B1040 (FORM 1040) (12/15)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)	**ADVERSARY PROCEEDING NUMBER** (Court Use Only)

PLAINTIFFS	**DEFENDANTS**
Ex Parte Gainesville Hospital District d/b/a North Texas Medical Center	Honorable Ken Paxton, Attorney General of the State of Texas
ATTORNEYS (Firm Name, Address, and Telephone No.) William R. Greendyke Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100 Houston, TX 77010-3095	**ATTORNEYS** (If Known) Office of the Attorney General of the State of Texas 300 W. 15th Street, Austin, TX 78711
PARTY (Check One Box Only) ☒ Debtor ☐ U.S. Trustee/Bankruptcy Admin ☐ Creditor ☐ Other ☐ Trustee	**PARTY** (Check One Box Only) ☐ Debtor ☐ U.S. Trustee/Bankruptcy Admin ☐ Creditor ☒ Other ☐ Trustee

CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)
Bond validation action in the form of an adversary proceeding seeking an expedited declaratory judgment pursuant to Chapter 1205 of the Texas Government Code and Federal Rule of Bankruptcy Procedure 7001(7).

NATURE OF SUIT

(Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)

FRBP 7001(1) – Recovery of Money/Property
- ☐ 11-Recovery of money/property - §542 turnover of property
- ☐ 12-Recovery of money/property - §547 preference
- ☐ 13-Recovery of money/property - §548 fraudulent transfer
- ☐ 14-Recovery of money/property - other

FRBP 7001(2) – Validity, Priority or Extent of Lien
- ☐ 21-Validity, priority or extent of lien or other interest in property

FRBP 7001(3) – Approval of Sale of Property
- ☐ 31-Approval of sale of property of estate and of a co-owner - §363(h)

FRBP 7001(4) – Objection/Revocation of Discharge
- ☐ 41-Objection / revocation of discharge - §727(c),(d),(e)

FRBP 7001(5) – Revocation of Confirmation
- ☐ 51-Revocation of confirmation

FRBP 7001(6) – Dischargeability
- ☐ 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims
- ☐ 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud
- ☐ 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny

(continued next column)

FRBP 7001(6) – Dischargeability (continued)
- ☐ 61-Dischargeability - §523(a)(5), domestic support
- ☐ 68-Dischargeability - §523(a)(6), willful and malicious injury
- ☐ 63-Dischargeability - §523(a)(8), student loan
- ☐ 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support)
- ☐ 65-Dischargeability - other

FRBP 7001(7) – Injunctive Relief
- ☐ 71-Injunctive relief – imposition of stay
- ☐ 72-Injunctive relief – other

FRBP 7001(8) Subordination of Claim or Interest
- ☐ 81-Subordination of claim or interest

FRBP 7001(9) Declaratory Judgment
- ☒ 91-Declaratory judgment

FRBP 7001(10) Determination of Removed Action
- ☐ 01-Determination of removed claim or cause

Other
- ☐ SS-SIPA Case – 15 U.S.C. §§78aaa *et.seq.*
- ☐ 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)

☒ Check if this case involves a substantive issue of state law	☐ Check if this is asserted to be a class action under FRCP 23
☐ Check if a jury trial is demanded in complaint	Demand $

Other Relief Sought

B1040 (FORM 1040) (12/15)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR Gainesville Hospital District d/b/a North Texas Medical Center	BANKRUPTCY CASE NO. 17-40101	
DISTRICT IN WHICH CASE IS PENDING Eastern	DIVISION OFFICE Sherman	NAME OF JUDGE Rhoades
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) 		
DATE July 28, 2017	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Ryan E. Manns	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and **Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER,[1]	§	Case No. 17-40101
	§	
	§	Chapter 9
DEBTOR.	§	

EX PARTE ADVERSARY NO. _____

GAINESVILLE HOSPITAL DISTRICT
D/B/A NORTH TEXAS MEDICAL
CENTER

ORIGINAL COMPLAINT/PETITION FOR EXPEDITED DECLARATORY JUDGMENT[2]

Debtor, Gainesville Hospital District d/b/a North Texas Medical Center (the "District"),[3] in accordance with the Order entered by this Court on January 19, 2017, files this bond validation action in the form of an adversary proceeding (the "Petition"), seeking an expedited declaratory judgment pursuant to Chapter 1205 of the Texas Government Code ("Chapter 1205") and Federal Rule of Bankruptcy Procedure 7001(7), to conclusively establish, among other things: (a) the District's authority to issue its limited tax general obligation refunding bonds, from time to time in one or more series as may be necessary (the "Bonds"), pursuant to Chapter 1207 of the Texas Government Code ("Chapter 1207") to restructure and refinance each of the District's general or special obligations established herein without an election in connection with

[1] The last four digits of the District's federal tax identification number are: 1664. The location of the District's principal place of business and the service address is: 1900 Hospital Blvd., Gainesville, TX 76240.
[2] This bond validation action, which is being filed pursuant to Chapter 1205 of the Texas Government Code, is referred to therein as a "petition," and such term will be used herein.
[3] The District was created pursuant to Chapter 211, 64th Legislature, 1975, now codified as Chapter 1077 Texas Special District Local Laws Code, as amended (collectively, the "Enabling Legislation").

the issuance thereof; (b) the District's authority to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to repay the Bonds (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including the Bonds, in any given year); (c) the District's authority to incur post-petition indebtedness (the "DIP Loan") with UHS of Delaware, Inc. (the "DIP Lender") and certain other liabilities and obligations described herein, in order to operate and maintain the North Texas Medical Center (the "Hospital") and provide indigent care prior to and during this bankruptcy proceeding; (d) the validity and legality of the District's liabilities for the payment of certain obligations associated with the operation and maintenance of the Hospital and the provision of indigent care by the District; (e) the classification of each such liability and each such related obligation, in not-to-exceed amounts provided herein, as "other general or special obligations" of the District eligible to be refunded by the Bonds pursuant to Chapter 1207 without an election; and (f) the validity and legality of the proposed orders, elections, judgments, agreements, certificates and contracts described herein, including the statutory authority of the District to adopt, execute or enter into such orders, elections, judgments, agreements, certificates and contracts, all of which relate to the issuance of the Bonds and the expenditure of Bond proceeds for the payment in full of the District's general or special obligations described herein for the continued operation and maintenance of the Hospital and the provision of indigent care by the District.

Chapter 1205 requires the Court, upon receipt of this Petition, to "immediately issue an order" setting the matter for trial "at 10:00 a.m. on the first Monday after the 20th day after the date of the order."[4]

I.
INTRODUCTION AND NATURE OF THE ACTION

Introduction

1. The District is a rural hospital district created in 1975 as a political subdivision of the State of Texas. The District operates the Hospital in Gainesville, Cooke County, Texas, which currently staffs 48 beds and provides all normally associated essential inpatient and outpatient services, including laboratory, medical imaging, cardiology, orthopedics, intensive care, operating rooms, emergency medical services, rehabilitation, radiology, obstetrics and gynecology, a swing-bed program and outpatient clinic services. The Hospital is also a designated Trauma 4 facility offering 24-hour emergency services. The Hospital serves as the primary care and acute care center for residents of approximately two-thirds of Cooke County, which comprises the majority of the county's population, including the communities of Gainesville, Lake Kiowa, Valley View, Era, Callisburg, Lindsay, Sivells Bend and Walnut Bend,

[4] Specifically, Tex. Gov't Code § 1205.041 provides:

(a) The court in which an action under this chapter is brought shall, on receipt of the petition, immediately issue an order, in the form of a notice, directed to all persons who:
  (1) reside in the territory of the issuer;
  (2) own property located within the boundaries of the issuer;
  (3) are taxpayers of the issuer; or
  (4) have or claim a right, title, or interest in any property or money to be affected by a public security authorization or the issuance of the public securities.

(b) The order must, in general terms and without naming them, advise the persons described by Subsection (a) and the attorney general of their right to:
  (1) appear for a trial at 10 a.m. on the first Monday after the 20th day after the order; and
  (2) show cause why the petition should not be granted and the public securities or the public security authorization validated and confirmed.

(c) The order must give a general description of the petition, but it is not required to contain the entire petition or any exhibit attached to the petition.

Texas.[5] Moreover, the Hospital is the only acute care hospital in the District's service area providing service to the District's indigent population. All residents within the District's service area depend upon the Hospital for basic acute and long-term healthcare needs and, but for the existence of the Hospital, would have to drive over 30 miles to access another hospital in either Denton or Denison, Texas with equivalent services.

2. Although the District has always been committed to providing, within its service area and through the Hospital, the highest possible level of patient care for the residents, the District has recently encountered serious financial difficulties that have resulted in the District's seeking relief under Chapter 9 of the Bankruptcy Code (the "Chapter 9 Proceeding") to adjust, restructure and refinance its outstanding obligations and liabilities so that it may continue to provide such services as it is constitutionally and statutorily required to do.

3. For several months leading up to the filing of the Chapter 9 Proceeding, the District explored options to restructure and refinance its obligations in an attempt to avoid closing the Hospital. The District has determined that its only viable option is to lease the Hospital to the DIP Lender or its affiliate (the "Operator") in order to resolve its financial difficulties and for the Hospital to remain in operation. To that end, the District has begun negotiations with the Operator, to assume responsibility for the long-term operations of the Hospital under the terms of the Lease. The District's consummation of the Lease and the uninterrupted operation of the Hospital is conditioned on the District's payment in full of certain of its past due expenses and liabilities, as described herein.

[5] The western one-third of Cooke County is served by the Muenster Hospital District's Muenster Memorial Hospital.

Nature of This Adversary Proceeding

4. Chapter 1205 affords issuers of public securities, such as the District, with an efficient procedure for confirming the validity of public securities and their associated contracts and obligations. An action under Chapter 1205 simultaneously provides a single forum for timely addressing and adjudicating any concerns that could conceivably be raised by the Attorney General of Texas ("Attorney General") or any Interested Parties (defined below). Specifically, Section 1205.021 of Chapter 1205 provides, in pertinent part, that an issuer of public securities may:

> "[B]ring an action under this chapter to obtain a declaratory judgment as to:
>
> (1) the authority of the issuer to issue the public securities;
>
> (2) the legality and validity of each public security authorization relating to the public securities, including if appropriate:
>
> (a) the election at which the public securities were authorized;
>
> (b) the organization or boundaries of the issuer;
>
> (c) the imposition of an assessment, a tax, or a tax lien;
>
> (d) the execution or proposed execution of a contract;
>
> (e) the imposition of a rate, fee, charge, or toll or the enforcement of a remedy relating to the imposition of that rate, fee, charge, or toll; and
>
> (f) the pledge or encumbrance of a tax, revenue, receipts, or property to secure the public securities;
>
> (3) the legality and validity of each expenditure or proposed expenditure of money relating to the public securities; and
>
> (4) the legality and validity of the public securities."

The Supreme Court of Texas recognizes that the legislature intended for courts to quickly resolve any proceedings brought under Chapter 1205.[6]

5. The District brings this expedited declaratory judgment action as an adversary proceeding in its Chapter 9 Proceeding so that it can proceed with confidence and certainty in the restructuring and refinancing of its general and special obligations in accordance with Chapter 1207, assured by an order of this Court that its actions taken to restructure and refinance such obligations are valid and incontestable; that the District has the authority to issue and deliver the Bonds in accordance with the applicable District orders and any supplements thereto, substantially in the forms attached hereto; and that such Bonds are, upon approval of the Attorney General, incontestable and are valid and enforceable under the laws of the State of Texas. The District also seeks a declaration by this Court that the levy of an ad valorem tax by the District as described herein to repay the Bonds and to provide for indigent care is legal and incontestable.

II.
PARTIES, JURISDICTION AND VENUE

6. The District commenced the Chapter 9 Proceeding on January 17, 2017. The Court has subject matter jurisdiction of this matter pursuant to 28 U.S.C. §§ 1334 and 157. The statutory predicates for the relief requested herein are sections 105, 364, 503, 506, and 901 of the Bankruptcy Code and Rule 7001 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

[6] *See Buckholts Indep. Sch. Dist. v. Glaser*, 632 S.W.2d 146, 150-51 (Tex. 1982); *see also Rio Grande Valley Sugar Growers, Inc. v. Attorney General*, 670 S.W.2d 399, 401 (Tex. App.-Austin 1984, writ ref'd n.r.e.) ("The total thrust of [article 717m-1, predecessor statute to Chapter 1205] is to dispose of public securities validation litigation with dispatch.").

7. Reference to the Court of this adversary proceeding is proper pursuant to 28 U.S.C. §157(a). This is a core proceeding as contemplated by 28 U.S.C. § 157(b)(2)(A), (B), (D), (K), and (0). Venue is proper in the Eastern District of Texas because the District is organized, and therefore domiciled, in the Eastern District of Texas.

8. This Court's jurisdiction to render the declaratory judgment sought by the District herein is established by Chapter 1205, which sets forth a procedure by which an issuer[7] of public securities[8] may obtain a declaratory judgment regarding the validity of public securities and related transactions.[9]

Parties

9. The District is a Texas rural hospital district organized and existing pursuant to Section 9, Article IX of the Constitution of the State of Texas and its Enabling Legislation. Chapter 1205 sets forth a procedure pursuant to which a court may enter a declaratory judgment with respect to the authority of an issuer to issue public securities.[10] The District is an "issuer" of "public securities" within the meaning of §1205.001(1) because it is a political subdivision of the State of Texas, and the Bonds it intends to issue and deliver are "public securities" as defined by §1205.001(2). The District is therefore authorized to bring this adversary proceeding pursuant to Chapter 1205.

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[7] Tex. Gov't Code § 1205.001(1) (defining "Issuer" as "an agency, authority, board, body politic, commission, department, district, instrumentality, municipality or other political subdivision, or public corporation of this state. The term includes a . . . hospital district . . . and any other kind or type of political and governmental entity.")

[8] Tex. Gov't Code §1205.001(2) (defining "Public security" as any "interest-bearing obligation, including a bond, bond anticipation note, certificate, note, warrant, or other evidence of indebtedness, regardless of whether the obligation is:

(A) general or special;
(B) negotiable;
(C) in bearer or registered form;
(D) in temporary or permanent form;
(E) issued with interest coupons; or
(F) to be repaid from taxes, revenue, both taxes and revenue, or in another manner.")

[9] Tex. Gov't Code § 1205.021.

[10] *Id.*

10. This Chapter 1205 action is, by statute, an *in rem* proceeding and also a class action.[11] All persons who reside within the service area of the District; who own property located within the boundaries of the District; who are taxpayers of the District; or who have or claim a right, title, or interest in any property or money to be affected by the authorization or the issuance of the public securities at issue, including creditors in the captioned bankruptcy proceeding, (collectively, the "Interested Parties") are therefore parties to this action and any judgment rendered in this action is binding upon all such Interested Parties. Any Interested Party may become a named party to this action by filing an answer to this Petition on or before the time set for trial, or thereafter by intervention with leave of court.[12]

11. Defendant Attorney General Ken Paxton is named and served herein pursuant to Section 1205.042 of Chapter 1205.

12. Defendants in this adversary proceeding thus include all Interested Parties, as well as the Honorable Ken Paxton, in his official capacity as Attorney General of the State of Texas (collectively, "Defendants").

13. Section 1205.041 provides that the clerk of the court shall give notice of this action by publication to all Interested Parties as set forth in paragraph 14 below.[13] In accordance with §1205.042, the only party that must be personally served is the Attorney General of Texas, who may be served with a copy of this Petition (together with attached exhibits), and a copy of the Court's Order Setting Hearing at the Office of the Attorney General of Texas, 300 W. 15th Street, Austin, Texas 78711.

[11] Tex. Gov't Code Ann. §1205.023.
[12] *Id.* at §1205.062.
[13] As previously discussed with the Court, Norton Rose Fulbright US LLP will act in the stead of the clerk to publish such notice.

