63057*1	26	03/29/2018	2,674.00	1,096.34
1 invoices, 1 line items			2,674.00	1,096.34
1011*63057*22	27	03/15/2018	129.00	52.89
036-3414*63057*6	27	03/27/2018	1,496.00	613.36
1014*63057*4	27	03/07/2018	1,709.00	700.69
1075*63057*1	27	03/23/2018	3,040.00	1,246.40
036-2821*63057*11	27	03/07/2018	1,348.00	552.68
1084*63057*2	27	03/08/2018	421.00	172.61
036-3364*63057*19	27	03/01/2018	144.00	59.04
7 invoices, 7 line items			8,287.00	3,397.67
1011*63057*22	28	03/27/2018	310.00	127.10
1024*63057*17	28	03/19/2018	310.00	127.10
2 invoices, 2 line items			620.00	254.20
1075*63057*1	29	03/30/2018	1,312.00	537.92
1 invoices, 1 line items			1,312.00	537.92
036-2783*63615*1	31	02/26/2018	415.00	95.54
036-2811*63615*5	31	02/22/2018	270.00	56.08
1040*63615*5	31	02/08/2018	1,680.00	147.88
1073*63615*5	31	02/08/2018	23.00	8.02
4 invoices, 4 line items			2,388.00	307.52
036-2811*63614*6	34	02/22/2018	517.00	124.08
1008*63614*3	34	02/26/2018	2,367.00	568.08
1024*63614*2	34	01/29/2018	323.00	77.52
1073*63614*4	34	02/08/2018	558.00	133.92
1074*63614*5	34	01/29/2018	558.00	133.92
1040*63614*5	34	02/08/2018	10,397.00	2,495.28
1040*63614*5	34	02/15/2018	323.00	77.52

6 invoices, 7 line items **15,043.00** **3,610.32**

YC01*63616*2	39	03/29/2018	85.00	85.00
YC01*63616*2	39	03/22/2018	85.00	85.00
YC03*63616*1	39	03/29/2018	85.00	85.00
YC03*63616*1	39	03/22/2018	85.00	85.00

2 invoices, 4 line items **340.00** **340.00**

1011*63057*22	44	02/19/2018	172.00	70.52
1090*63057*1	44	03/09/2018	140.00	57.40
J392*63057*3	44	02/24/2018	45.00	18.45
J392*63057*3	44	01/26/2018	50.00	20.50
036-3364*63057*19	44	02/26/2018	45.00	18.45
036-3364*63057*19	44	02/22/2018	40.00	16.40
1034*63057*6	44	12/04/2017	65.00	26.65
1040*63057*4	44	01/26/2018	45.00	18.45
1043*63057*10	44	01/22/2018	198.00	81.18
1046*63057*4	44	02/20/2018	45.00	18.45
1077*63057*4	44	01/24/2018	198.00	81.18
1049*63057*7	44	02/27/2018	250.00	102.50
1049*63057*7	44	02/27/2018	198.00	81.18

10 invoices, 13 line items **1,491.00** **611.31**

Grand Totals **76,030.00** **33,505.60**

78 invoices listed.
184 line items listed.

Exhibit “D”

Winnie-Stowell Hospital District			
Executive Summary of Nursing Home Monthly Site Visits			
March 2018			
Facility	Operator		Comments
Park Manor of Conroe	HMG		Census: 107. The facility will be in their survey window in April 2018. There was one reportable incident since the last visit, it was for abuse, the claim was unsubstantiated following review. The activity director does a great job allowing the residents to decide what activities they do, they have formed a resident council to decide what the outings are.
Oak Manor	Genesis		Census: 44. Facility had their annual survey in October 2017. All deficiencies have been cleared. One reportable incident since the last visit, it was cleared by the facility, but the state has not made a determination yet. The facility still has a large number of residents from Rockport, this has led to the continued use of agency staffing.
The Woodlands Healthcare Center	Genesis		Census: 154. The facility is in their survey window. Four reportable incidents since the last visit, all were unsubstantiated following state review. The facility appears very well from the outside, there are some cosmetic upgrades that could be made to the inside, but they are not necessary.
Oakland Manor	Genesis		Census 60. The facility had their survey in January 2018, they did really well, and all deficiencies have been cleared. There was one reportable incident since the last visit, a resident fell and broke their finger, it was unsubstantiated. The fall with the injury hurt their progress towards a fourth star but the facility overall is trending very positively.
Monument Hill Rehabilitation and Nursing Center (MHRNC)	Genesis		Census: 65. The facility had their survey in October, there were several minor tags and two "F" tags. The facility is now in compliance with the state. One reportable incident since the last visit, a resident had an old fracture which was refractured. The evacuees who were supposed to leave in February have not left yet and the Administrator is not sure when they will be leaving.

<p>Hallettsville Rehabilitation and Nursing Center (HRNC)</p>	<p>Genesis</p>		<p>Census: 70. The facility is in their survey window. There were no reportable incidents since the last visit. The facility is looking to reduce their levels in some of the metrics, the staff and management team have come up with a plan to have better metrics. The facility is doing a good job staying within their budgeted targets.</p>
<p>Clairmont Beaumont</p>	<p>Genesis</p>		<p>Census: 103. Facility is in their survey window. There were four reportable incidents since the last visit, two were for abuse and two were falls, the state has not investigated. The facility is still trying to recover from Hurricane Harvey, many of the staff at the facility have not come back, this is leading to high use of agency staffing.</p>



Park Manor of Conroe
1600 Grand Lake Dr., Conroe, TX 77082 Site Visit:
3/28/2018

CONTACT

Bryon Orona, Administrator
Ramona Cain, RN, DON

FACILITY

Park Manor Conroe is a 123-bed facility with a current quality star rating of 3 and a quality rating of 4. The census on the date of this visit was 107: Private Pay 5, HMO 20, Medicare 13, Medicaid 59 and Hospice 8.

The Administrator was present at the site visit and provided clinical information and tour of facility. Walk up curb appeal well maintained. All common areas of the facility are well kept, clean and no safety issues noted. Hallways are free of clutter.

Laundry room clean and organized with current logs and no lint on dryer traps. All logs are current, and supervisor does quality checks daily to ensure all requirements in compliance. Medication room observed was clean and organized with the required current refrigerator temperature logs.

Resident rooms observed were well maintained and organized with no safety hazards or odors identified. Each resident observed was dressed appropriately and well groomed with appropriate staff interaction. Menu and activity calendar posted in common area and in each room.

DON has been at the facility for 5 years. Administrator has been at the building for several years as well. They seemed very excited about their progress and their team.

SURVEY

The facility will be in their survey window on April 29. The last annual survey occurred July 29, 2017.

REPORTABLE INCIDENTS

In the previous quarter, the facility had one allegation of abuse that was unsubstantiated by HHSC.

CLINICAL TRENDING



Incidents/Falls:

There were 98 falls, one fall with injury, 16 skin tears, 1 elopement, and one fracture during the first quarter. The DON also reported 8 behaviors.

Infection Control:

Facility reports 103 total infections for Dec/Jan/Feb – 3 EENT infections and 62 respiratory, 46 UTIs that met APIC criteria and 10 GI infections.

Weight loss:

28 resident experience weight loss at Park Manor at Conroe. Of these, 18 had 5-10% weight loss, and 10 had over 10%.

Pressure Ulcers:

The DON reported 5 in house acquired pressure sores during the first quarter.

Restraints:

Park Manor reported 2 residents using side rails as a restraint.

Staffing:

Currently, Park Manor reports a 2/10 LVN vacancy, a CMA vacancy, and they need a C NA on each shift.

Quality Indicators (Casper) from September/Oct/Nov 2017 Report				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	2.9%	11.3%	13.4%	
New/Worsened Pressure Ulcers (S)	00%	.7%	.8%	

New Psychoactive Med Use (S)	0%	2.9%	2.2%	
Fall w/Major Injury (L)	38.4%	3.5%	3.5%	PIP in place. They feel this number is reporting high because they removed all chair alarms during November, and there were more falls during Dec/Jan time frame. They are adding more B and B programs, toileting, management involvement, non-skid socks and better shoes, Admission fall assessments, and shooting for a 6% total fall rate this quarter.
UTI (L)	2.9%	3.2%	3.6%	
Self-Reported Mod/Sev Pain (L)	0%	4.7%	5.6%	
High risk with pressure ulcers (L)	2.0%	6.6%	6.1%	
Loss of Bowel/Bladder Control(L)	56.3%	49.7%	47.6%	PIP in place to involve therapists and restorative aides, SOC discussed weekly, look at ADLs, care plans and documentation
Catheter(L)	1.1%	2.2%	2.1%	
Physical restraint(L)	0%	.1%	.4%	
Increased ADL Assistance(L)	23.4%	18.8%	15.0%	
Excessive Weight Loss(L)	8.8%	6.2%	7.5%	PIP – dietician comes weekly to assess residents, residents are weighed on admission and then weekly by restorative aide.
Depressive symptoms(L)	0%	3.8%	4.9%	
Antipsychotic medication (L)	13%	16.3%	15.5%	



Park Manor of Conroe
 1600 Grand Lake Dr., Conroe, TX 77082 Site Visit:
 3/28/2018

QIPP Component 1 Quality Metric for QTR 4-2017				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	2/6/18	2/16/2018	Y	NA

QIPP Component 2 (Modest) Quality Metrics for QTR -1 2018 projected					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	.4%	1.39%	Y	NA
High Risk W/Pressure Ulcers	5.67%	8.1%	3.64%	Y	NA
Physical restraints	.53%	0%	0%	Y	NA
Antipsychotic medication	16.06%	14.3%	15/94%	Y	NA

QIPP Component 3 (High) Quality Metrics for QTR -4 2017 projected					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	.4%	%		Not reported
High Risk W/Pressure Ulcers	5.67%	8.1%	%		Not reported
Physical restraints	.53%	0%	%		Not reported



Park Manor of Conroe
1600 Grand Lake Dr., Conroe, TX 77082 Site Visit:
3/28/2018

Antipsychotic medication	16.06%	14.3%	13.3%	Y	NA
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Park Manor of Conroe
 1600 Grand Lake Dr., Conroe, TX 77082 Site Visit:
 3/28/2018

QIPP Component 1 Quality Metric for QTR 4-2017 projected				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	7/14, 8/11, 9/14	7/20, 8/20, 9/20	Y	NA

QIPP Component 2 (Modest) Quality Metrics for QTR -1 2018 projected					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	1%	1.4%	Y	NA
High Risk W/Pressure Ulcers	5.67%	5.4%	5.3%	Y	NA
Physical restraints	.53%	0%	0%	Y	NA
Antipsychotic medication	16.06%	24.7%	11.4%	Y	NA

QIPP Component 3 (High) Quality Metrics for QTR – 1 2018 projected					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	3.4%	1.4%	Y	NA
High Risk W/Pressure Ulcers	5.67%	5.7%	5.3%	Y	NA
Physical restraints	.53%	0%	0%	Y	NA
Antipsychotic medication	16.06%	16.19%	11.4%	Y	NA

ADDITIONAL COMMENTS

The facility’s **Activity Calendar/One on One Process** – Activity Director assesses each resident to determine their preferences for activities and whether or not they desire one on one interaction. Facility holds resident council meeting every month for their input on monthly activities, including what outings they prefer (shopping, eating out, movies, etc.). Calendar is posted on 200 hall and in each resident room. Calendar includes diverse programs, including games, bingo, nail care, outings, church services, etc.