Personal Jurisdiction

14. Jurisdiction over the Interested Parties may be had through publication of notice as provided by Sections 1205.041 and 1205.043-.044 of Chapter 1205. Specifically, Section 1205.041 of Chapter 1205 requires that, upon receipt of this Petition, the clerk of the court where this Petition is filed issue an order, in the form of a notice, advising the Defendants of their right to appear for trial at 10:00 a.m. on the first Monday after the 20th day after the date of the order and show cause why this Petition should not be granted.[14] Section 1205.043 of Chapter 1205 further directs that the clerk shall give notice by publishing a substantial copy of the Order in a newspaper of general circulation in Travis County, Texas, and in a newspaper of general circulation in the county, where each issuer has its principal office. The notice shall be published once a week for two (2) consecutive calendar weeks, with the first publication not less than fourteen (14) days prior to the date set for trial.[15] In such manner, all Defendants to this lawsuit, with the exception of the Attorney General, shall thereby be made parties to these proceedings and the Court shall have jurisdiction over them to the same extent as if individually named as defendants in this Petition and personally served with process in this cause.[16]

Venue

15. The Chapter 9 Proceeding is pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division. Venue is proper in the Eastern District of Texas because the District is organized and maintains its principal office in Cooke County, Texas, which is located in the Eastern District of Texas. *See Longhorn Partners Pipeline L.P. v. KM Liquids Terminals, L.L.C.*, 408 B.R. 90, 101 (Bankr. S.D. Tex. 2009) ("[T]he venue of the

[14] A true and correct copy of the form of notice to be published pursuant to §1205.041 is attached hereto as Exhibit 1.
[15] *Id*. at § 1205.043.
[16] *Id*. at § 1205.044.

bankruptcy petition is presumed to be the proper venue for any adversary proceeding involving the debtor.")

16. Under 28 U.S.C. § 1409(a), "venue of an adversary proceeding is presumed proper in the district where the debtor filed its bankruptcy case ..." *Manchester Inc. v. Lyle* (*In re Manchester, Inc.*), 2009 WL 1533614, at *4 (Bankr.N.D.Tex. June 1, 2009) (citing *In re Conmaco/Rector, L.P.*, 348 B.R. 362, 367 (Bankr.E.D.La.2005)). Based, in part, on § 1409(a) and its predecessor, § 1473, courts have held that there is a "home court presumption" favoring transfer of adversary proceedings to the court adjudicating the bankruptcy case.").

III.
FACTUAL BACKGROUND

The District's Creation and Enabling Legislation

17. The District was created and established pursuant to article IX, section 9, of the Texas Constitution and the Enabling Legislation. At an election held in the District on August 23, 1975, the majority of voters (1) approved the creation of the District "with the authority to levy annual ad valorem taxes at a rate not to exceed 75 cents on the $100 valuation of all taxable property within the District for the purpose of meeting the requirements of the District's bonds (including those assumed) and for the care of indigents," and (2) authorized the issuance of bonds in the principal amount of $4,955,000, and "to levy annually a tax to create an interest and sinking fund sufficient to pay the interest on and principal of said bonds, as the same becomes due and mature, provided such taxes levied for paying the interest on and creating a sinking fund for bonds (including those assumed) of the District shall not exceed 65 cents on each $100

valuation of taxable property in any one year."[17] Since its creation, the District has levied an annual tax as authorized by law and by the voters within the District who approved its creation.

18. Pursuant to the Enabling Legislation, the District has, since its creation, operated all hospital facilities within the District and provided medical and hospital care to the indigent persons in the District.[18]

The District's Operation of the Hospital

19. The Hospital is the only acute care hospital in the District's service area,[19] which represents approximately two-thirds of the geographic area of Cooke County (except for the western one-third of Cooke County, which is within the Muenster Hospital District) and includes the communities of Gainesville, Lake Kiowa, Valley View, Era, Callisburg, Lindsay, Sivells Bend and Walnut Bend, Texas. The Hospital is situated on 52 acres inside the city limits of Gainesville, Texas, which is located in North Texas, approximately 60 miles north of the Dallas-Fort Worth metroplex, and five miles south of the Texas-Oklahoma border. The Hospital is licensed for 60 beds and has approximately 267 employees, and it is also a designated Trauma 4 facility offering 24-hour emergency services, as well as outpatient services, rehabilitation services, a swing-bed program, and clinic services.

The District's Liabilities and Financial Difficulties

20. Over the days and weeks prior to the District's filing of the Chapter 9 Proceeding, a number of creditors and vendors placed the Hospital in a cash-on-delivery status, and the

[17] *See* Exhibit 2, a true and correct copy of the resolution dated July 22, 1975 calling for an election to confirm the creation of the District, and Exhibit 3, a true and correct copy of the August 26, 1975 minutes of the District's board meeting which includes the order canvassing returns and declaring the results of the election in which the District's creation was approved by the voters within the District.

[18] *See* Special District Local Law Code, Section 1077.101.

[19] *See* map of the District's service area attached as Exhibit 4. In addition to patients within the District's service area, the Hospital also treats patients from eastern Montague County, western Grayson County, northern Denton County, Texas and southern Love County, Oklahoma.

District was generally not paying its debts as they become due because it did not have the financial ability to do so. Indeed, the District was insolvent. Prior to the bankruptcy filing, the District owed unsecured trade debts in the amount of approximately $3,829,310.44 (the "Prepetition Obligations"), and as of the date hereof, such Prepetition Obligations remain outstanding and unpaid.[20]

21. The District also has ongoing liabilities related to its employees. Specifically, the District employs 267 individuals, of whom 21 work on an annual salary basis and 246 on an hourly basis, and the District also has five independent contractors who assist with the Hospital's day-to-day operations (collectively, the "Employees"). The District pays all of its Employees on a bi-weekly basis. In the ordinary course of its business, the District also provides its Employees with certain benefits, including medical, dental and vision insurance, flexible spending accounts, basic and voluntary life and accidental death and dismemberment insurance, a 401(k) retirement savings plan (no match), and paid leave benefits. The District also sponsors several special Employee-funded programs, including a short- and long-term disability benefits program, a supplemental accident/cancer insurance policy, a pre-paid legal services program, and a supplemental general life insurance policy. The District offers vacation to its Employees based upon the length of service and prior experience. The District allows Employees to "cash out" unused paid time off on any pay date at 75% of its accrued value calculated at the base rate in effect at the time of the cash out. In the Chapter 9 Proceeding, the District seeks to pay its Employees for work performed prepetition, to honor the aforementioned prepetition employee-related obligations and benefits (collectively, the "Employee Obligations"), which include severance and termination obligations, applicable payroll taxes and prepetition amounts payable

[20] A true and correct copy of the list of Prepetition Obligations that remain outstanding and unpaid as of the date hereof is attached hereto as Exhibit 5.

to Hospital physicians, and to continue paying its Employee Obligations in the ordinary course of the District's business during the Chapter 9 Proceeding.

22. The estimated total amount of prepetition Employee Obligations was approximately $625,000.[21]

23. In the ordinary course of operating the Hospital, the District also regularly incurs utility expenses for water, electricity, natural gas, telephone service, waste management and other services. Approximately six utility providers provide these services to the District.

24. It was the District's inability to stay current in its payment of the liabilities described herein that led it to voluntarily initiate the Chapter 9 Proceeding.

The Chapter 9 Proceeding and the DIP Loan

25. Following the District's filing of the Chapter 9 Proceeding, on January 17, 2017, the Court issued an Interim Order Granting Approval of Agreement for Postpetition Secured Credit and Scheduling Final Hearing (the "Interim DIP Order")[22] and on February 15, 2017, the Court issued a Final Order Granting Approval of Agreement for Postpetition Secured Credit and Scheduling Final Hearing (the "Final DIP Order")[23]. In the Final DIP Order, the Court authorized and directed the District to incur the DIP Loan[24] from the DIP Lender in the maximum amount of $3,200,000, which principal amount is equal to 75% of the sum of (a) the District's accounts receivable that are less than 91 days old at the date of determination and (b) the District's tax revenue due from Cooke County, Texas that is available for hospital operations as of the date of determination. The District is authorized to use the DIP Loan to (i) fund its operations, until the Operator leases the Hospital, in a manner consistent with the initial

[21] See terms of the DIP Loan summarized in the "The Chapter 9 Proceeding and the DIP Loan," paragraph 25 herein.
[22] A true and correct copy of the Interim DIP Order is attached hereto as Exhibit 6.
[23] A true and correct copy of the Final DIP Order is attached hereto as Exhibit 7.
[24] A true and correct copy of the DIP Loan is attached hereto as Exhibit 8.

estimated budget attached as an exhibit to the Final DIP Order[25] and subsequent budgets as agreed between the District and the DIP Lender; and (ii) pay fees and expenses related to the DIP Loan and the District's bankruptcy case (collectively, the "Budgeted Expenses"). Budgeted Expenses to be funded by the DIP Loan are to be approved by the DIP Lender at the DIP Lender's discretion. The DIP Loan matures by its own terms on February 1, 2018 (the "DIP Loan Maturity Date"). The Budgeted Expenses include but are not limited to salaries, employee benefits, supplies, contracted services, payments to physicians, legal and professional services, maintenance and repair costs, telephone and utilities expenses, rental expenses, insurance, education and training, travel expenses, and other operating expenses. As of approximately January 17, 2017, the unpaid Budgeted Expenses that the District was obligated to pay included (a) approximately $2,700,000 in past due bills from medical supply vendors; (b) approximately $500,000 in unpaid professional fees related to its provision of medical care; (c) an anticipated amount of approximately $700,000 in professional fees and transaction costs in connection with the Chapter 9 Proceeding; (d) approximately $1,425,000 for the payment of payroll, payroll tax, vendor costs and working capital expenses that were due and payable in early January 2017; and (e) operating losses, if any, incurred prior to the commencement of the Lease.

26. The amount owed under the DIP Loan, plus interest thereon, the associated costs and fees related to the implementation of the DIP Loan under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding the DIP Loan are collectively referred to herein as the "DIP Loan Liability."

[25] *Id.* at Exhibit 7.

The District's Subsequent DIP Indebtedness and Prepetition and Unpaid Postpetition Obligations

27. The District may also incur additional Court-approved debtor-in-possession indebtedness, which would be substantially in the form of the existing DIP Loan, with maturities of no more than one year to (1) pay Budgeted Expenses not paid with proceeds of the DIP Loan and/or (2) repay the DIP Loan at the DIP Loan Maturity Date if the District has not successfully exited the Chapter 9 Proceeding. Such additional Court-approved indebtedness, plus interest thereon, the associated costs and fees related to the implementation of such indebtedness under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such indebtedness are collectively referred to herein as "Subsequent DIP Indebtedness."

28. The District is also obligated to pay other Budgeted Expenses, Prepetition Obligations, Employee Obligations, and all other unpaid postpetition obligations, including (1) costs of the District related to (i) the Chapter 9 Proceeding, (ii) the validation suit proceedings, and (iii) the District's affiliation with the DIP Lender and/or its affiliates relating to the long-term lease of the District's hospital facilities and (2) any unpaid issuance costs of Bonds refunding other Obligations (defined herein), that are not paid by either the DIP Loan or Subsequent DIP Indebtedness. Such obligations, the associated costs and fees related to such obligations under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such obligations are collectively referred to herein as "Prepetition and Unpaid Postpetition Obligations."

The District's Pension Liability

29. In addition to the DIP Loan Liability, the Subsequent DIP Indebtedness and the Prepetition and Unpaid Postpetition Obligations described above, the District operates a defined benefit pension plan for current and retired employees administered by the Texas Hospital Association. The documents constituting the District's pension plan are attached hereto as Exhibit 9 (collectively, the "Pension Plan"). The Pension Plan is currently not fully funded. As a requirement for the Operator to agree to lease the Hospital from the District and to purchase certain of the District's assets under an asset purchase agreement ("APA"), the District will be required by the Operator prior to commencement of the Lease to fund its legally determined unfunded pension liability, but the District will have limited revenues from which to do so. In the Actuarial Valuation, as of April 1, 2017, completed by Rudd and Wisdom, Inc. (the "Actuaries"), and as updated by the Actuaries in a June 14, 2017 letter to the District (collectively, the "Actuarial Valuation"),[26] the unfunded accrued pension liability of the District, should all the plan participants select to be funded by annuities (rather than the less costly lump sum option), was calculated to be $16,100,000 as of June 30, 2017. Such calculated unfunded pension liability, the associated costs and fees related to such unfunded pension liability under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such unfunded pension liability are collectively referred to herein as the "Pension Liability."

The District's Medicare and OIG Obligations

30. The District has filed a self-disclosure with the Office of Inspector General, Department of Health and Human Services (the "OIG") reporting that, due to an administrative error within its electronic medical record management software, certain claims for which it

[26] A true and correct copy of the Actuarial Valuation is attached hereto as Exhibit 10.

received approximately $1,117,000 in Medicare funds may not meet all reimbursement requirements. Qualified medical services were provided, but due to the electronic record reporting error, the District may be required to reimburse the Medicare funds. The District is working to resolve the issue with the OIG. If the OIG determines the District's electronic record error created an overpayment, the District may be required to pay an amount of up to three times the amount of the overpayment, as well as potential per-claim penalty fees, or approximately $3,351,000. Such amounts that could be owed, the associated costs and fees related to such owed amounts under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such owed amounts are collectively referred to herein as the "Medicare Obligation." While the District believes and has asserted that no reimbursement is due, Medicare rules provide that any liability for a reporting error of this nature would be a liability of the District; therefore, the District will be required to assume and satisfy the Medicare Obligation, prior to the commencement of the Lease.

31. The District also received a Request for Information or Assistance, dated September 22, 2016, from the OIG, requesting documents related to payments made to a particular physician for services performed within the District's facilities. On March 1, 2017, the District received a supplemental Request for Information or Assistance from the OIG, clarifying the request to include documents and communications in possession of the District related to physician payments made by third parties. The District has undertaken a detailed review of physician payment arrangements that could be the subject of inquiry. As a result of this more comprehensive compliance audit, the District will likely request approval from the OIG to self-disclose any arrangements that could arguably create a violation of federal law. If the District is approved to enter the self-disclosure protocol, liability could be limited; however, if the OIG

refuses to grant such treatment, the OIG could impose penalties (similar to the Medicare Obligation) of a multiple of federal payer funds received by the District and / or per-claim penalties. Discussions between the District and the OIG are ongoing, and the District is cooperating fully with OIG's requests and has begun providing documents in response to these requests. The District estimates that the liability associated with this investigation could be in an amount not to exceed $5,000,000. Such amounts that could be owed, the associated costs and fees related to such owed amounts under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such owed amounts are collectively referred to herein as the "OIG Obligation."

Management Services Agreement and Lease of the Hospital

32. Effective January 20, 2017, the District entered into the Management Services Agreement, as amended by Amendment to Management Services Agreement, effective May 3, 2017 (collectively, the "Management Agreement"), with McAllen Medical Center Physicians, Inc., a Texas nonprofit corporation (and an affiliate of the Operator) to manage, operate and supervise the Hospital and assist the District in providing medical and hospital care for the District's needy inhabitants in a manner consistent with the District's constitutional and statutory responsibilities.[27] The Management Agreement is structured as a temporary measure to allow uninterrupted operation of the Hospital until the Lease can commence and the APA can be consummated.

The Bonds

33. The District proposes to issue its limited tax general obligation refunding bonds from time to time, in one or more series as may be necessary – *i.e.*, the Bonds - to restructure and

[27] A true and correct copy of the Management Agreement and Amendment to Management Services Agreement are attached hereto as Exhibit 11.

refinance the District's outstanding financial obligations and liabilities described above. To the extent that the District has estimated "not to exceed" amounts for any of the classes of its financial obligations and liabilities described above, the District would ask the court in its final judgment to retain jurisdiction to enter one or more post-judgment orders, upon application and satisfactory showing by the District, finding that such obligations are at that time (1) due and owing in the amounts submitted, (2) sufficiently definite to qualify for refunding under the Refunding Law, and (3) that such amounts do not exceed the "not to exceed" amounts set forth in this Petition, and that such obligations are deemed legally binding, incontestable liabilities of the District.