CONTACT:

Administrator: Ms. Chandra Polk

The phone visit was conducted on March 29, 2018. I visited with Ms. Polk on this date. Ms. Polk has been with the facility for almost two months.

FACILITY:

The current census is 44. The breakdown is; Medicare-4; Medicaid-22; Private Pay-13; Private Insurance-; Hospice-7; Pending Status-. The facility currently has 24 residents that were moved in from Rock Port due to the hurricane. The Rock Port residents were scheduled to move back later part of March but has been postponed for a few more weeks.

SURVEY:

The facility had their annual full book survey in October.

REPORTABLE INCIDENTS:

The facility had one reportable incident for the month of February. 15ml of cough syrup was unaccounted for. There was evidence of spillage. The facility unsubstantiated the incident but the state has not been in to investigate.

CLINICAL TRENDING:**A. Infections:**

The infection rate for February was within the thresholds set by infection control.

B. Weight Loss:

There were no weight loss issues.

ADDITIONAL COMMENTS:

Staffing has been an issue because of the influx of residents from Rock Port. The facility is using agency for CRNAs, none for nursing.

The facility has a four- star quality rating overall.

Restraints-0

Pressure ulcers- currently the facility currently has no new acquired pressure ulcers.

Falls with major injuries- 10.5%. One fall in January. No falls with injuries in February.

Anti-psychotic medicines- six with diagnosis. 22%. This will go down when the residents from Rock Port go back to their home facility.

Ms. Polk is still getting acquainted with the facility. She said that she is enjoying the home and feels that she has a good staff of employees. She said that the facility is meeting their budget targets so far. When the other resident return back to Rock Port, it may be a little tougher to meet the income and expense requirements.

Everything else seems to be moving along nicely. Ms. Polk indicated the she knows that she is still on the honeymoon time frame but knows that will change very shortly.

CONTACT

Rhonda Osgood, RN - DON

FACILITY

The Woodlands is a 214-bed facility with a 1 star rating and a 4 star quality rating. The census on date of visit 154: Private Pay 6, Medicaid 131, Medicare 8, and 9 HMO and currently there are 17 residents in the memory care unit.

The DON provided all clinical information and tour of the facility. The Woodlands continues to present very nice, both the exterior and interior, but some of the carpets and furnishings have worn through and are faded. There were no odors noted throughout facility it is presents as clean and the residents appeared as if they receive good care (ex- appropriate clothing, clean, hair combed, no excessive facial hair).

All patients observed were clean and well-groomed. Shower room clean and no odors present. DON has been in her position for 2 ½ years and speaks very proudly of the Woodlands.

SURVEY

Annual survey conducted in May 2017. They are currently in their survey window.

REPORTABLE INCIDENTS

DON reports 4self-report for Dec/Jan/Feb: three residents made allegations of abuse, none substantiated. One IP, no citations written.

CLINICAL TRENDING**Incidents:**

There were 112 falls with no injury during the first quarter of 2018, 3 bruises, 2 behaviors, and one "other".

Infections:

During the first quarter, the Woodlands reported 12 infections, 6 were respiratory, and 6 were urine.

Restraints:

Zero restraints in facility for Dec/Jan/Feb.

Pressure Ulcers:

45 residents had pressure ulcers, with 64 sites. Of these, 29 were acquired in house.

Weight Loss:

29 residents experience weight loss, 13 had 5-10%, and 16 had over 10% weight loss.

Staffing:

DON reports the facility has 1 RN, 1LVN and 15 C NA vacancies.

Quality Indicators from June CASPER Report				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	4.7%	11.4%	13.5%	
New/Worsened Pressure Ulcers (S)	0%	1%	.9%	PiP in place to prevent recurrence
New Psychoactive Med Use (S)	00%	2.7%	2.1%	
Fall w/Major Injury (L)	2.3%	3.6%	3.5%	PiP in place (staff competition for fall free halls)
UTI (L)	4.7%	3.5%	3.8%	
Self-Reported Mod/Sev Pain (L)	3.6%	4.8%	5.6%	
High risk with pressure ulcers (L)	4.7%	6.9%	6.3%	
Loss of Bowel/Bladder Control(L)	44.8%	49.3%	47.6%	
Catheter(L)	.7%	2.5%	2.3%	

Physical restraint(L)	0%	.2%	.4%	
Increased ADL Assistance(L)	11.2%	18.9%	15.4%	
Excessive Weight Loss(L)	7.8%	6.6%	8.1%	Dietician visits facility 3 days per week, weekly weights are implemented as indicated. Supplements, snacks and appetite stimulants are ordered as needed and staff feed residents as indicated. PIP in place.
Depressive symptoms(L)	.8%	4.2%	5.1%	
Antipsychotic medication (L)	12.7%	16.8%	15.6%	

QIPP Component 1 Quality Metric for QTR 1- 2018

Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	2/6/18	2/16/2018	Y	NA

QIPP Component 2 (Modest) Quality Metrics for QTR -1 2018 projected

QIPP Component 2 (Modest) Quality Metrics for QTR -1 2018 projected					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	.4%	3%	Y	Fall reduction plan has been successful
High Risk W/Pressure Ulcers	5.67%	8.1%	6.3%	Y	New/worsen plan has been successful

Physical restraints	.53%	0%	0%	Y	Continued restraint free
Antipsychotic medication	16.06%	14.3%	14.7%	Y	Gradual dose reduction and education continuing.

CONTACT:

Administrator: Mr. Tony Vargas

The phone visit was conducted March 28, 2018. Mr. Vargas has been in the facility for seven months. The facility was built in 1991 and is a very nice facility. The facility is licensed for 106 residents.

FACILITY:

The census target is 48 and the current census is 60. The census breakdown is; Medicare-5; Medicaid-29; Private Pay-23; Private Insurance-; Hospice-; Pending Status-3.

SURVEY:

The facility had their full-book survey the second week of January. Mr. Vargas was very pleased with the outcome of the survey. This survey was done under the new guidelines. The plan of correction was sent into the state and was accepted with desk review. All tags cleared.

REPORTABLE INCIDENTS:

The facility reported a fall with a broken finger. The state did come in to investigate. Nothing was cited.

CLINICAL TRENDING:**Infections:**

The infection rate was within the thresholds for infection control, 3.2%

Weight Loss:

There were no issues for the month of February.

ADDITIONAL COMMENTS:

Staffing is in good shape at this time.

Mr. Vargas said the facility is staying well within the budgeted targets.

The staff is working hard on the quality measures;

Restraints; 0

Falls with major injuries; one for the quarter. One new fall with a broken finger.

Anti-psychotics; 7.1%

Pressure ulcers- 3 In-House acquired. Residents are doing well.

Overall quality rating is 2 stars.

Mr. Vargas said that the staff is working very hard to improve the star rating in all areas and feels that they will have better numbers in the coming months.

The fall with a broken finger hurt the standings.

Staffing is good at this time.

Overall quality is 4 star.

Overall star rating is 3.

They are working on it and seem to have a positive attitude.

CONTACT:

Administrator: Ms. Margie McKee

The phone visit was conducted on March 28, 2018. Ms. McKee has been the administrator for thirteen years. .
The facility was built in 1986 and is licensed for 108 beds.

FACILITY:

The census target is 58 and the current census is 65. The breakdown is; Medicare-7; Medicaid-31;
Private Pay-26; Private Insurance-1, Hospice-.

SURVEY:

The state has not been in since the book survey. The plan of correction was completed and accepted.

REPORTABLE INCIDENTS:

The facility had one reportable incident for the month of February. It was a fracture Ms. McKee called a pathological fracture because it is a repeatable fracture. It was an old fracture that refractured.

CLINICAL TRENDING:**Infections:**

The infection rate was below the threshold set by infection control. 4%

Weight Loss:

The facility had no unexpected weight loss or gain issues.

ADDITIONAL COMMENT:

The facility has a higher number of residents due to the recent hurricane in Texas. These residents were due to leave in February but have been delayed.

Restraints-0

Pressure ulcers- The facility had six pressure ulcers; three on admission and three In-house acquired.

Falls with Major injuries- 5.3%. None for the month of February.

Anti-psychotics- Overall 15%. The facility is working with the pharmacy consultant and the medical director to bring the percentage down. No change from February.

Staffing is in good shape except for the need of 5 CNAs. When the extra residents leave, staffing will be in good shape.

CONTACT

Administrator: Mr. Jason Ohrt

The phone visit was conducted on March 29, 2018. Mr. Ohrt has been with the facility for two years.

The facility was constructed in 1990 and is a very pretty and well taken care of building. The facility is licensed for 120 residents.

FACILITY

The current census target is 67. The current census is 70. The breakdown is as follows; Medicare-6; Medicaid-36; Private Pay-19; Private Insurance-2; Hospice-; Pending Status-; V.A.-7.

SURVEY

The facility is in their survey window. Expecting them any day.

REPORTABLE INCIDENTS:

The facility did not have any reportable incidents for February.

CLINICAL TRENDING**Infections:**

Infections were below thresholds.

Weight Loss:

The facility had three residents with 10% weight loss. Registered Dietician has put a plan in place with an enhancement food plan. Staff is to monitor and encourage the residents.

ADDITIONAL COMMENT:

The facility is working hard to control the quality measures.

Restraints-0

Pressure Ulcers-5 on admission; 0 new ulcers and 0 high risk ulcers

Falls with Major injuries- 0 for February. Carry over of 2 falls-7%; national avg. 3.5%

Anti-psychotic medicines-Short term-9.0% National avg. 2.2; Long term-5%; National avg. 15.3

Mr. Ohrt knows they are above the acceptable averages in a couple of the areas but the staff is working hard to bring that down.

Staffing is good at this time. Facility has dropped off most of the agency staffing.

Mr. Ohrt indicated everything else is going well, and staying close to the budget targets.

CONTACT

Mark Bourne – DON

FACILITY

Clairmont-Beaumont is a 148 bed 2 star rated facility, with a 2 star quality rating. Census on day of visit: 103: Private Pay 10, Medicare 6, Medicaid 70, HMO 6 and Hospice 11.

The DON was on site and provided a tour. Although he was expecting the visit, he did not have the site visit report completed and did not have access to the CASPER report. On the required postings wall, the beauty shop license had expired on 2/2016 and the food permit posted had expired on 12/31/2017.

During the tour, a spot check of fire extinguishers were inspected and compliant. The laundry room was visibly busy during the mid-morning, however, lint logs and current. Medication room was clean with no personal items in the refrigerator. A spot check of medications showed all drugs to be current and expiration dates were being monitored.