34. The District intends that the Bonds be secured by the levy and collection of ad valorem taxes within the limits prescribed by law as authorized by the Texas Constitution, Chapter 1207 and the Enabling Legislation. The District intends to authorize the issuance of the Bonds by adopting a bond order and any supplements thereto, and executing a pricing certificate in connection therewith for each series of Bonds (collectively, the "Bond Orders"), which would authorize the Bonds, set the terms of the Bonds (including the applicable maximum interest rates; provided the net effective interest rate on the Bonds shall not exceed the maximum rate set forth in Chapter 1204, Texas Government Code, as amended), establish the pledge of ad valorem taxes securing the payment of debt service within the limits prescribed by law, and authorize all other matters and agreements necessary for the authorization and issuance of the Bonds.[28]

[28] The form of the proposed Bond Order, with forms of documents attached thereto, is attached hereto as Exhibit 12.

IV.
APPLICABLE LAWS

The District's Authority to Issue and Sell Bonds Payable From Ad Valorem Taxes

35. The Enabling Legislation provides that the District may issue and sell bonds payable from ad valorem taxes[29] to (1) purchase, construct, acquire, repair or renovate buildings and improvements; and (2) equip buildings and improvements for hospital purposes.[30] The District may impose a tax on all property in the District to "(1) pay the interest on and create a sinking fund for bonds issued or assumed by the district for hospital purposes; and (2) care for indigents."[31] The District may impose the tax at a rate not to exceed 75 cents on each $100 valuation of all taxable property in the District, and not more than 65 cents of the rate . . . may be imposed in any year to pay the interest on and create a sinking fund for bonds issued or assumed by the district for hospital purposes."[32] The District may issue bonds for such purposes . . . "that are payable from taxes only if the bonds are authorized by a majority of the district voters voting at an election held for that purpose."[33]

36. Pursuant to the Enabling Legislation, an election (the "Election") was held in the District on August 23, 1975, in which the majority of voters (1) approved the creation of the District "with the authority to levy annual ad valorem taxes at a rate not to exceed 75 cents on the $100 valuation of all taxable property within the District for the purpose of meeting the requirements of the District's bonds (including those assumed) and for the care of indigents," and (2) authorized the issuance of bonds in the principal amount of $4,955,000, and "to levy annually a tax to create an interest and sinking fund sufficient to pay the interest on and principal of said bonds, as the same becomes due and mature, provided such taxes levied for paying the

[29] Texas Special District Local Laws Code, §1077.202.
[30] *Id*. at §1077.201.
[31] *Id*. at §1077.251.
[32] *Id*. at §1077.252.
[33] *Id*. at §1077.203.

interest on and creating a sinking fund for bonds (including those assumed) of the District shall not exceed 65 cents on each $100 valuation of taxable property in any one year."[34]

The District's Authority to Issue Refunding Bonds to Refund General and Special Obligations Without an Election

37. Article 717k-3 of Vernon's Annotated Texas Civil Statutes ("717k-3"), approved and effective on June 14, 1969, was in effect at the time of the Election. 717k-3 was later codified under Chapter 1207 (together with its predecessor statute, 717k-3, the "Refunding Law"). The Refunding Law authorizes an "issuer", which is defined to include "all . . . hospital districts . . . ," [35] to issue refunding bonds to refund all or any part of the issuer's "bonds, notes, or *other general or special obligations*" (emphasis added),[36] and that all such refunding bonds "may be issued without an election in connection with the issuance thereof or the creation of any incumbrance therewith; except that if the Texas Constitution would require an election or vote to permit any procedure, action, or matter pertaining to such refunding bonds, then an election to authorize any such procedure, action, or matter shall be held . . . ."[37] There are no provisions of the Texas Constitution (or Enabling Legislation) requiring an election related to any procedure, action, or matter pertaining to the District's issuance of refunding bonds.[38] Prior to the enactment of the Refunding Law, hospital districts and many other issuers did not have the general authority to issue refunding bonds, and the Refunding Law set out to remedy that issue

[34] *See* Exhibit 2, a true and correct copy of the resolution dated July 22, 1975 calling for an election to confirm the creation of the District.
[35] Vernon's Ann. Civ. St. art. 717k-3, §1 (Texas Gov't Code, §1207.001).
[36] *Id*. at 717k-3, §2 (*Id*. at §1207.002).
[37] *Id*. at 717k-3, §3 (*Id*. at §1207.003).
[38] Further, without a constitutional or statutory election requirement for the issuance of the Bonds, any election held to validate such Bonds would be invalid. "[T]here can be no valid election if the same has not been called by lawful authority. The rule on this question is thus stated in Cyc., vol. 15, p. 317: 'There can be no valid election without some lawful authority behind it. The right to hold an election cannot exist or be lawfully exercised without express grant of power by the Constitution or Legislature.'" *Countz v. Mitchell*, 120 Tex. 324, 334 (Tex. 1931); *Williams v. Glover*, 259 S.W. 957, 960-961 (Tex. Civ. App – Waco 1924); *Trustees of Ind. Dist. v. Elbon*, 223 S.W. 1039, 1040 (Tex. Civ. App. – Galveston 1916).

by immediately providing issuers, including all hospital districts, with that power; "[t]he fact that no adequate general authority exists for the issuance and exchange of refunding bonds, and the fact that when this Act becomes effective many outstanding issues of bonds can be exchanged and refunded immediately with great benefits to the public . . . ." [39]

38. The Refunding Law further provides that, "this act shall be cumulative of all other laws on the subject, but *this Act shall be wholly sufficient authority within itself for the issuance of the bonds* and the performance of the other acts and procedures authorized hereby, without reference to any other laws or any restrictions or limitations contained therein, except as herein specifically provided; and when any bonds are being issued under this Act, then to the extent of any conflict or inconsistency between any provision of this Act and any provisions of any other law, the provisions of this Act shall prevail and control; provided, however, that any issuer shall have the right to use the provisions of any other laws, not in conflict with the provisions hereof, to the extent convenient or necessary to carry out any power or authority, express or implied, granted by this Act" (emphasis added).[40] The Refunding Law provides full and sufficient authority for the District to issue refunding bonds, payable from ad valorem taxes, without an election.

39. Pursuant to the Refunding Law, the District is authorized to issue refunding bonds to refund all or any part of the District's "bonds, notes, or *other general or special obligations*" (emphasis added).[41] All of the District's outstanding obligations described herein are lawful obligations of the District arising from the District running its hospital facilities and seeking to provide care to indigents as required by the Texas Constitution and the Enabling Legislation. As

[39] *Id*. at 717k-3, §9.
[40] Vernon's Ann. Civ. St. art. 717k-3, §7 (Texas Gov't Code, §1207.035).
[41] *Id*. at 717k-3, §2 (*Id*. at §1207.002).

such, all such obligations may lawfully be restructured, refinanced and paid with refunding bonds issued pursuant to the District's powers under the Refunding Law.

The District's Authority to Levy Ad Valorem Taxes to Secure and Repay Refunding Bonds

40. The Refunding Law also provides that "such refunding bonds may be secured by and payable from the same source as the obligations being refunded thereby, or may be secured by and made payable from taxes or revenues, or both, or any other or different source, or any combination of sources, if the issuer is otherwise authorized by the Texas Constitution or any statute to secure or pay *any kind or type of bonds by or from any such source*" (emphasis added).[42] As noted above, the District is authorized to levy an ad valorem tax for the payment of debt service on bonds[43] and would consequently be authorized to levy an ad valorem tax for the payment of debt service on refunding bonds that refunded general or special obligations of the District.

The District's Authority to Incur the DIP Loan, Subsequent DIP Indebtedness and Prepetition and Unpaid Postpetition Obligations

41. The District is authorized under Health and Safety Code, Chapter 315 ("Chapter 315"), to "borrow money for purposes of a hospital owned or operated by the entity . . . . The entity may pledge . . . tax revenue to be collected by the local governmental entity during the 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on bonds."[44] Chapter 315 also requires loans secured by pledged taxes to mature within one year.[45] Local Government Code, Chapter 140 ("Chapter 140") authorizes the District to proceed under all federal bankruptcy laws intended to relieve municipal indebtedness and

[42] *Id*. at 717k-3, §3 (Texas Gov't Code, §1207.005).
[43] Texas Special District Local Laws Code, §1077.251.
[44] Health & Safety Code, §315.002.
[45] *Id*. at 315.002(c).

provides that the officials and governing body of the District may "take any action necessary or convenient to fully avail the entity of the federal bankruptcy laws." Consequently, the District is authorized to incur the DIP Loan and Subsequent DIP Indebtedness pursuant to Chapter 315 and 11 U.S. Code Sections 364 and 901, as applicable to the District under Chapter 140.

42. Under the Enabling Legislation, the District has the full responsibility to operate all hospital facilities within the District and to provide medical and hospital care of the indigent persons in the District.[46] The District, within such broad powers, is authorized to incur and pay the Prepetition and Unpaid Postpetition Obligations.

The District's Authority to Enter Into Management Agreement

43. The District is authorized to enter into the Management Agreement pursuant to Texas Health & Safety Code, §61.056(a), which states that a hospital district may "arrange to provide health care services through . . . a contract with a private provider" and Texas Health & Safety Code, §285.091, which states that a hospital district created under general or special law may, "directly …contract… with any public or private entity as necessary to carry out the functions of or provide services to the district."

V.
CHANGES TO DOCUMENTS

44. As to all documents and instruments proposed to be executed, submitted or delivered as set forth herein, prior to the ultimate execution, submission or delivery of any series of the Bonds, the District reserves the right to (1) complete any blanks contained in the forms of any such documents; (2) complete all schedules or exhibits contemplated thereby; (3) correct clerical errors as may be discovered therein; and (4) make all corrections, modifications and

[46] *See* Special District Local Law Code, Section 1077.101.

changes necessary so that such documents and instruments at the time ultimately enacted, executed or delivered shall accurately reflect the conditions at the time of such enactment, execution, or delivery, provided such corrections, modifications and changes shall not substantially or materially affect the substance of such documents and instruments, and provided such documents and instruments will reflect the true facts, circumstances and conditions at the time of ultimate execution thereof. In addition to the foregoing, the District also reserves the right to make such changes (1) as may be suggested or required by the ultimate purchaser(s) or credit enhancer(s) of the Bonds, subject to the approval of the Attorney General of Texas; (2) as may be suggested or required by the Attorney General of Texas prior to trial hereon, or prior to ultimate approval of each series of the Bonds by the Attorney General of Texas; and (3) as may be required or allowed by the Court's final judgment in this case.

VI.
PRAYER FOR ORDERS REQUIRED BY CHAPTER 1205

The District respectfully prays that the Court follow the procedures set forth in Chapter 1205 and further prays:

(a) that the Court, upon presentation of this Petition, immediately enter and issue an Order Giving Notice of Suit (the "Notice Order") in the form of a notice in accordance with Section 1205.041 of Chapter 1205 and attached as Exhibit 1 hereto, directed to all Interested Parties; and that the Notice Order require the Interested Parties, in general terms and without naming them, and the Attorney General of Texas, to appear for hearing and trial at 10:00 o'clock a.m., on the first Monday after the expiration of 20 days from the date of issuance of the Notice Order, and to show cause why the prayers of this Petition should not be granted; and

(b) that prior to the date set for hearing and trial, the Clerk of this Court[47] provide the required notice of this proceeding pursuant to Section 1205.43 of Chapter 1205 by publishing a substantial copy of the Notice Order in a newspaper of general circulation in Cooke County, Texas, and in Travis County, Texas, with such notice being published once in each of two consecutive calendar weeks, with the date of the first publication to be not less than 14 days prior to the date set for hearing and trial; and

(c) that the Court grant all proceedings, hearings, and trial on this Petition, priority over all other cases, causes or matters pending in the Court.

VII.
PRAYER FOR DECLARATORY JUDGMENT

The District has brought this Chapter 1205 action to provide standing to all Interested Parties and to put to rest any current or future potential legal challenges such that the District may issue the Bonds, levy ad valorem taxes to repay the Bonds within the limits prescribed by law, and enter into such contracts and other obligations, including the DIP Loan, Subsequent DIP Indebtedness, and the Prepetition and Unpaid Postpetition Obligations, as may be needed in order to continue to operate the Hospital and provide indigent care as it is constitutionally and statutorily required to do. The District requests that the Court proceed expeditiously in accordance with Chapter 1205 and further prays that the Court, after trial and final hearing, enter a final judgment declaring that:

(a) The District is authorized to issue its limited tax general obligation refunding bonds from time to time, in one or more series as may be necessary, pursuant to Chapter 1207 of the Texas Government Code to restructure and refinance each of

[47] To be done by Norton Rose Fulbright US LLP.

the District's general or special obligations established herein without an election in connection with the issuance thereof;

(b) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay the Bonds (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the Bonds in any given year);

(c) The District was and is authorized to incur the liabilities and obligations described herein, namely the DIP Loan Liability, the Subsequent DIP Indebtedness, the Prepetition and Unpaid Postpetition Obligations, the Pension Liability, the Medicare Obligation, and the OIG Obligation (collectively, the "Obligations") in order to operate and maintain the Hospital and provide indigent care prior to and during this bankruptcy proceeding;

(d) The Obligations, in the not-to-exceed amounts, qualify as general or special obligations of the District under the Refunding Law and are eligible for refunding pursuant to the issuance of bonds in the not-to-exceed principal amounts as set forth in the Petition or herein;

The DIP Loan Liability

(e) The District was authorized to enter into the DIP Loan attached to this Petition as Exhibit 8, and such agreement constitutes a legal, valid, binding and enforceable obligation under State law;

(f) The DIP Loan Liability, as and when incurred, is a legally binding, incontestable liability of the District, which amount when aggregated with Subsequent DIP Indebtedness shall not exceed $3,600,000;

(g) The DIP Loan Liability is a "general" or "special" obligation of the District pursuant to §1207.002;

(h) As of the date hereof, the District has unpaid and owed liability under the DIP Loan of $3,200,000 plus interest thereon, as set forth in Exhibit 13 hereto;

(i) The District is immediately entitled to issue one or more series of Bonds, in principal amount not to exceed $3,600,000, including costs of issuance of such Bonds, for the purpose of refunding the DIP Loan Liability;

(j) The District is authorized to issue the Bonds to refund the DIP Loan Liability; provided, however, the District acknowledges approval of such Bonds by the Attorney General is subject to any changes in law which may be enacted by the Texas Legislature or contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(k) Subject to any change in law as described in paragraph (i) above, proceeds from the Bonds may be expended for repayment of the DIP Loan Liability according to the terms thereof;

(l) The District is authorized to issue, in one or more series, its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the DIP Loan Liability, which principal amount when aggregated with Subsequent DIP Indebtedness shall not exceed $3,600,000, such

Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to this Petition as Exhibit 12;

(m) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the DIP Loan Liability (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(n) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the DIP Loan Liability, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(o) The proposed Bond Order attached to this Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds, the proceeds of which would restructure and refinance the DIP Loan Liability, is valid and enforceable under Texas law;

Subsequent DIP Indebtedness

(p) Any Subsequent DIP Indebtedness will be a "general" or "special" obligation of the District pursuant to §1207.002 that, when and if issued in the Chapter 9 Proceeding, which amount when aggregated with the DIP Loan Liability shall not exceed $3,600,000;

(q) The District is authorized to issue the Bonds to refund the Subsequent DIP Indebtedness; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(r) Subject to any change in law as described in paragraph (p) above, proceeds from the Bonds may be expended for repayment of the Subsequent DIP Indebtedness according to the terms thereof;

(s) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance Subsequent DIP Indebtedness that, when and if issued in the Chapter 9 Proceeding, which principal amount when aggregated with the DIP Loan Liability shall not exceed $3,600,000, including the costs of issuance of such Bonds, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to this Petition as Exhibit 12;

(t) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries

of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance Subsequent DIP Indebtedness (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(u) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the Subsequent DIP Indebtedness, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(v) The proposed Bond Order attached to this Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds to restructure and refinance the Subsequent DIP Indebtedness, is valid and enforceable under Texas law;

Prepetition and Unpaid Postpetition Obligations

(w) The Prepetition and Unpaid Postpetition Obligations are legally binding, incontestable liabilities of the District in the amount that shall not exceed $6,000,000;