Residents were attending activities and the calendar was observed to be busy with a good program. Resident's hygiene appeared well as well.

SURVEY

Clairmont Beaumont is currently entering their survey window in mid April, having their last inspection in July of 2017.

REPORTABLE INCIDENTS

The DON reports no complaints and 4 self-reports during the last quarter- one allegation of abuse, an allegation of verbal abuse, and 2 fractures during falls. HHSC has not contacted them about these incidents at this time.

CLINICAL TRENDING**Incident Reporting:**

There were 83 without injury, 42 falls with injury, 44 skin tears, 5 fractures, 13 bruises, 4 lacerations and 2 behaviors.

Infections:

Clairmont Beaumont had 11 infections during the first quarter, 2 eye, and 9 respiratory.

Pressure Ulcers:

There were 28 pressure ulcers with 73 sites, 19 were in house acquired.

Weight Loss:

10 residents experience weight loss, 6 having 5-10% weight loss, and 4 had 10% or higher weight loss.

Restraints:

No restraints are used at this time. .

Staffing:

Currently the facility is in need of 13 FT C NA's and 2 night LVN's. DON expressed concern about the number of vacancies is currently manages.

Quality Indicators (Casper) from August 2017 Report				
Indicator	Facility	State	National	Comments
Self-Reported Mod/Sev Pain (S)	4.5%	11.4%	13.5%	
New/Worsened Pressure Ulcers (S)	0%	1%	.9%	
New Psychoactive Med Use (S)	3.9%	2.7%	2.1%	
Fall w/Major Injury (L)	4.0%	3.6%	3.5%	
UTI (L)	1.1%	3.5%	3.8%	
Self-Reported Mod/Sev Pain (L)	3.6%	4.8%	5.6%	
High risk with pressure ulcers (L)	10.7%	6.9%	6.3%	
Loss of Bowel/Bladder Control(L)	51.7%	49.3%	47.6%	
Catheter(L)	3.2%	2.5%	2.3%	
Physical restraint(L)	0%	.2%	.4%	

Increased ADL Assistance(L)	29.3%	18.9%	15.4%	
Excessive Weight Loss(L)	13.7%	6.6%	8.1%	
Depressive symptoms(L)	2.2%	4.2%	5.1%	
Antipsychotic medication (L)	16.7%	16.8%	15.6%	

QIPP Component 1 Quality Metric for QTR 4-2017				
Indicator	QAPI Mtg Date	Date Report Submitted	Met Y/N	PI Implemented
QAPI Validation Report	12/20, 1/18, 2/20	12/20, 1/18, 2/20	Y	

QIPP Component 2 (Modest) Quality Metrics for QTR -1 2018 projected					PI Implemented
Indicator	Benchmark	Baseline Target	Results	Met Y/N	
Falls W/Major Injury	3.35%	.4.17%	4.03%	Y	NA
High Risk W/Pressure Ulcers	5.67%	9.09%	8.78%	Y	NA
Physical restraints	.53%	0.84%	.81%	Y	NA
Antipsychotic medication	16.06%	18.32%	17.70%	N	NA

ADDITIONAL COMMENTS

Emergency Preparedness analysis – DON states that things still have not returned to normal following the storm last year. He struggles with CNA vacancies, as many of the staff members have not returned. He also is concerned about competitive pay for his area.

Exhibit “E”

Loan 13
10 MONTH-SHORT TERM COMMERCIAL REVENUE NOTE
May __, 2018 –March __, 2019

BORROWER INFORMATION

Winnie-Stowell Hospital District
538 Broadway
Winnie, Texas 77665

NOTE. This Commercial Promissory Note dated **May __, 2018**, will be referred to in this document as the “Note.”

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

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

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

PROMISE TO PAY. For value received, receipt of which is hereby acknowledged, on **May __, 2018**, (the Maturity Date), the Borrower promises to pay the principal amount of **_____ million _____ thousand _____ hundred and _____ dollars and 00/100 Dollars (\$_____)** and all interest on the outstanding principal balance and all other charges provided for in this Note, including service charges, to the order of Lender at its office at the address noted above or at such other place as Lender may designate in writing. The Borrower will make all payments in lawful money of the United States of America.

PAYMENT SCHEDULE. This Note will be paid according to the following schedule: 1) Total Interest on this note is calculated by the following formula: $((\text{Principle} * 16.8\%) / 12) * 10$ months; 2) to be paid in ten (10) equal payments of **\$_____** on the _____ day of each month beginning on **June __, 2018** and continuing for nine (9) months through **February __, 2019**; 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 **March __, 2019**, 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.

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

hereunder which would result in a payment of interest in excess of the Highest Lawful Rate, such overcharged or overpaid amount may, at Lender's or any subsequent owner's or holder's discretion, be applied as a partial prepayment of principal or refunded to Borrower.

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

SECURITY. This Note is secured by a security agreement dated May th, 2018, between the Borrower, as debtor, and the Lender, as secured party, covering deposit accounts.