(x) The Prepetition and Unpaid Postpetition Obligations are "general" or "special" obligations of the District pursuant to §1207.002;

(y) As of the date hereof, there remains $3,829,310.44 unpaid and owing Prepetition Obligations, as set forth in Exhibit 5 hereto;

(z) As of the date hereof, there are $140,122.53 of other unpaid postpetition obligations of the District, including costs related to (i) the Chapter 9 Proceeding and (ii) the District's affiliation with the DIP Lender and/or its affiliates relating to the long-term lease of the District's hospital facilities, as set forth in Exhibit 5 to the Petition;

(aa) The District is immediately entitled to issue one or more series of Bonds, in aggregate principal amount not to exceed $4,269,432.97, including costs of issuance of such Bonds, for the purpose of restructuring and refinancing the Prepetition and Unpaid Postpetition Obligations;

(bb) The District is authorized to issue the Bonds to refund the Prepetition and Unpaid Postpetition Obligations; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(cc) Subject to any change in law as described in paragraph (aa) above, proceeds from the Bonds may be expended to restructure and refinance the Prepetition and Unpaid Postpetition Obligations;

(dd) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Prepetition and Unpaid Postpetition Obligations, in the aggregate principal amount not to exceed $6,000,000, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to this Petition as Exhibit 12;

(ee) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance Prepetition and Unpaid Postpetition Obligations (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(ff) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the Prepetition and Unpaid Postpetition Obligations, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(gg) The proposed Bond Order attached to this Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds, the proceeds of which would restructure and refinance the Prepetition and Unpaid Postpetition Obligations, is valid and enforceable under Texas law;

Pension Liability

(hh) The District was authorized to enter into the Pension Plan attached to this Petition as Exhibit 9, and such agreements constitute legal, valid, binding and enforceable obligations under State law;

(ii) The Pension Liability is a legally binding, incontestable liability of the District in an amount not to exceed $16,600,000;

(jj) The District's liability to fund the Pension Liability is a "general" or "special" obligation of the District pursuant to §1207.002;

(kk) The District is immediately entitled to issue one or more series of Bonds, in aggregate principal amount not to exceed $16,600,000, including costs of issuance of such Bonds, for the purpose of refunding the Pension Liability;

(ll) The District is authorized to issue the Bonds to refund the Pension Liability; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(mm) Subject to any change in law as described in paragraph (jj) above, proceeds from the Bonds may be expended to restructure and refinance the Pension Liability;

(nn) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Pension Liability, in the aggregate principal amount not to exceed $16,600,000, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to this Petition as Exhibit 12;

(oo) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Pension Liability (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(pp) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the Pension Liability, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(qq) The proposed Bond Order attached to this Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding

Bonds, the proceeds of which would restructure and refinance the Pension Liability, is valid and enforceable under Texas law;

Medicare Obligation

(rr) The Medicare Obligation is a legally binding, incontestable liability of the District in an amount not to exceed $3,450,000;

(ss) The Medicare Obligation is a "general" or "special" obligation of the District pursuant to §1207.002;

(tt) The District is authorized to issue the Bonds to refund the Medicare Obligation; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(uu) Subject to any change in law as described in paragraph (rr) above, proceeds from the Bonds may be expended to restructure and refinance the Medicare Obligation;

(vv) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Medicare Obligation, in aggregate principal amount not to exceed $3,450,000, including costs of issuance of such Bonds, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to this Petition as Exhibit 12;

(ww) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries

of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Medicare Obligation (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(xx) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the Medicare Obligation, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(yy) The proposed Bond Order attached to this Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds to restructure and refinance the Medicare Obligation, is valid and enforceable under Texas law;

OIG Obligation

(zz) The OIG Obligation is a legally binding, incontestable liability of the District in an amount not to exceed $5,100,000;

(aaa) The OIG Obligation is a "general" or "special" obligation of the District pursuant to §1207.002;

(bbb) The District is authorized to issue the Bonds to refund the OIG Obligation; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(ccc) Subject to any change in law as described in paragraph (zz) above, proceeds from the Bonds may be expended to restructure and refinance the OIG Obligation;

(ddd) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the OIG Obligation, in aggregate principal amount not to exceed $5,100,000, including costs of issuance of such Bonds, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to this Petition as Exhibit 12;

(eee) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the OIG Obligation (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(fff) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the OIG Obligation, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(ggg) The proposed Bond Order attached to this Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds, the proceeds of which would restructure and refinance the OIG Obligation, is valid and enforceable under Texas law;

District Required to Prove Up Remaining Undetermined Amounts

(hhh) Upon a satisfactory showing to this Court that the amounts the District is obligated to pay in satisfaction of one or more of the Obligations which, in whole or in part, do not qualify for immediate refunding at the time this Court signs its final judgment prayed for herein, are at that time (1) due and owing in the amounts submitted, (2) sufficiently definite to qualify for refunding under the Refunding Law, and (3) that such amounts do not exceed the "not to exceed" amounts set forth in this Petition, such amounts, by a signed and entered order of this Court, will be deemed legally binding, incontestable liabilities of the District, the District may issue Bonds that meet the requirements of the perimeters heretofore established;

Issuance of Bonds and Approval of Attorney General

(iii) Subsequent to completion of the validation procedures contemplated in this proceeding, or at such time prior thereto as may be required by the procedures for approval of the Bonds by the Attorney General of the State of Texas, the District is authorized to cause to be executed for delivery such further or additional instruments as may be required by the procedures for approval of the Bonds by the Attorney General of the State of Texas;

(jjj) The District is authorized to proceed to take all actions which the District deems necessary or appropriate to authorize, issue, sell and deliver the Bonds in one or more series from time to time, to a purchaser thereof for cash;

(kkk) That certified copies of the proceedings herein alleged together with all proposed instruments set forth and alleged herein as required, shall be submitted to the Attorney General of the State of Texas under the provisions of applicable law; that all such proceedings as hereafter approved by the Attorney General shall be fully registered with the Comptroller of Public Accounts of the State of Texas as required by law; and such Bonds proposed to be issued will be subject to approval by the Attorney General of Texas with the effect provided by law;

(lll) The District is authorized to issue each series of Bonds in substantially the form set forth in the proposed Bond Order attached to this Petition as Exhibit 12, and to make all corrections, modifications and changes necessary so that the documents and instruments necessary or required in connection with the authorization, sale and issuance of such Bonds at the time ultimately enacted, executed or delivered shall accurately reflect the conditions at the time of such enactment, execution, or

delivery, provided such corrections, modifications and changes shall not substantially or materially affect the substance of such documents and instruments, and provided such documents and instruments will reflect the true facts, circumstances and conditions at the time of ultimate execution thereof;

(mmm) The Attorney General of Texas is hereby authorized, subject to changes in applicable law, to approve each series of Bonds in substantially the form set forth in the proposed Bond Order attached to this Petition as Exhibit 12;

The District further prays for such other and further relief and orders to which the District may show itself justly entitled at law or in equity.

Dated: July 28, 2017
Dallas, Texas

Respectfully submitted,

NORTON ROSE FULBRIGHT US LLP

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COUNSEL FOR THE DEBTOR AND DEBTOR-IN-POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER,	§	Case No. 17-40101
	§	
	§	Chapter 9
DEBTOR.	§	

EX PARTE ADVERSARY NO. _____

GAINESVILLE HOSPITAL DISTRICT
D/B/A NORTH TEXAS MEDICAL
CENTER

DECLARATORY JUDGMENT

On July 28, 2017, Gainesville Hospital District d/b/a North Texas Medical Center ("District"), filed its Original Complaint/Petition for Expedited Declaratory Judgment ("Petition") pursuant to Chapter 1205 of the Texas Government Code.[1] On August 14, 2017, the District appeared and announced ready by and through its counsel of record. The Attorney General of the State of Texas (the "Attorney General"), required by Chapter 1205 to be individually served with process in actions of this nature, also appeared. The Court convened the trial. The Court heard and considered arguments of counsel and evidence presented relative to the relief sought in the Petition.

The Court, having considered the Petition, together with the evidence and authorities submitted in support thereof, is of the opinion that the Petition is meritorious and the relief requested should be, and hereby is, GRANTED. All questions of fact were submitted to the

[1] All capitalized terms in this Declaratory Judgment not otherwise defined herein have the meaning set forth in the Petition.

Court through proffered evidence. Such evidence, together with the arguments and authorities cited by counsel, supports and is the basis for the Court's findings and conclusions.

In support of this Declaratory Judgment, the Court makes the following FINDINGS:

1. The District is an "issuer" and that the bonds at issue qualify as a "public security" under TEX. GOV'T CODE ANN. §§ 1205.001 and 1207.001.

2. Proper and timely notice of the filing of this action, and of the August 14, 2017 hearing thereon, was provided. Specifically, notice was provided by this Court's order of July 31, 2017 in accordance with TEX. GOV'T CODE ANN. § 1205.041 and publication of a substantial copy of the same was timely made in newspapers of general circulation in Travis County, Texas and Cooke County, Texas (the only county in which the District has territory) in accordance with TEX. GOV'T CODE ANN. § 1205.043. Such publication is evidenced by the Affidavits of Publication filed of record in this matter concerning publications in the Austin-American Statesman and the Gainesville Daily Register.

3. The Court has jurisdiction over all persons who reside in the territory of the District, own property located within the boundaries of the District, are taxpayers of the District, have or claim a right, title, or interest in any property or money to be affected by a public security authorization or the issuance of the public securities by the District to refund the liabilities and obligations described in the Petition, or are creditors in the captioned bankruptcy proceeding, and over the Attorney General of the State of Texas, pursuant to TEX. GOV'T CODE ANN. § 1205.041 ("Interested Parties"). The Chapter 9 Proceeding is pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division. Venue is proper in the Eastern District of Texas because the District is organized and maintains its principal office in Cooke County, Texas, which is located in the Eastern District of Texas. *See Longhorn Partners Pipeline L.P.* v. *KM Liquids Terminals, L.L.C.*, 408 B.R. 90, 101 (Bankr. S.D. Tex.

2009) ("[T]he venue of the bankruptcy petition is presumed to be the proper venue for any adversary proceeding involving the debtor. Under 28 U.S.C. § 1409(a), "venue of an adversary proceeding is presumed proper in the district where the debtor filed its bankruptcy case ..." *Manchester Inc. v. Lyle* (*In re Manchester, Inc.*), 2009 WL 1533614, at *4 (Bankr.N.D.Tex. June 1, 2009) (citing *In re Conmaco/Rector, L.P.*, 348 B.R. 362, 367 (Bankr.E.D.La.2005)). Based, in part, on § 1409(a) and its predecessor, § 1473, courts have held that there is a "home court presumption" favoring transfer of adversary proceedings to the court adjudicating the bankruptcy case."). Under the circumstances, venue in the United States Bankruptcy Court is consistent with the requirements of TEX. GOV'T CODE ANN. § 1205.022. The Court has subject matter jurisdiction and jurisdiction over the Interested Parties to fully and finally adjudicate the issues raised in the Petition. Reference to the Court of this adversary proceeding is proper pursuant to 28 U.S.C. §157(a). This is a core proceeding as contemplated by 28 U.S.C. § 157(b)(2)(A), (B), (D), (K), and (0).

4. In the alternative, the U.S. Court of Appeals for the Fifth Circuit (the "Fifth Circuit") has construed "related to" jurisdiction broadly. *See TXNB Internal Case v. GPR Holdings L.L.C. (In re TXNB Internal Case)*, 483 F.3d 292, 298 (5th Cir. 2007). At a minimum, this Court has "related to" jurisdiction pursuant to 28 U.S.C. § 1334(b). Section 1334 provides that district courts have subject matter jurisdiction over all "civil proceedings arising under title 11, or arising in or related to cases under title 11." 28 U.S.C. § 1334(b). The Fifth Circuit noted that § 1334(b)'s language operates conjunctively to define the scope of jurisdiction." Consequently, bankruptcy courts need only "determine whether a matter is at least 'related to' the bankruptcy." *Bass v. Denney (In re Bass)*, 171 F.3d 1016, 1022 (5th Cir. 1999)(citing *Walker v. Cadle Co. (In re Walker)*, 51 F.3d 562, 569 (5th Cir. 1995); *Wood v. Wood (In re Wood)*, 825 F.2d 90, 93 (5th Cir. 1987).

5. The District was created and established pursuant to article IX, section 9 of the Constitution of the State of Texas and Chapter 211, 64th Legislature, 1975, now codified as Chapter 1077 Texas Special District Local Laws Code, as amended (collectively, the "Enabling Legislation") and is now a legally and validly organized, established hospital district of the State of Texas.

6. Pursuant to the Enabling Legislation, an election (the "Election") was legally and validly held in the District on August 23, 1975, in which the majority of voters (1) approved the creation of the District "with the authority to levy annual ad valorem taxes at a rate not to exceed 75 cents on the $100 valuation of all taxable property within the District for the purpose of meeting the requirements of the District's bonds (including those assumed) and for the care of indigents," and (2) authorized the District to issue bonds and "to levy annually a tax to create an interest and sinking fund sufficient to pay the interest on and principal of said bonds, as the same becomes due and mature, provided such taxes levied for paying the interest on and creating a sinking fund for bonds (including those assumed) of the District shall not exceed 65 cents on each $100 valuation of taxable property in any one year."

7. Article 717k-3 of Vernon's Annotated Texas Civil Statutes ("717k-3"), approved and effective on June 14, 1969, was in effect at the time of the Election and applies to the District. 717k-3 was later codified under Chapter 1207, Texas Government Code (together with its predecessor statute, 717k-3, the "Refunding Law").

8. The District is a rural hospital district created in 1975 as a political subdivision of the State of Texas. The District operates a hospital in Gainesville, Cooke County, Texas, doing business as the North Texas Medical Center, which currently staffs 48 beds and provides all normally associated essential inpatient and outpatient services, including laboratory, medical

imaging, cardiology, orthopedics, intensive care, operating rooms, emergency medical services, rehabilitation, radiology, obstetrics and gynecology, a swing-bed program and outpatient clinic services ("Hospital"). The Hospital is also a designated Trauma 4 facility offering 24-hour emergency services.

9. The Hospital serves as the primary care and acute care center for residents of approximately two-thirds of Cooke County, which comprises the majority of the county's population, including the communities of Gainesville, Lake Kiowa, Valley View, Era, Callisburg, Lindsay, Sivells Bend and Walnut Bend, Texas.

10. The Hospital is the only acute care hospital in the District's service area providing service to the District's indigent population. All residents within the District's service area depend upon the Hospital for basic acute and long-term healthcare needs and, but for the existence of the Hospital, would have to drive over 30 miles to access another hospital in either Denton or Denison, Texas with equivalent services.

11. Although the District has always been committed to providing, within its service area and through the Hospital, the highest possible level of patient care for the residents, the District has encountered serious financial difficulties that have resulted in the District's seeking relief under Chapter 9 of the Bankruptcy Code to adjust, restructure and refinance its outstanding obligations and liabilities so that it may continue to provide such services as it is constitutionally and statutorily required to do.

12. Following the District's filing of the Chapter 9 Proceeding, on January 17, 2017, this Court issued an Interim Order Granting Approval of Agreement for Postpetition Secured Credit and Scheduling Final Hearing (the "Interim DIP Order") and on February 15, 2017, this Court issued a Final Order Granting Approval of Agreement for Postpetition Secured Credit and Scheduling Final Hearing (the "Final DIP Order"). In the Final DIP Order, the Court authorized

and directed the District to incur post-petition indebtedness (the "DIP Loan"), in an amount not to exceed $3,200,000, with UHS of Delaware, Inc. (the "DIP Lender") in order to keep the Hospital operating during bankruptcy proceedings. The DIP Loan matures by its own terms on February 1, 2018 (the "DIP Loan Maturity Date").

13. Effective January 20, 2017, the District entered into the Management Agreement, as amended by Amendment to Management Services Agreement, effective May 3, 2017, with McAllen Medical Center Physicians, Inc., a Texas nonprofit corporation (and an affiliate of the DIP Lender) to manage, operate and supervise the Hospital and assist the District in providing medical and hospital care for the District's needy inhabitants in a manner consistent with the District's constitutional and statutory responsibilities. The Management Agreement is structured as a temporary measure to allow uninterrupted operation of the Hospital until the Lease can commence and the APA can be consummated.