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

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

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

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

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

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

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

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

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

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

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

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

The loan proceeds are to fund operation of its nursing homes, including Borrower's inter-governmental transfers for Borrower's participation in the Quality Incentive Payment Program for Nursing Facilities provided for and described in Tex. Admin. Code §353.1301 and §353.1303, 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 agrees to cause all "QIPP capitation rate components" funds ("QIPP Funds") as defined in Tex. Admin. Code §353.1303(g) to be direct deposited by the Managed Care Organizations described in Tex. Admin. Code §353.1303(b)(6) into the Borrower's Government Receivables Account at Interbank in Graham, Texas. The account number for the Government Receivables Account is 1755271008. Said account shall be subject to a Deposit Account Instruction and Service Agreement ("DAISA") entered between Lender, Interbank, and Borrower that requires all QIPP Funds on deposit to be swept daily into the Borrower's Funding and Disbursement Account, account number 1755470228. The Funding and Disbursement Account shall be subject to a Deposit Account Control Agreement ("DACA") between Lender, Interbank, and Borrower. Except as required in this Agreement, the Borrower agrees to not withdraw any funds defined as "Component 1" funds pursuant to Tex. Admin. Code §353.1303(g)(1) from the Funding and Disbursement Account before maturity of the Note and such funds will be used to make timely payments on this Note

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

No present or future agreement securing any other debt owed to Salt Creek Capital, LLC will secure the payment of this Loan if, with respect to this loan, Borrower fails to fulfill any necessary requirements or limitations of Sections 19(a), 32 or 35 of Regulation Z or if, as a result, this Loan would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007. This Note is governed by the laws of Texas and the United States of America, and to the extent required, by the laws of the jurisdiction where the property securing this Note is located, except to the extent such state laws are preempted by federal law. Borrower agrees to supply Salt Creek Capital, LLC with whatever information it reasonably requests. Salt Creek Capital, LLC will make requests for this information without undue frequency, and will give Borrower reasonable time in which to supply the information. Unless otherwise required by law, any notice will be given by delivering it or mailing it by email or first class mail. Notice to one Borrower will be deemed to be notice to all Borrowers. Borrower will inform Salt

Creek Capital, LLC in writing of any change in my name, address or other application information and agrees to provide Salt Creek Capital, LLC any correct and complete financial statements or other information it requests. Borrower agrees to sign, deliver, and file any additional documents or certifications that Salt Creek Capital, LLC may consider necessary to perfect, continue, and preserve any obligations under the Loan and to confirm Salt Creek Capital, LLC lien status on any Property. Time is of the essence.

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

Borrower: Winnie-Stowell Hospital District

By: _____

Name: _____

Title: _____

LOAN 13
SECURITY AGREEMENT FOR
10 MONTH-SHORT TERM COMMERCIAL REVENUE NOTE
May __, 2018 –March __, 2019

Effective as of **May __, 2018**, 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 Quality Incentive Payment Program for Nursing Facilities provided for and described in Tex. Admin. Code §353.1301 and §353.1303, as amended, each such loan to be evidenced by a promissory note (the “Note”), whether one or more) executed or to be executed by Debtor and made payable to the order of Secured Party. Debtor agrees to cause all “QIPP capitation rate components” funds (“QIPP Funds”) as defined in Tex. Admin. Code §353.1303(g) to be direct deposited by the Managed Care Organizations described in Tex. Admin. Code §353.1303(b)(6) into the Debtor’s Government Receivables Account at Interbank in Graham, Texas. The account number for the Government Receivables Account is 1755271008. Said account shall be subject to a Deposit Account Instruction and Service Agreement (“DAISA”) entered between Secured Party, Interbank, and Debtor that requires all QIPP Funds on deposit to be swept daily into the Debtor’s Funding and Disbursement Account, account number 1755470228. The Funding and Disbursement Account shall be subject to a Deposit Account Control Agreement (“DACA”) between Secured Party, Interbank, and Debtor. The Debtor agrees to not withdraw any funds defined as “Component 1” funds pursuant to Tex. Admin. Code §353.1303(g)(1) from the Funding and Disbursement Account before maturity of the Note.

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: 1755470228, for the purpose of serving as the Debtor’s Funding and Disbursement Account.
- (ii) 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
- (iii) all interest on the foregoing; all modifications, extensions and increases of the foregoing; all sums now or at any time hereafter on deposit in the foregoing or represented by the foregoing; all shares, deposits, investments and interest of every kind of Debtor at any time evidenced by any deposit account receipt or certificate relating to the foregoing or issued in connection with the foregoing, and all other related property;

together with all accessions, appurtenances and additions to and substitutions for any of the foregoing and all products and proceeds of any of the foregoing, together with all renewals and replacements of any of the foregoing, all accounts, receivables, accounts receivable, instruments, notes, chattel paper, documents, books, records, contract rights and general intangibles arising in connection with any of the foregoing. All of the property and interests described in this Article are herein collectively called the “Collateral.” The inclusion of proceeds does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not authorized by Secured Party in writing. It is expressly contemplated that additional Collateral may from time to time be pledged to Secured Party as additional security for the Debt (hereinafter defined), and the term “Collateral” as used herein shall be deemed for all purposes hereof to include all such Collateral, together with all other property of the types described above related to the Collateral.

Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement.