14. For several months leading up to the filing of the Chapter 9 Proceeding, the District explored options to restructure its obligations in an attempt to avoid closing the Hospital. The District has determined that its only viable option is to lease the Hospital to an operator in order to resolve its financial difficulties and for the Hospital to remain in operation. To that end, the District has begun negotiations for the DIP Lender or one of its affiliates (the "Operator") to assume responsibility for the operations of the Hospital under the terms of a lease (the "Lease").

15. The District's consummation of the Lease and uninterrupted operation of the Hospital are dependent upon the District's payment in full of its past due expenses and liabilities, as described in the Petition.

16. The following obligations qualify as general or special obligations of the District under the Refunding Law and may lawfully be paid with refunding bonds issued pursuant to the District's powers under the Refunding Law:

(a) The DIP Loan Liability, consisting generally of (1) amounts not to exceed $3,200,000 advanced to the District by the DIP Lender under the DIP Loan, plus interest thereon, to (i) fund its operations, until the Operator leases the Hospital and begins operations of the Hospital, in a manner consistent with the initial estimated budget attached as an exhibit to the Final DIP Order and subsequent budgets as agreed between the District and the DIP Lender; and (ii) pay fees and expenses related to the DIP Loan and the District's bankruptcy case (collectively, the "Budgeted Expenses"), as authorized by the Court's "Final Order Granting Approval of Agreement for Postpetition Secured Credit and Scheduling Final Hearing," (2) the associated costs and fees related to the implementation of the DIP Loan under the Chapter 9 Proceeding, and (3) issuance costs of the Bonds refunding the DIP Loan. Budgeted Expenses to be funded by the DIP Loan are to be approved by the DIP Lender at the DIP Lender's discretion;

(b) The Subsequent DIP Indebtedness, consisting of (1) additional Court-approved debtor-in-possession indebtedness, plus interest thereon, which may be incurred by the District upon Court approval substantially in the form of the existing DIP Loan, with maturities of no more than one year, to (i) pay Budgeted Expenses not paid with proceeds of the DIP Loan and/or (ii) repay the DIP Loan at the DIP Loan Maturity Date if the District has not successfully exited the Chapter 9 Proceeding, (2) the associated costs and fees related to the implementation of such indebtedness under the Chapter 9 Proceeding, and (3) issuance costs of the Bonds refunding such indebtedness;

(c) The Prepetition and Unpaid Postpetition Obligations, consisting of (1) other Budgeted Expenses, Employee Obligations, Prepetition Obligations, and other unpaid postpetition obligations that are not paid by either the DIP Loan or Subsequent DIP Indebtedness (2) the associated costs and fees related to such obligations under the Chapter 9 Proceeding, and (3) issuance costs of the Bonds refunding such obligations;

(d) The Pension Liability, consisting of (1) the amount required to fully fund the District's unfunded pension liability under its defined benefit pension plan, as reflected in an actuarial valuation as of June 30, 2017, (2) the associated costs and fees related to such unfunded pension liability under the Chapter 9 Proceeding, and (3) issuance costs of the Bonds refunding such unfunded pension liability;

(e) The Medicare Obligation, consisting of (1) any amount or amounts that may be assessed against the District by the Office of Inspector General, Department of Health and Human Services, due to an administrative error within its electronic medical record management software (as more fully described in the Petition), (2) the associated costs and fees related to such owed amounts under the Chapter 9 Proceeding, and (3) issuance costs of the Bonds refunding such owed amounts;

(f) The OIG Obligation, consisting of (1) any amount or amounts assessed against the Hospital by the Office of Inspector General, Department of Health and Human Services, related to payments made to a particular physician for services performed within the District's facilities (as more fully described in the Petition), (2) the associated costs and fees related to such owed amounts under the Chapter 9 Proceeding, (3) and issuance costs of the Bonds refunding such owed amounts (the DIP Loan Liability, Subsequent DIP Indebtedness, Prepetition and Unpaid Postpetition Obligations, the Pension Liability, the Medicare Obligation, and the OIG Obligation, collectively, the "Obligations");

17. The District is fully authorized to expend the current and future proceeds of the Bonds for the purposes set forth herein and that each such expenditure and proposed expenditure relating to the Bonds is legal, valid, enforceable, and incontestable.

THE COURT THEREFORE ORDERS, DECLARES, and DECREES that:

(a) The District is authorized to issue its limited tax general obligation refunding bonds from time to time, in one or more series as may be necessary, pursuant to Chapter 1207 of the Texas Government Code to restructure and refinance each of the District's general or special obligations established herein without an election in connection with the issuance thereof;

(b) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay the Bonds (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the Bonds in any given year);

(c) The District was and is authorized to incur the Obligations in order to operate and maintain the Hospital and provide indigent care prior to and during this bankruptcy proceeding;

(d) The Obligations, in the not-to-exceed amounts specified in the Petition and herein, qualify as general or special obligations of the District under the Refunding Law and are eligible for refunding pursuant to the issuance of bonds in the not-to-exceed principal amounts as set forth in the Petition or herein;

The DIP Loan Liability

(e) The District was authorized to enter into the DIP Loan attached to the Petition as Exhibit 8, and such agreement constitutes a legal, valid, binding and enforceable obligation under State law.

(f) The DIP Loan Liability, as and when incurred, is a legally binding, incontestable liability of the District, which amount when aggregated with Subsequent DIP Indebtedness shall not exceed $3,600,000;

(g) The DIP Loan Liability is a "general" or "special" obligation of the District pursuant to §1207.002;

(h) As of the date hereof, the District has unpaid and owed liability under the DIP Loan of $3,200,000 plus interest thereon, as set forth in Exhibit 13 of the Petition;

(i) The District is immediately entitled to issue one or more series of Bonds, in principal amount not to exceed $3,600,000, including costs of issuance of such Bonds, for the purpose of refunding the DIP Loan Liability;

(j) The District is authorized to issue the Bonds to refund the DIP Loan Liability; provided, however, the District acknowledges approval of such Bonds by the Attorney General is subject to any changes in law which may be enacted by the Texas Legislature or contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(k) Subject to any change in law as described in paragraph (i) above, proceeds from the Bonds may be expended for repayment of the DIP Loan Liability according to the terms thereof;

(l) The District is authorized to issue, in one or more series, its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the DIP Loan Liability, which principal amount when aggregated with Subsequent DIP Indebtedness shall not exceed $3,600,000, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to the Petition as Exhibit 12;

(m) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the DIP Loan Liability (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(n) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the DIP Loan Liability, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and

in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(o) The proposed Bond Order attached to the Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds, the proceeds of which would restructure and refinance the DIP Loan Liability, is valid and enforceable under Texas law;

Subsequent DIP Indebtedness

(p) Any Subsequent DIP Indebtedness will be a "general" or "special" obligation of the District pursuant to §1207.002 that, when and if issued in the Chapter 9 Proceeding, which amount when aggregated with the DIP Loan Liability shall not exceed $3,600,000;

(q) The District is authorized to issue the Bonds to refund the Subsequent DIP Indebtedness; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(r) Subject to any change in law as described in paragraph (p) above, proceeds from the Bonds may be expended for repayment of the Subsequent DIP Indebtedness according to the terms thereof;

(s) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and

refinance Subsequent DIP Indebtedness that, when and if issued in the Chapter 9 Proceeding, which principal amount when aggregated with the DIP Loan Liability, shall not exceed $3,600,000, including the costs of issuance of such Bonds, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to the Petition as Exhibit 12;

(t) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance Subsequent DIP Indebtedness (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(u) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the Subsequent DIP Indebtedness, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(v) The proposed Bond Order attached to the Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds

to restructure and refinance the Subsequent DIP Indebtedness, is valid and enforceable under Texas law;

Prepetition and Unpaid Postpetition Obligations

(w) The Prepetition and Unpaid Postpetition Obligations are legally binding, incontestable liabilities of the District in the amount that shall not exceed $6,000,000;

(x) The Prepetition and Unpaid Postpetition Obligations are "general" or "special" obligations of the District pursuant to §1207.002;

(y) As of the date hereof, there remains $3,829,310.44 unpaid and owing Prepetition Obligations, as set forth in Exhibit 5 to the Petition;

(z) As of the date hereof, there are $140,122.53 of other unpaid postpetition obligations of the District, including costs related to (i) the Chapter 9 Proceeding and (ii) the District's affiliation with the DIP Lender and/or its affiliates relating to the long-term lease of the District's hospital facilities, as set forth in Exhibit 5 to the Petition;

(aa) The District is immediately entitled to issue one or more series of Bonds, in aggregate principal amount not to exceed $4,269,432.97, including costs of issuance of such Bonds, for the purpose of restructuring and refinancing the Prepetition and Unpaid Postpetition Obligations;

(bb) The District is authorized to issue the Bonds to refund the Prepetition and Unpaid Postpetition Obligations; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a

formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(cc) Subject to any change in law as described in paragraph (aa) above, proceeds from the Bonds may be expended to restructure and refinance the Prepetition and Unpaid Postpetition Obligations;

(dd) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Prepetition and Unpaid Postpetition Obligations, in the aggregate principal amount not to exceed $6,000,000, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to the Petition as Exhibit 12;

(ee) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance Prepetition and Unpaid Postpetition Obligations (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(ff) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the Prepetition and Unpaid Postpetition Obligations, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest

and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(gg) The proposed Bond Order attached to the Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds, the proceeds of which would restructure and refinance the Prepetition and Unpaid Postpetition Obligations, is valid and enforceable under Texas law;

Pension Liability

(hh) The District was authorized to enter into the Pension Plan attached to the Petition as Exhibit 9, and such agreements constitute legal, valid, binding and enforceable obligations under State law.

(ii) The Pension Liability is a legally binding, incontestable liability of the District in an amount not to exceed $16,600,000;

(jj) The District's liability to fund the Pension Liability is a "general" or "special" obligation of the District pursuant to §1207.002;

(kk) The District is immediately entitled to issue one or more series of Bonds, in aggregate principal amount not to exceed $16,600,000, including costs of issuance of such Bonds, for the purpose of refunding the Pension Liability;

(ll) The District is authorized to issue the Bonds to refund the Pension Liability; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the

Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(mm) Subject to any change in law as described in paragraph (jj) above, proceeds from the Bonds may be expended to restructure and refinance the Pension Liability;

(nn) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Pension Liability, in the aggregate principal amount not to exceed $16,600,000, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to the Petition as Exhibit 12;

(oo) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Pension Liability (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(pp) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the Pension Liability, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and

in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(qq) The proposed Bond Order attached to the Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds, the proceeds of which would restructure and refinance the Pension Liability, is valid and enforceable under Texas law;

Medicare Obligation

(rr) The Medicare Obligation is a legally binding, incontestable liability of the District in an amount not to exceed $3,450,000;

(ss) The Medicare Obligation is a "general" or "special" obligation of the District pursuant to §1207.002;

(tt) The District is authorized to issue the Bonds to refund the Medicare Obligation; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(uu) Subject to any change in law as described in paragraph (rr) above, proceeds from the Bonds may be expended to restructure and refinance the Medicare Obligation;

(vv) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and

refinance the Medicare Obligation, in aggregate principal amount not to exceed $3,450,000, including costs of issuance of such Bonds, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to the Petition as Exhibit 12;

(ww) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the Medicare Obligation (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(xx) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the Medicare Obligation, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(yy) The proposed Bond Order attached to the Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds to restructure and refinance the Medicare Obligation, is valid and enforceable under Texas law;

OIG Obligation

(zz) The OIG Obligation is a legally binding, incontestable liability of the District in an amount not to exceed $5,100,000;

(aaa) The OIG Obligation is a "general" or "special" obligation of the District pursuant to §1207.002;

(bbb) The District is authorized to issue the Bonds to refund the OIG Obligation; provided, however, the District acknowledges approval of such Bonds by the Attorney General, and all actions and contracts related thereto, is subject to any changes in law which may be enacted by the Texas Legislature, contained in a formal opinion by the Attorney General of Texas, which may occur subsequent to the final judgment in this action;

(ccc) Subject to any change in law as described in paragraph (zz) above, proceeds from the Bonds may be expended to restructure and refinance the OIG Obligation;

(ddd) The District is authorized to issue one or more series of Limited Tax General Obligation Refunding Bonds, the proceeds of which will be expended to restructure and refinance the OIG Obligation, in aggregate principal amount not to exceed $5,100,000, including costs of issuance of such Bonds, such Bonds to be issued in substantially the same form set forth in the proposed Bond Order attached to the Petition as Exhibit 12;

(eee) The District is authorized to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay its Limited Tax General Obligation Refunding Bonds, the proceeds of which will be

expended to restructure and refinance the OIG Obligation (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the bonds of the District, including such Bonds, in any given year);

(fff) The District's Limited Tax General Obligation Refunding Bonds, once issued in one or more series to restructure and refinance the OIG Obligation, shall be valid, legal, binding, and enforceable obligations of the District under Texas law payable from and secured by a pledge of ad valorem taxes sufficient to provide for the payment of the principal of, premium, if any, and interest on said bonds, within the limits prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation);

(ggg) The proposed Bond Order attached to the Petition as Exhibit 12 ordering the issuance and delivery of the District's Limited Tax General Obligation Refunding Bonds, the proceeds of which would restructure and refinance the OIG Obligation, is valid and enforceable under Texas law;

District Required to Prove Up Remaining Undetermined Amounts

(hhh) Upon a satisfactory showing to this Court that the amounts the District is obligated to pay in satisfaction of one or more of the Obligations which, in whole or in part, do not qualify for immediate refunding at the time this Court signs its final judgment prayed for herein, are at that time (1) due and owing in the amounts submitted, (2) sufficiently definite to qualify for refunding under the Refunding Law, and (3) that such amounts do not exceed the "not to exceed" amounts set forth in the Petition, such amounts, by a signed and entered order of this Court, will be deemed legally binding,

incontestable liabilities of the District, the District may issue Bonds that meet the requirements of the perimeters heretofore established);

Issuance of Bonds and Approval of Attorney General

(iii) Subsequent to completion of the validation procedures contemplated in this proceeding, or at such time prior thereto as may be required by the procedures for approval of the Bonds by the Attorney General of the State of Texas, the District is authorized to cause to be executed for delivery such further or additional instruments as may be required by the procedures for approval of the Bonds by the Attorney General of the State of Texas;

(jjj) The District is authorized to proceed to take all actions which the District deems necessary or appropriate to authorize, issue, sell and deliver the Bonds, in one or more series from time to time, to a purchaser thereof for cash;

(kkk) That certified copies of the proceedings herein alleged together with all proposed instruments set forth and alleged herein as required, shall be submitted to the Attorney General of the State of Texas under the provisions of applicable law; that all such proceedings as hereafter approved by the Attorney General shall be fully registered with the Comptroller of Public Accounts of the State of Texas as required by law; and such Bonds proposed to be issued will be subject to approval by the Attorney General of Texas with the effect provided by law;

(lll) The District is authorized to issue each series of Bonds in substantially the form set forth in the proposed Bond Order attached to the Petition as Exhibit 12, and to make all corrections, modifications and changes necessary so that the documents and

instruments necessary or required in connection with the authorization, sale and issuance of such Bonds at the time ultimately enacted, executed or delivered shall accurately reflect the conditions at the time of such enactment, execution, or delivery, provided such corrections, modifications and changes shall not substantially or materially affect the substance of such documents and instruments, and provided such documents and instruments will reflect the true facts, circumstances and conditions at the time of ultimate execution thereof;

(mmm) The Attorney General of Texas is hereby authorized, subject to changes in applicable law, to approve each series of Bonds in substantially the form set forth in the proposed Bond Order attached to the Petition as Exhibit 12;

IT IS FURTHER ORDERED AND DECLARED that, pursuant to TEX. GOV'T CODE ANN. § 1205.151, this Declaratory Judgment shall, as to all matters adjudicated, be forever binding and conclusive against the District, the Attorney General of the State of Texas, the Comptroller, and all Interested Parties, irrespective of whether any such parties filed an answer or otherwise appeared herein.