ARTICLE 3
SECURED INDEBTEDNESS

3.1. This Security Agreement (this “Agreement”) is made to secure Note, (10 Month Day) Short Term Commercial Note signed on May __, 2018 by the Debtor with a term ending March __, 2019, 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

Loan 13
Blocked Account Control
Agreement (“Shifting Control”)
May __, 2018 –February __, 2019

AGREEMENT dated as of	May __,	2018,	by and among	WINNIE-STOWELL HOSPITAL DISTRICT	(the “District”),
SALT CREEK CAPITAL, LLC			(the “Lender”)	and INTERBANK	(the “Depository”).
The parties hereto refer to Account No.		1755271008	in the name of District maintained at Depository (the “Account”)		
and hereby agree as follows:					

- District and Lender notify Depository that by separate agreement District has granted Lender a security interest, attached hereto as **Exhibit A**, in the Account and all funds on deposit from time to time therein. Depository acknowledges being so notified.
- The purpose of this Agreement is to perfect a lien against the District’s Texnet Account at Interbank in Graham, Texas, Account No. 1755271008, in the event the District defaults on the attached (10 Month) Short Term Commercial Note No. 13 signed on May __, 2018 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					
Address for other Notices: InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____				Address For Shifting Control and Termination Notices: 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 May_____ 2018, (the "Agreement") by and among
Winnie-Stowell Hospital District ("Debtor"), SALT CREEK Capital, LLC ("Secured Party") and InterBank
relating to Account(s) 1755271008

Ladies and Gentlemen:

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

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

Exhibit “F”

**WINNIE STOWELL HOSPITAL DISTRICT
THIRD AMENDED AND RESTATED
BANKING AND TRANSFER POLICIES AND PROCEDURES**

Adopted: April 18, 2018

Purpose: The purpose of the Amended and Restated Banking and Transfer Policies and Procedures, previously named the Second Amended Transfer Policy and Procedures, is to provide an explanation of the Winnie Stowell Hospital District’s banking practices for its nursing home operations. In addition, as owners of nursing homes in the State of Texas that receive payments from the State of Texas and Federal Government, the District adopts these policies and procedures to ensure compliance with the State of Texas’ and Federal Government’s prohibition on assigning, or collateralizing federal or state funds, attributable to the Medicare and Medicaid programs and rules regarding the prohibition on recycling Federal Medicaid Funds.

Anti-Assignment Rules: As a general rule the selling of Medicare and Medicaid receivables to a third party that *assumes control* over the payments at a discount (i.e., factoring) is prohibited.¹ The rules prohibiting the assignment, or collateralization, of government funds received for payment of healthcare services, including nursing homes, are set forth in Title XIX of the Social Security Act and Section 4.21 of the Texas Medicaid Plan. Specifically, 42.C.F.R. 447.10 requires a state Medicaid plan to adopt rules that prohibit healthcare providers from assigning Medicaid claims. Specifically, 42 C.F.R. 447.10 provide that “no payment under the plan for any care or service provided to an individual ... shall be made to anyone other than such individual providing the care or service”² Consequently, Section 4.21 of the Texas Medicaid Plan provides that “payment for Medicaid services furnished under this plan is made only in accordance with the requirements of 42 C.F.R. 447.10.”³

Missionary Baptist v. First National Bank: In 1986, the Fifth Circuit Court of Appeals discussed issued an opinion in *Missionary Baptist v. First National Bank* case that examined whether health care insurance receivables, specifically Medicaid provider payments, could be used to collateralize a loan. At issue was whether a group of nursing homes in Texas that granted a security interest in

¹ *Id*; see also *Bank of Kansas v. Hutchinson Health Services, Inc.*, 12 Kan.App.2d 87 (1987) (reasoning that a Medicaid accounts receivable financing arrangement presented no threat of incorrect or inflated claims and concluding that 42 U.S.C. § 1396a(a)(32) does not prohibit a medical care provider from using Medicaid reimbursement payments as collateral for bank loans.); *In re Boston Neighborhood Health Center Corp.*, 242 B.R. 562 (1999) (providing that “the three statutes do not prohibit health care providers from granting security interests in their receivables under the federal programs. In fact, the statutes contain no prohibition whatsoever on the assignment of claims. Rather, each operates by prohibiting the governmental insurer itself from making payments under its program to anyone other than the service provider [and] was intended to stop the practice of factoring and accomplishes this by prohibiting payment to those who are not providers.”).

² 42 U.S.C. § 1396a(a)(32); 42 C.F.R. § 447.10.

³ Texas Medicaid State Plan, Section 4.21, at 68.

their Medicaid accounts to their bank lender were in violation of Social Security Act. In reviewing the federal and state prohibitions on assignment, the court concluded that Texas Medicaid's rigid prohibition on assignment was in conflict with the purpose of the Medicaid statute as a whole – "to enable the state to provide medical assistance on behalf of needy individuals." The Fifth Circuit justified this opinion by finding that to rule otherwise would "under cut a vital means of financing medical assistance for the needy."⁴ In reaching this conclusion, the court looked to the federal legislative history regarding the purpose of the anti-assignment provisions and held that Congress enacted the provisions solely to prevent *Missionary Baptist v. First National Bank*, 796 F.2d 752, 758 (5th Cir. 1986).

Double Lock Box Method: Consequently, healthcare providers and lenders began entering into "double lock box" arrangements as a method to provide lender sufficient collateral over governmental receivables while also complying with the federal prohibition on reassignment.⁵ Under a double lock box arrangement, the health care provider ("provider") establishes a deposit account (i.e., Government Receivables Account) in the name of the provider (for payment of Medicare, Medicaid and other government accounts), and a separate account also in the name of provider (i.e., Commercial Account). The provider then issues instructions to the depository bank to regularly transfer the health care receivables from the provider's Government Receivables Account to the Commercial Account through a Deposit Account Instructions and Service Agreement ("DAISA") between the provider, a lender, and the depository bank. As required under the prohibition on reassignment, payments are made directly by a governmental entity to the Government Receivables Account controlled by the provider. The provider maintains control over the Government Receivables Account because the DAISA Agreement must be revocable by the provider. At the same time, however, through the provider's standing instructions to regularly transfer funds from the provider's Government Receivables Account to the separate Commercial Account, a lender gains a secured interest in the receivables without violating the prohibition on reassignment. Moreover, control over the Commercial Account is obtained by a Depository Account Control Agreement ("DACA") between provider, lender, and depository bank. The DACA agreement gives the lender control over the account if the provider defaults on the terms of the underlying loan.

⁴ *Missionary Baptist v. First National Bank*, 796 F.2d 752, 758 (5th Cir. 1986).

⁵ Robert Harris, *Using the Double Lockbox to Navigate Healthcare Asset-Based Lending* (January 2007).

**POLICIES FOR NURSING HOME OPERATIONS
NURSING HOME INCOME PROCEDURES**

1. The District shall establish a Government Receivables Account and Commercial Account in which the Double Lock Box Arrangement is utilized to deposit and transfer funds for each of its Nursing Facilities.
2. All funds paid to a District Nursing Facility by, or on behalf of a governmental entity, or on behalf of a governmental entity (“government receivables”), for services rendered by a District Nursing Facility shall be deposited into Governmental Receivables Account.
3. All payments made to the District by non-governmental entity shall be deposited into the Commercial Account for the facility.
4. Each District Government Receivables Account shall be required to transfer all daily deposits into the corresponding facility’s Commercial Account regardless of whether the Government Receivables Account is subject to a Deposit Account Instructions and Service Agreement (“DAISA”) between the depository bank, the District, and a third-party lender.
5. If approved by the District’s Board, a facility’s Government Receivables Account may be subject to a revocable DAISA agreement between the District, Depository Institution, and lender for a District Nursing Facility. Likewise, if approved by the District’s Board, a Commercial Account may be subject to Depository Account Control Agreement (“DACA”) between the District, depository institution, and third-party lender for a District Nursing Facility.
6. As required by the Management Agreement between the District and each Nursing Facilities’ Manager (“Manager”), the District will transfer funds on a weekly basis from each of the Commercial Accounts to the designated operations account belonging to the Manager for the facility.
7. In the event of a large deposit(s) is received and needed immediately by a facility, special considerations will be made upon receipt of a written request by the nursing facility manager to the District’s Administrators to expedite the transfer of these funds.
8. Prior to each transfer, the District’s Administrator shall reconcile the payment amounts with LTC Group and receive written verification of the amounts to be transferred from each of the District’s Commercial Accounts to the designated account belonging to a Nursing Facility Manager.

9. In the event that a deposit is disputed by a Manager or was incorrectly deposited into an incorrect account, the District's Administrator and/or a Facility Manager shall notify all the interested parties and the funds shall be held in trust by the District in a District owned "Holding Account" until the parties are able to reconcile the funds.

POLICIES FOR THE ADMINISTRATION OF QUALITY INCENTIVE PAYMENT PROGRAM FUNDS("QIPP")

As owners of twenty-four (24) Nursing Facilities in the State of Texas, the District, the District has utilized the financial services of Salt Creek Capital, LLC and Neches Capital, LLC to provide short term capital in the form of Short Term Commercial Notes to assist in the District's operations of its nursing homes, including making inter-governmental transfers ("IGTs") so that the District can participate in the Quality Incentive Payment Program ("QIPP") set forth in Tex. Admin. Code §353.1301 and §353.1303, as amended. The policies set forth below are adopted by the District so that the District and its Lender, Salt Creek Capital, LLC, will have a mutual understanding of the District's intent to secure its obligations.

1. District shall cause all "QIPP capitation rate components" funds ("QIPP Funds") as defined in Tex. Admin. Code §353.1303(g) to be direct deposited by the Managed Care Organizations described in Tex. Admin. Code §353.1303(b)(6) into the Debtor's Government Receivables Account at Interbank in Graham, Texas.
2. The Government Receivables account shall be subject to a revocable Deposit Account Instruction and Service Agreement ("DAISA") entered between Salt Creek Capital, Interbank, and Debtor that requires all QIPP Funds to be swept daily into the Debtor's Commercial Account at Interbank. This Commercial Account shall be subject to a Deposit Account Control Agreement ("DACA") between Salt Creek Capital, LLC, Interbank, and District.
3. All "Component 1" funds, as defined by Tex. Admin. Code §353.1303(g)(1), will remain on deposit in the District's Commercial Account at Interbank until the District's obligations to Salt Creek Capital, LLC are satisfied.
4. For each Short Term Commercial Note entered into with Salt Creek Capital, LLC, or its successors, the District will deposit one half of the total interest due in its Commercial Account at Interbank, Graham, Texas on the note at the beginning of each loan period and shall use these funds to pay the monthly interest obligations. Once the District receives the initial quarterly Component 2, 3, and/or Lapsing funds payments from an IGT made for that period, the District will reserve any shortfall between the IGT and the first six (6)

Component 1 fund payments that are scheduled to be received in its Commercial Account at Interbank.

5. The District has engaged the services of the LTC Group to provide assistance with the oversight of the District's nursing facilities. The terms of the agreement between the District and the LTC Group are set forth in a Service Agreement entered by the two parties effective September 1, 2018. If the District terminates its Service Agreement with the LTC Group, the District will provide advance notice to Salt Creek Capital, LLC.
6. If the District anticipates amending these policies and procedures regarding QIPP Funds, the District will notify Salt Creek Capital, LLC prior to posting the agenda for the meeting when an amendment(s) to the policy are going to be considered by the Board, and obtain Salt Creek Capital, LLC's, or its successor's, consent to such proposed amendment.

ACCEPTED AND AGREED to this the 18th day of April 2018

Winnie-Stowell Hospital District

By: _____
Edward Murrell, President