IT IS FURTHER ORDERED AND DECLARED that, pursuant to TEX. GOV'T CODE ANN. § 1205.151, this Declaratory Judgment shall constitute a permanent injunction against the filing by any person or entity of any action or proceeding contesting the validity of the Bonds, the authorization of the Bonds, the expenditure of money relating to the Bonds, the provisions made for the payment of the Bonds or of interest thereon, any matter adjudicated by this Declaratory Judgment, and any matter that could have been raised in these proceedings.

SO ORDERED AND ADJUDGED on _____, 2017.

_____

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER,[1]	§	Case No. 17-40101
	§	
	§	Chapter 9
DEBTOR.	§	

EX PARTE ADVERSARY NO. _____

GAINESVILLE HOSPITAL DISTRICT
D/B/A NORTH TEXAS MEDICAL
CENTER

NOTICE OF HEARING

ATTENTION: THIS NOTICE IS DIRECTED TO ALL PERSONS WHO RESIDE WITHIN THE TERRITORY OF GAINESVILLE HOSPITAL DISTRICT; WHO OWN PROPERTY LOCATED WITHIN THE BOUNDARIES OF GAINESVILLE HOSPITAL DISTRICT; WHO ARE TAXPAYERS OF GAINESVILLE HOSPITAL DISTRICT; WHO HAVE OR CLAIM A RIGHT, TITLE, OR INTEREST IN ANY PROPERTY OR MONEY TO BE AFFECTED BY A PUBLIC SECURITIES AUTHORIZATION, THE ISSUANCE OF PUBLIC SECURITIES BY GAINESVILLE HOSPITAL DISTRICT SECURED BY AD VALOREM TAXES WITHIN THE LIMITS PRESCRIBED BY LAW, OR GAINESVILLE HOSPITAL DISTRICT'S USE OF PROCEEDS FROM SUCH PUBLIC SECURITIES FOR REFUNDING VARIOUS EXPENSES AND LIABILITIES AND ANTICIPATED EXPENSES AND LIABILITIES INCURRED AND TO BE INCURRED BY GAINESVILLE HOSPITAL DISTRICT, INCLUDING THE CREDITORS IN THE CAPTIONED BANKRUPTCY PROCEEDING; ADVISING THEM OF THEIR RIGHT TO APPEAR FOR TRIAL AND SHOW CAUSE WHY THE PETITIONERS' ORIGINAL PETITION FOR EXPEDITED DECLARATORY JUDGMENT SHOULD NOT BE GRANTED.

Please take notice that on July 28, 2017, Gainesville Hospital District d/b/a North Texas Medical Center (the "**District**"), filed an Original Complaint/Petition for Expedited Declaratory Judgment (the "**Original Petition**") as styled above pursuant to Chapter 1205 of the Texas

[1] The last four digits of the District's federal tax identification number are: 1664. The location of the District's principal place of business and the service address is: 1900 Hospital Blvd., Gainesville, TX 76240.

Government Code. This *in rem* and class action proceeding is brought by the District in connection with the restructuring and refunding of various expenses and liabilities and anticipated expenses and liabilities to be incurred by the District in an amount not to exceed $34,750,000. The proceeding was instituted in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, which the District concluded has jurisdiction and is a proper venue. The District seeks to obtain a declaratory judgment to conclusively establish: (a) the District's authority to issue its limited tax general obligation refunding bonds (the "**Bonds**"), from time to time in one or more series as may be necessary, pursuant to Chapter 1207 of the Texas Government Code ("**Chapter 1207**") to restructure and refinance each of the District's general or special obligations established in the Original Petition (collectively, the "**Obligations**") without an election in connection with the issuance thereof; (b) the District's authority to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay the Bonds (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the Bonds in any given year); (c) the District's authority to incur the Obligations in order to operate and maintain the North Texas Medical Center (the "**Hospital**") and provide indigent care prior to and during its bankruptcy proceeding; (d) the validity and legality of the District's liabilities for the payment of the Obligations, associated with the continued operation and maintenance of the Hospital and the provision of indigent care by the District; (e) the classification of each such liability and each such related Obligation, in not-to-exceed amounts provided in the Original Petition, as "other general or special obligations" pursuant to Chapter 1207; and (f) the validity and legality of the proposed orders, elections, judgments, agreements, certificates and contracts described in the Original Petition, including the statutory authority of the District to adopt, execute or enter into such orders, elections, judgments, agreements, certificates and contracts, all of which relate to the issuance of the Bonds and the expenditure of Bond proceeds for the payment in full of the Obligations, for the continued operation and maintenance of the Hospital and the provision of indigent care by the District.

The Original Petition, which more fully describes the Obligations, the Bonds, and the related agreements, is on file with the court and is available for review[2] by all persons, including those who (1) reside in the territory of the District, (2) own property located within the boundaries of the District, (3) are taxpayers of the District; (4) have or claim a right, title, or interest in any property or money to be affected by a public security authorization or the issuance of the public securities by the District, including those who are creditors in the captioned bankruptcy proceeding (such persons constitute "**Interested Parties**").

All Interested Parties and the Honorable Ken Paxton, in his official capacity as Attorney General of the State of Texas, are hereby notified of their right to appear at **10:00 a.m. on Monday, August 21, 2017** in the courtroom of the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, at **660 N. Central Expressway, Suite 300-B, Plano, Texas 75074**, for hearing and trial of the claims made in the Original Petition and to show cause why the Original Petition should not be granted by the Court's signing of a

[2] The Original Petition is available online for review via PACER (Public Access to Court Electronic Records at www.pacer.gov or on the District's notice site for its bankruptcy proceeding at http://www.jndla.com/cases/GainesvilleHD.

Declaratory Judgment ordering the public securities or the public security authorizations be validated and confirmed.

Please take further notice that Interested Parties may become a named party to this bond validation action by filing an answer with the Court at or before the time set for trial, or by intervening, but only with leave of court, after the trial date. The Court has ordered this deadline notwithstanding other deadlines under the Federal Rules of Civil Procedure or the Federal Rule of Bankruptcy Procedure.

For responses to frequently asked questions related to the matters described in this notice, please visit http://www.ntmconline.net/

Signed on _____, 2017.

_____
HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER,[1]	§	Case No. 17-40101
	§	Chapter 9
DEBTOR.	§	

EX PARTE ADVERSARY NO. _____

GAINESVILLE HOSPITAL DISTRICT
D/B/A NORTH TEXAS MEDICAL
CENTER

NOTICE OF HEARING

ATTENTION: THIS NOTICE IS DIRECTED TO ALL CREDITORS IN THE CAPTIONED CHAPTER 9 BANKRUPTCY PROCEEDING IN ORDER TO ADVISE THEM OF THE FILING AND PURPOSE OF THIS ADVERSARY PROCEEDING.

Please take notice that on July 31, 2017, Gainesville Hospital District d/b/a North Texas Medical Center (the "**District**"), filed an Original Complaint/Petition for Expedited Declaratory Judgment (the "**Original Petition**") as styled above pursuant to Chapter 1205 of the Texas Government Code. This *in rem* and class action proceeding is brought by the District in connection with the restructuring and refunding of various expenses and liabilities and anticipated expenses and liabilities to be incurred by the District in an amount not to exceed $34,750,000. The proceeding was instituted in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, which the District concluded has jurisdiction and is a proper venue. The District seeks to obtain a declaratory judgment to conclusively establish: (a) the District's authority to issue its limited tax general obligation refunding bonds (the "**Bonds**"), from time to time in one or more series as may be necessary, pursuant to Chapter 1207 of the Texas Government Code ("**Chapter 1207**") to restructure and refinance each of the District's general or special obligations established in the Original Petition (collectively, the "**Obligations**") without an election in connection with the issuance thereof; (b) the District's authority to levy ad valorem taxes in an amount not to exceed 75 cents on the $100 valuation of all taxable property within the physical boundaries of the District, in order to provide indigent medical care to residents within the District and to pay the Bonds (of which not more than 65 cents on the $100 valuation may be imposed to pay principal of and interest on the Bonds in any

[1] The last four digits of the District's federal tax identification number are: 1664. The location of the District's principal place of business and the service address is: 1900 Hospital Blvd., Gainesville, TX 76240.

given year); (c) the District's authority to incur the Obligations in order to operate and maintain the North Texas Medical Center (the "**Hospital**") and provide indigent care prior to and during its bankruptcy proceeding; (d) the validity and legality of the District's liabilities for the payment of the Obligations, associated with the continued operation and maintenance of the Hospital and the provision of indigent care by the District; (e) the classification of each such liability and each such related Obligation, in not-to-exceed amounts provided in the Original Petition, as "other general or special obligations" pursuant to Chapter 1207; and (f) the validity and legality of the proposed orders, elections, judgments, agreements, certificates and contracts described in the Original Petition, including the statutory authority of the District to adopt, execute or enter into such orders, elections, judgments, agreements, certificates and contracts, all of which relate to the issuance of the Bonds and the expenditure of Bond proceeds for the payment in full of the Obligations, for the continued operation and maintenance of the Hospital and the provision of indigent care by the District.

The Original Petition, which more fully describes the Obligations, the Bonds, and the related agreements, is on file with the court and is available for review[2] by all persons, including those who (1) reside in the territory of the District, (2) own property located within the boundaries of the District, (3) are taxpayers of the District; (4) have or claim a right, title, or interest in any property or money to be affected by a public security authorization or the issuance of the public securities by the District, including those who are creditors in the captioned bankruptcy proceeding (such persons constitute "**Interested Parties**").

All Interested Parties and the Honorable Ken Paxton, in his official capacity as Attorney General of the State of Texas, are hereby notified of their right to appear at **10:00 a.m. on Monday, August 21, 2017** in the courtroom of the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, at **660 N. Central Expressway, Suite 300-B, Plano, Texas 75074**, for hearing and trial of the claims made in the Original Petition and to show cause why the Original Petition should not be granted by the Court's signing of a Declaratory Judgment ordering the public securities or the public security authorizations be validated and confirmed.

Please take further notice that Interested Parties may become a named party to this bond validation action by filing an answer with the Court at or before the time set for trial, or by intervening, but only with leave of court, after the trial date. The Court has ordered this deadline notwithstanding other deadlines under the Federal Rules of Civil Procedure or the Federal Rule of Bankruptcy Procedure.

Notwithstanding anything in the Original Petition or any documents, orders or judgments that have been or may be filed or entered in this adversary proceeding, nothing therein shall constitute a determination of the allowance, validity, extent, priority or amount of the claims of general unsecured creditors or administrative expense claimants in the District's Chapter 9 case or have any res judicata, collateral estoppel or any other preclusive effect on the claims allowance process in the District's Chapter 9 case. Any and all rights, claims, objections and

[2] The Original Petition is available online for review via PACER (Public Access to Court Electronic Records at www.pacer.gov or on the District's notice site for its bankruptcy proceeding at http://www.jndla.com/cases/GainesvilleHD.

defenses of the District, Official Committee of Unsecured Creditors (the "**Committee**"), the District's general unsecured creditors and administrative expense claimants with respect to the claims allowance process in the District's Chapter 9 case are hereby expressly reserved and preserved.

The Committee shall have standing to raise and may appear and be heard on any issue in this adversary proceeding.

For responses to frequently asked questions related to the matters described in this notice, please visit http://www.ntmconline.net.

A RESOLUTION and order by the Provisional Board of Directors of the Gainesville Hospital District calling an election to confirm the creation of said District and for the authorization to issue bonds; providing for the conduct of said election and making other provisions incident and related to the subject and purpose of the resolution and order.

WHEREAS, pursuant to House Bill 1293, Acts of the 64th Legislature, Regular Session, 1975, the Texas Legislature authorized and provided for the creation and establishment of the Gainesville Hospital District in accordance with the provisions of Article IX, Section 9 of the Texas Constitution, such Hospital District to include all territory located in Cooke County, Texas, which is not included in the Muenster Hospital District at the time the election to confirm the creation of the District is called; and

WHEREAS, as a result of an election held on July 19, 1975 by the Muenster Hospital District, certain territory located in Cooke County, Texas (defined in House Bill 1388, Acts of the 64th Legislature, Regular Session, 1975) has been annexed and included in said District; a copy of the order canvassing the returns and declaring the result of said election and redefining the boundaries of said Hospital District being on file and of record in the Deed Records of Cooke County, Texas; and

WHEREAS, it is now proper for the Board to call an election to confirm the creation of the Gainesville Hospital District and the authorization to levy a tax as provided in said House Bill 1293; and

WHEREAS, this Board has further found and determined that it would be in the best interest of the District to submit at said confirmation election a separate proposition for the authorization to issue bonds; and

WHEREAS, it is hereby found and determined that according to the last preceding Federal Decennial Census, Cooke County, Texas, contains less than 5% inhabitants of Spanish origin or descent and, therefore, bilingual election materials (as required or permitted by Senate Bill 165, Acts of the 64th Legislature, Regular Session, 1975) are not required and shall not be utilized in the election herein being called; now therefore,

BE IT RESOLVED AND ORDERED BY THE PROVISIONAL BOARD OF DIRECTORS OF THE GAINESVILLE HOSPITAL DISTRICT:

SECTION 1: That an election shall be held within the boundaries of the proposed Gainesville Hospital District on the 23rd day of August, 1975, which date is not less than 30 days nor more than 60 days from the date of the adoption of this order for the purpose of submitting to the qualified electors residing therein the following propositions:

PROPOSITION NUMBER 1

"Whether the Gainesville Hospital District shall be created with authority to levy annual taxes at a rate not to exceed 75 cents on the $100 valuation of all taxable property within such District for the purpose of meeting the requirements of the District's bonds (including those assumed) and for the care of indigents."

PROPOSITION NUMBER 2

"Shall the Board of Directors of the Gainesville Hospital District (in the event the same is created) be authorized to issue bonds in the principal amount of FOUR MILLION NINE HUNDRED FIFTY-FIVE THOUSAND DOLLARS ($4,955,000) to provide funds for the purchase, construction, acquisition, repair or renovation of buildings and improvements and equipping the same for hospital purposes, said bonds to be issued in one or more series or issues, to mature serially or otherwise not more than Forty (40) years from the date of issuance (the maximum maturity date of such bonds to be not later than December 31, 2015), and to be issued and sold at any price or prices and bear interest at any rate or rates as shall be determined within the discretion of the Board of Directors; and to levy annually a tax to create an interest and sinking fund sufficient to pay the interest on and principal of said bonds, as the same becomes due and mature, provided such taxes levied for paying the interest on and creating a sinking fund for bonds (including those assumed) of the District shall not exceed 65 cents on each $100 valuation of taxable property in any one year?"

SECTION 2: That paper ballots shall be used in said election and such official ballots shall be prepared in accordance with Chapter 6, V.A.T.S., Election Code, so as to permit electors to vote "FOR" or "AGAINST" the aforesaid propositions which shall be set forth in substantially the following form:

PROPOSITION NUMBER 1

"THE CREATION OF GAINESVILLE HOSPITAL DISTRICT AND THE AUTHORIZATION TO LEVY ANNUAL TAXES AT A RATE NOT TO EXCEED 75 CENTS ON THE $100 VALUATION OF ALL TAXABLE PROPERTY WITHIN SUCH DISTRICT."

PROPOSITION NUMBER 2

"THE ISSUANCE OF $4,955,000 BONDS FOR HOSPITAL PURPOSES AND THE LEVYING OF THE TAX IN PAYMENT THEREOF."

The word "FOR" and beneath it the word "AGAINST" shall be made to appear on the left of each of the words "FOR" and "AGAINST" and each elector shall place an "X" in the square beside the statement indicating the way he wishes to vote.

SECTION 3: That for purposes of conducting this election, the proposed Gainesville Hospital District shall be divided into nine (9) election precincts, such election precincts (identified by Cooke County, Texas voting precinct numbers which are in whole or in part within the boundaries of the proposed District), the respective polling places and the election officers hereby appointed being as follows:

Hosp. Dist. Election Precinct Numbers	Polling Place	Election Officers
#1-(Co. Voting Precincts Nos. 1, 2 and 3)	Community Center Bldg. West California St. Gainesville, Texas	Velma Liedtke Presiding Judge Mrs. Jack Howard Alt.Pres. Judge
#2-(Co. Voting Precincts Nos. 4, 5, 35, 36 and 37)	The Professional Ctr. East California St. Gainesville, Texas	Mrs. Leroy Hay Presiding Judge Miss Gladys Strader Alt.Pres. Judge
#3-(Co. Voting Precinct No. 6)	Callisburg Comm. Ctr. Callisburg, Texas	Clifford McCary Presiding Judge Henry Thrasher Alt.Pres. Judge
#4-(Co. Voting Precincts Nos. 7, 8, 9, 38 and 39)	Woodbine Schoolhouse Community of Woodbine, Texas	Jack Smith Presiding Judge W.B. Hodgkinson Alt.Pres. Judge
#5-(Co. Voting Precincts Nos. 10 and 11)	Valley View Methodist Church Valley View, Texas	Mrs. John Lowe Presiding Judge Mrs. Keith Kemplin Alt.Pres. Judge
#6-(Co. Voting Precinct No.22)	Clubhouse Lake Kiowa	Ruth Robinson Presiding Judge Jane Cagle Alt.Pres. Judge
#7-(Co. Voting Precincts Nos. 12 and 13)	New High School Gym Era, Texas	Henry Roberson Presiding Judge Mrs. Jack House Alt.Pres. Judge
#8-(Co. Voting Precincts Nos. 16 and 21)	Town Hall Lindsay, Texas	Pete Block Presiding Judge Mrs. James Bezner Alt.Pres. Judge
#9-(Co. Voting Precincts Nos. 30, 31, 32 and 33)	Sivells Bend Methodist Church Sivells Bend, Texas	Jay Pybas Presiding Judge Robert T. Lewis, Jr. Alt.Pres. Judge

Absentee ballots shall be counted by a special canvassing board and the following persons are hereby appointed to said board, to wit:

Mrs. Weldon Strader Presiding Judge

Mrs. Boyd Sisson Alternate Presiding Judge

That each of the Presiding Judges herein appointed shall appoint not less than two (2) nor more than seven (7) clerks to serve and assist in holding said election; provided, that if the Presiding Judge of each polling place actually serves, the Alternate Presiding Judge shall be one of the clerks.

On election day, the polls shall be open from 8:00 A.M. to 7:00 P.M.

SECTION 4: That absentee voting for this election shall be conducted at the Office of the County Clerk, Cooke County Courthouse, Gainesville, Texas; and Kathy Ullmann is hereby appointed Clerk for absentee voting. Deputy Clerks for absentee voting are hereby designated to be Lorell Ward, Jerry Hopkins and Lora Krebs. The hours hereby established for absentee voting by personal appearance shall be from 8:00 A.M. to 5:00 P.M. on each day except Saturdays, Sundays and official State holidays.

SECTION 5: All qualified electors residing within the boundaries of the proposed Gainesville Hospital District shall be permitted to vote at said election. The holding and conduct of said election shall be governed by the general laws of the State of Texas (V.A.T.S., Election Code,) except as modified by House Bill 1293, Acts of the 64th Legislature, Regular Session, 1975.

SECTION 6: That a substantial copy of this resolution and order shall serve as proper notice of this election, and the Secretary of the Provisional Board of Directors of said District is hereby authorized and directed to cause such notice to be published in a newspaper of general circulation in said proposed District once a week for two consecutive weeks, the date of the first publication to appear at least fourteen (14) full days prior to the date set for said election.

PASSED AND APPROVED, this the 22nd day of July, 1975.

/s/ Harry M. Roark
President, Provisional Board of Directors, Gainesville Hospital District

ATTEST:

/s/ Lambert Bezner
Secretary, Provisional Board of Directors, Gainesville Hospital District

(District Seal)

MINUTES PERTAINING TO ORDER CANVASSING
RETURNS AND DECLARING RESULT OF ELECTION

THE STATE OF TEXAS §
§ GAINESVILLE HOSPITAL DISTRICT
COUNTY OF COOKE §

ON THIS, the 26th day of August, 1975, the Provisional Board of Directors of the Gainesville Hospital District convened in special session at the regular meeting place of said Board in said District, the meeting being open to the public and notice of said meeting, giving the date, hour, place and subject thereof, having been given as prescribed by Article 6252-17, Section 3A, V.A.T.C.S., with the following members present and in attendance, to wit:

DR. HARRY M. ROARK	PRESIDENT
L. V. HENRY	VICE PRESIDENT
LAMBERT BEZNER	SECRETARY
DR. JAMES R. COLE E. J. (JUNIOR) HUDSPETH JOE B. HUNDT J. ROBERT EVANS W. W. WEEMS ~~E. E. WRIGHT~~	DIRECTORS

and with the following absent: E. E. Wright, constituting a quorum; and among other proceedings had were the following:

The Presiding Officer introduced a proposed "ORDER CANVASSING RETURNS AND DECLARING RESULT OF ELECTION" which was read in full.

Director Henry made a motion that the resolution be passed finally. The motion was seconded by Director Evans and carried by the following vote:

AYES: Messrs. Roark, Henry, Bezner, Cole, Hudspeth, Hundt, Evans, Weems ~~and Wright~~.

NOES: None.

The Presiding Officer then announced that the resolution had been finally passed and adopted.

MINUTES APPROVED, this the 26th day of August, 1975.

/s/ Harry M. Roark
President, Provisional Board of Directors, Gainesville Hospital District

ATTEST:

/s/ Lambert Bezner
Secretary, Provisional Board of Directors, Gainesville Hospital District

(District Seal)

ORDER CANVASSING RETURNS AND
DECLARING RESULT OF ELECTION

THE STATE OF TEXAS §
§ GAINESVILLE HOSPITAL DISTRICT
COUNTY OF COOKE §

WHEREAS, pursuant to House Bill 1293, Acts of the 64th Legislature, Regular Session, 1975, an election was ordered to be held within the proposed Gainesville Hospital District for purposes of confirming the creation of said District and the authorization to issue bonds; and

WHEREAS, it is hereby found and determined that said election was held in accordance with the authorizing proceedings, that notice of the election was duly given in the form, manner and time required by law, and that said election was in all respects legally held and conducted in accordance with the laws of the State of Texas applicable thereto; and

WHEREAS, the returns of said election have been made to this Provisional Board of Directors and said returns, duly and legally made, show the following votes were cast on the propositions submitted at said election, to wit:

PROPOSITION NUMBER 1

"THE CREATION OF GAINESVILLE HOSPITAL DISTRICT AND THE AUTHORIZATION TO LEVY ANNUAL TAXES AT A RATE NOT TO EXCEED 75 CENTS ON THE $100 VALUATION OF ALL TAXABLE PROPERTY WITHIN SUCH DISTRICT."

"FOR"	2731	votes
"AGAINST"	1789	votes
TOTAL VOTES CAST	4520	votes

PROPOSITION NUMBER 2

"THE ISSUANCE OF $4,955,000 BONDS FOR HOSPITAL PURPOSES AND THE LEVYING OF THE TAX IN PAYMENT THEREOF."

"FOR"	2460	votes
"AGAINST"	1979	votes
TOTAL VOTES CAST	4439	votes

THEREFORE, BE IT ORDERED BY THE PROVISIONAL BOARD OF DIRECTORS OF THE GAINESVILLE HOSPITAL DISTRICT:

SECTION 1: That all of the recitals contained in the preamble of this order are found to be true and are adopted as findings of fact by this Board of Directors and as part of its judgment.

SECTION 2: That it is further found and determined that the results of the election as canvassed and tabulated in the preamble hereof properly represents the desires of those persons voting at said election.

SECTION 3: That a majority of the votes cast at said election having been "FOR" the creation of said Hospital District, it is hereby declared and ordered that the Gainesville Hospital District has been created and established in accordance with the Constitution and laws of the State of Texas, including House Bill 1293, Acts of the 64th Legislature, Regular Session, 1975.

SECTION 4: That a majority of votes cast at said election having been "FOR" the issuance of bonds, it is hereby declared that the Board of Directors of said Hospital District are authorized and empowered to issue bonds of said District in the amount of $4,955,000 for the purposes and in the manner prescribed in the proposition set forth in the proceedings calling said election.

SECTION 5: That the persons serving in the capacity as Temporary or Provisional Directors of the District are hereby declared to be the initial permanent Directors of the District and each of said Directors shall again execute the Constitutional Oath of Office. The terms of office of the first, third, fifth, seventh and ninth named Directors in Section 4 of House Bill 1293, Acts of the 64th Legislature, Regular Session, 1975, shall expire on the 1st Saturday in April, 1976 and the term of the second, fourth, sixth and eighth named Directors in the aforementioned Act shall expire on the 1st Saturday in April, 1977.

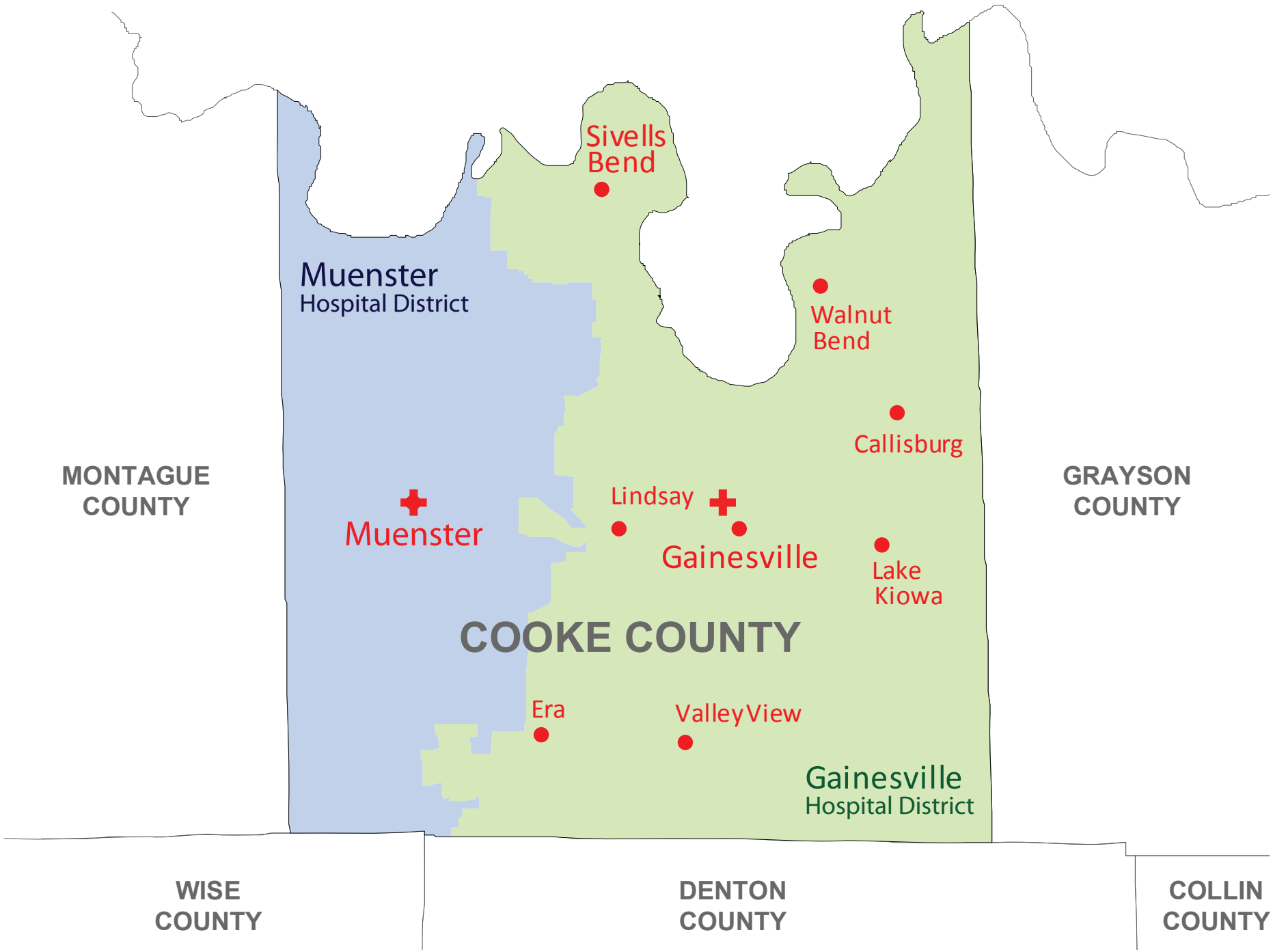
PASSED AND APPROVED, this the 26 day of August, 1975.

/s/ Harry M. Roark
President, Provisional Board of Directors, Gainesville Hospital District

ATTEST:

/s/ Lambert Bezner
Secretary, Provisional Board of Directors, Gainesville Hospital District

(District Seal)


Sivells Bend
Muenster Hospital District
Walnut Bend
Callisburg
MONTAGUE COUNTY
GRAYSON COUNTY
Lindsay
Muenster
Gainesville
Lake Kiowa
COOKE COUNTY
Era
Valley View
Gainesville Hospital District
WISE COUNTY
DENTON COUNTY
COLLIN COUNTY

NAME	CLAIM NUMBER	DATE CLAIM FILED	DATE CLAIM AMENDED	AMOUNT FILED
TEXAS WORKFORCE COMMISSION	1	1/19/2017	6/23/17	$ 6,696.05
W.W. GRAINGER, INC.	2	1/24/17		$ 4,332.82
UNITEDHEALTHCARE INSURANCE COMPANY	3	1/23/17		$ 1,930.82
OFFICE DEPOT	4	1/24/17		$ 3,608.96
CDW/ATTN: RONELLE ERICKSON	5	1/25/17		$ 21,523.93
MCKESSON CORP.	6	1/27/17		$ 14,741.04
MCKESSON CORP.	7	1/27/17		$ 6,139.14
CURBELL MEDICAL PRODUCTS, INC.	8	1/30/17		$ 139.83
TEXAS SELECT STAFFING, LLC	12	1/30/17		$ 46,420.25
NORTHSTAR ANESTHESIA, PA	13	2/3/17		$ 308,911.00
ATMOS ENERGY	14	2/10/17		$ 28,621.56
GE HEALTHCARE	15	2/21/17		$ 897.00
BECKMAN-COUTLER	17	2/23/17		$ 1,689.48
ST. JUDE MEDICAL	18	3/1/17		$ 249,671.00
3M COMPANY	19	3/3/17		$ 12,747.00
TXU ENERGY	20	3/14/17		$ 350.49
ZIMMER BIOMET	22	3/13/17		$ 998.00
PRONTO STAFFING - CLB	23	3/21/17		$ 13,151.72
OWENS & MINOR	24	4/10/17		$ 48,818.51
XEROX CORPORATION	25	4/17/17		$ 34,434.00
MERGE HEALTHCARE	26	4/21/17		$ 1,886.10
STRYKER INSTRUMENTS	27	4/28/17		$ 1,503.27
AMERICAN EXPRESS TRAVEL RELATED SERVICE	28	5/3/17		$ 2,562.25
AMERISOURCE BERGEN	29	5/8/17		$ 48,118.62
MORRISON MANAGEMENT SPEC. INC.	30	5/9/17		$ 260,922.80
PARK PLACE INTERNATIONAL LLC/CLOUDWAVE I	31	5/4/17		$ 168,815.48
CNA COMMERCIAL INSURANCE	32	5/8/17		$ -
STRYKER ORTHOPADEICS	33	5/8/17		$ 24,637.60
AETNA - MIDDLETOWN	35	5/8/17		$ 10,120.33
MEDICAL INFORMATION TECH INC.	36	5/12/17		$ 4,631.00
HITACHI CAPITAL AMERICA CORP	37	5/15/17		$ 367,621.32
VOICE PRODUCTS SERVICE LLC	38	5/12/17		$ 150,456.00
MAINE STANDARDS	39	5/15/17	MAINE	$ 282.00
BRINKER, JEFF MACE / GJERSET & LORENZ LLP	40	5/15/17		$ 12,119.75
PRINCIPLE HS, LLC	41	5/17/17		$ 758,800.00
PARALLON/NPAS	43	5/17/17	5/25/17	$ 38,781.80
PARALLON/HSS	44	5/17/17		$ 112,000.00
PARALLON/OUTSOURCE GROUP	45	5/17/17	5/25/17	$ 227,936.90
MEDTRONIC USA, INC.	46	5/17/17		$ 200,879.32
TRUSTAFF	47	5/19/17		$ 46,339.50
BIO-RAD LABORATORIES	48	5/18/17		$ 14,530.15
STRYKER ENDOSCOPY	9, 10, 11	1/30/17		$ 24,258.37
C3 CONFERENCING, INC.				$ 6.60
WEST SANITATION SERVICES, INC.				$ 162.75
ACUTE MEDICAL SERVICES LLC				$ 164.10
GREENWAY MEDICAL TECHNOLOGISTS				$ 233.24
FAMILY TRADITIONS				$ 756.15
STRYKER SUSTAINABILITY SOL INC				$ 949.68
HOSPITAL SOLUTIONS INC.				$ 949.98
STRYKER MEDICAL				$ 1,300.00
SACRED CROSS EMS, INC.				$ 2,367.00
JUANDA'S CONSULTING COMPANY				$ 3,105.00
MMODAL SERVICES, LTD				$ 3,165.00
SCHEDULE 360				$ 3,900.00
EXCEL MICRO LLC				$ 4,005.00
DELL MARKETING L.P.				$ 6,984.00
PHARMEDIUM SERVICES LLC				$ 12,123.26
GREENER PASTURES LANDSCAPE INC				$ 12,586.21
SUPPLEMENTAL HEALTH CARE				$ 13,125.75
MEDLINE INDUSTRIES INC				$ 15,607.56
INSURANCE REFUND				$ 17,623.72

BAUSCH & LOMB SURGICAL	$ 18,925.00
CONCORD MEDICAL GROUP OF TEXAS PLLC	$ 21,103.70
INPATIENT PHYSICIAN ASSOC., PLLC	$ 27,290.00
OLYMPUS AMERICA INC	$ 28,102.73
DEPUY ORTHOPAEDICS, INC.	$ 34,263.66
CROTHALL SERVICES GROUP	$ 36,514.39
CARDINAL HEALTH	$ 64,314.33
DEPUY SYNTHES SALES, INC.	$ 93,346.96
ALPHA SERVICES CORPORATION	$ 123,309.51
	$ 3,829,310.44

SILLS CUMMIS & GROSS
A PROFESSIONAL CORPORATION
THE LEGAL CENTER
ONE RIVERFRONT PLAZA
NEWARK, NEW JERSEY 07102-5400
(973) 643-7000

Page 1
Inv# 1705375
Date 07/27/17
08650100.000001 - AHS

Gainesville Hospital Official Committee
of Unsecured Creditors
c/o Morrison Management Specialists, Inc.
Attn: Jerry G. Carpenter, Committee Chairman
4721 Morrison Drive, Suite 300
Mobile, AL 36609

FEI # 22-1920331

Re: Creditors' Committee

For legal services rendered through June 30, 2017.

TOTAL FEES	**150.40**	**$73,898.00**
TOTAL DISBURSEMENTS		**$1,109.47**
TOTAL THIS INVOICE		**$75,007.47**

MUNSCH HARDT
DALLAS / HOUSTON / AUSTIN

Ross Tower
500 N. Akard Street, Suite 3800
Dallas, Texas 75201-6659
Main 214.855.7500
Fax 214.855.7584
munsch.com

Unsecured Creditors Committee for Gainesville
Hospital District d/b/a/ North Texas Medical Ctr.
c/o Morrison Management Specialists, Inc.
Attn: Jerry Carpenter
4721 Morrison Drive, Suite 300
Mobile, AL 36609

Invoice Date: July 27, 2017
Matter Number: 016838.00001

*For Professional Services through **July 22, 2017***

Client: Gainesville Hospital Dist. Unsecured Creditors Committee d/b/a North Texas Medical Center
Matter: BANKRUPTCY REPRESENTATION

Total Fees	$	64,357.50
Total Costs	$	757.56
Grand Total Due:	**$**	**65,115.06**

Wire Instructions:`
Bank of Texas, N.A.
ABA Routing Number: 111014325
Account Number: 2880510762
Swift Code: BAOKUS44

Remittance Address:
Accounting
Munsch Hardt Kopf & Harr, P.C.
500 N. Akard St., Suite 3800
Dallas, TX 75201-6659

File Number and Invoice Number Required.

FEDERAL ID NUMBER: 75-2096964

For billing inquiries, please contact accounting at accounting@munsch.com or (214) 740-5198

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER,[1]	§	Case No. 17-40101
	§	
	§	Chapter 9
DEBTOR.	§	

INTERIM ORDER GRANTING APPROVAL OF AGREEMENT
FOR POSTPETITION SECURED CREDIT AND SCHEDULING FINAL HEARING

Having considered the *Debtor's Emergency Motion for Approval of Agreement for Postpetition Secured Credit*, filed January 17, 2017 ("the Motion"), the *Declaration of Ramin Roufeh in Support of Debtor's Chapter 9 Petition and Other Motions*, and the First Day Motions, the Court finds that: (a) jurisdiction over the matters in the Motion is proper pursuant to 28 U.S.C. §§ 1334 and 157; (b) venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409; (c) proper and adequate notice of the Motion has been provided and no further notice is needed; (d) the relief sought in the Motion is in the best interests of the Debtor, its creditors, and all parties-in-interest; and (e) good and sufficient cause exists for granting the relief requested in the Motion. Accordingly, it is hereby found that:

1. On January 17, 2017 (the "Petition Date"), the Debtor filed a petition for relief under chapter 9 of title 11 of the United States Code (the "Bankruptcy Code"), thereby commencing the above-captioned Chapter 9 municipal debt adjustment case (the "Case").

2. The Debtor is unable to obtain any unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Court finds that no source

[1] The last four digits of the Debtor's federal tax identification number are: 1664. The location of the Debtor's principal place of business and the service address for the Debtor is: 1900 Hospital Blvd., Gainesville, TX 76240.

of credit for the Debtor other than that provided by the DIP Loan exists at this time. The extension of credit as provided under the terms and conditions in this Order is necessary to preserve the Debtor's operations in the provision of medical care to residents of Cooke County and neighboring areas and will avoid immediate and irreparable harm to the Debtor.

3. The relief requested in the Motion is necessary, essential, and appropriate for the continued operation of the Debtor's business.

4. Universal Health Services ("UHS") has agreed to lend a maximum amount equal to Seventy-Five Percent (75%) of the sum of (1) the Debtor's accounts receivable that are less than 91 days old at the date of determination and (2) the Debtor's tax revenue due from Cooke County, Texas that is available for hospital operations as of the date of determination, on an interim and final basis (inclusive of amounts advanced on an interim basis), to the Debtors (the "DIP Loan") secured by the DIP Collateral (as defined in the Motion) pursuant to a loan agreement ("DIP Loan Agreement").

5. Allowing the Debtor to enter into the DIP Loan with UHS is in the best interest of the Debtor, the creditors, and the parties-in-interest. The DIP Loan is necessary for the Debtor to have access to sufficient funds to conduct its medical care operations in the ordinary course during the Case.

6. The terms and conditions of the DIP Loan are fair and reasonable and are believed by the Debtor to be the best available under the circumstance.

7. The terms of this Order were negotiated in good faith and at arm's length between the Debtor and UHS.

8. Good cause has been shown for the entry of this Order and authorization for the Debtor to obtain credit from UHS pursuant to the DIP Loan Agreement pending a final hearing

pursuant to Bankruptcy Rule 4001(c)(2). The Debtor's need for financing of the type afforded by the DIP Loan Agreement is immediate and critical. The terms of the financing authorized hereby appear fair and reasonable, reflect the Debtor's exercise of prudent business judgment, and are supported by reasonably equivalent value and fair consideration.

Therefore, it is hereby ORDERED:

9. Subject to the other terms and conditions of this order, the terms and conditions of the DIP Loan Agreement are hereby approved on an interim basis, as follows:

a. **Facility Amount**: A maximum amount equal to Seventy-Five Percent (75%) of the sum of (1) the Borrower's accounts receivable that are less than 91 days old as of the date of determination and (2) the Borrower's tax revenue due from Cooke County, Texas that is available for hospital operations as of the date of determination.

b. **Purpose**: The Debtor will use the borrowings under the DIP Loan to: (i) fund the Debtor's operations until the Lender leases the Hospital and begins operations of the Hospital, all in accordance with the terms and conditions of the DIP Loan Agreement and consistent with the initial estimated budget attached **Exhibit 2** and subsequent budgets as agreed between the parties (the "Budget"); and (ii) pay fees and expenses related to this transaction and the Case. Expenses to be funded by the borrowings are to be approved by the Lender at the Lender's discretion.

c. **Term**: The date of repayment of all sums borrowed by the Debtor under the DIP Loan Agreement will be the effective date of the Hospital's plan of adjustment or dismissal of this Chapter 9 proceeding or the expiration of the Hospital's management agreement, whichever occurs first.

d. **Interest Rate**: The interest rate on the DIP will be: Twelve Percent (12%).

e. **DIP Collateral:** Claims arising under the DIP Facility (the "DIP Claims") shall have priority and shall be secured by liens and collateral as set forth below: (a) pursuant to section 364(c)(1) of the Bankruptcy Code, the DIP Claims will be entitled to super-priority administrative expense status in the Chapter 9 case; (b) pursuant to section 364(c)(2) of the Bankruptcy Code, the DIP Facility will be secured by a first-priority perfected senior lien on (i) all inventory of Borrower; (ii) all depository accounts of Borrower holding the proceeds of accounts receivable; (iii) to the extent permitted by law, equipment; and (iv) all accounts receivable of Borrower, including tax revenue receivables; *but excluding* (A) Avoidance Actions and (B) healthcare receivables to the extent that such receivables cannot be subject to a security interest; (c) pursuant to section 364(c)(3) of the Bankruptcy Code, the DIP Facility will be secured by a perfected junior lien on all property and assets of the Borrower that are subject to valid and

enforceable prior liens; *but excluding* Borrower's real estate; and (d) pursuant to section 364(d)(1) of the Bankruptcy Code, the DIP Facility will be secured by (i) a first priority perfected senior priming lien on the Borrower's non-real estate assets that is senior to and primes any liens securing any prepetition financing arrangement with the Borrower, and (ii) any liens and/or security interests properly perfected and enforceable as of the date of the filing of the Case. The aforementioned provisions shall remain in effect if the Interim Order is entered but the Final Order is not.

f. **Stipulations as to Liens and Security Interests of Lender:** (i) Notwithstanding anything to the contrary herein, the Debtor acknowledges that the security interests and liens of the Lender are valid, perfected, and nonavoidable. (ii) No liens or security interests granted pursuant to this Motion shall prime prior, perfected, liens of any other parties, subject to any rights of the Debtor to avoid such prior lien. (iii) For the sake of clarity, nothing provided herein shall be deemed to authorize or grant to Lender liens in any Chapter 5 avoidance actions.

10. UHS shall have no obligation or responsibility to monitor the Debtor's use of the DIP Loan and may rely on the Debtor's representations that the DIP Loan is used in accordance with the terms of this Order and the Budget.

11. The Debtor is hereby authorized and directed to do and perform all acts and to make, execute, and deliver all instruments and documents which UHS may request to evidence the Debtor's obligations and the Liens (defined herein) as provided herein (the "DIP Loan Documents") and the perfection of such Liens.

12. This Order shall be effective upon its entry by the Court. The Court hereby expressly retains jurisdiction over all persons and entities to enforce the terms of this Order and to adjudicate any and all disputes in connection therewith.

13. Preservation of HHSC and DSHS Rights. (a) Notwithstanding any other provision of this Order to the contrary, the Texas Health and Human Services Commission ("HHSC") and the Texas Department of State Health Services ("DSHS") have reserved (and this Order does not impair or enlarge) any rights of HHSC or DSHS to assert, pursuant to a further application to this Court after notice and an opportunity for a hearing thereon, that the collateral of any secured

creditor should be surcharged pursuant to 11 U.S.C. § 506(c) for costs associated with closure of the Debtor's facility as contemplated by 11 U.S.C. § 503(b)(8); and (b) notwithstanding anything contained herein to the contrary, nothing in this Order shall affect any rights of recoupment by HHSC or any exercise by HHSC thereof, but the Debtor or any subsequently appointed Trustee shall retain the right to exhaust administrative remedies to contest the dollar amount of any recoupment(s) effectuated. For the avoidance of doubt, nothing in this Order shall limit, create or enlarge any recoupment rights of HHSC or any rights or defenses of the Debtor or any other party with respect thereto.

14. Subject to the terms hereof, nothing herein shall be deemed or construed to waive, limit, or modify the rights of any party to seek additional relief in these cases in accordance with any provision of the Bankruptcy Code or applicable law or the rights of any other party to oppose the same.

15. The terms of this Order shall expire upon the entry of a final order after the final hearing on the Motion, unless extended by written agreement of the Debtor and the Lender, a copy of which shall be promptly filed with this Court by the Debtor, or further order of the Court.

16. Based upon the findings set forth in this Order and in accordance with Section 364(e) of the Bankruptcy Code, which is applicable to the postpetition financing arrangements contemplated by this Order, in the event any or all of the provisions of this Order or any other DIP Loan Agreement or related loan documents are hereafter modified, amended, or vacated by a subsequent order of this or any Court, no such modification, amendment, or vacatur shall affect the validity, enforceability, or priority of any Postpetition Lien, or claim authorized or created pursuant to this Order. Notwithstanding any such modification, amendment, or vacatur, any

claim granted by the Lender hereunder or under the Loan Agreement or related loan documents arising prior to the effective date of such modification, amendment, or vacation shall be governed in all respects by the original provisions of this Order and the Loan Agreement or related loan documents, and the Lender, as the case may be, shall be entitled to all of the rights, remedies, privileges, and benefits, including the liens and priorities granted herein and therein, with respect to such claim.

17. Based upon the record presented to the Court, this Order shall constitute findings of fact and conclusions of law and, notwithstanding Bankruptcy Rules 6006(h), 6006(d), 7062, or 9014 or any other Bankruptcy Rule or Rule 62(a) of the Federal Rules of Civil Procedure, shall take effect immediately and be enforceable upon execution hereof.

18. The Debtor shall, on or before the Petition Date, serve by U.S. mail and/or by electronic mail a copy of this Order to (i) parties having been giving notice of the emergency hearing; (ii) any other party that has filed a request for notice with this Court; (iii) counsel for UHS; and (iv) the United States Internal Revenue Service.

19. THE FINAL HEARING ON THE MOTION SHALL BE HELD ON _____, 2017, AT _____ O'CLOCK __.M. IN THE _____DIVISION, AT WHICH TIME THE COURT SHALL DETERMINE WHETHER THE DEBTOR IS ENTITLED TO BORROW UNDER THE REMAINING BALANCE OF THE DIP LOAN UPON THE TERMS PROPOSED IN THE MOTION.

20. On _____, the Debtor shall provide notice of the final hearing on the Motion to the parties specified in paragraph 17. The notice of hearing shall state that any party in interest objection to the DIP Loan Agreement or the terms of the Final Order shall file written objections with the United States Bankruptcy Court Clerk for the Eastern District of Texas,

Sherman Division, no later than 4:00 p.m. (prevailing Central Time) on _____, which objections shall be served so that same are received no later than 4:00 p.m. on such date by counsel for the Debtor and counsel for UHS.

IT IS SO ORDERED.

END OF ORDER

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER,[1]	§	Case No. 17-40101
	§	
	§	Chapter 9
DEBTOR.	§	

FINAL ORDER GRANTING APPROVAL OF AGREEMENT
FOR POSTPETITION SECURED CREDIT AND SCHEDULING FINAL HEARING

Having considered the *Debtor's Emergency Motion for Approval of Agreement for Postpetition Secured Credit*, filed January 17, 2017 ("the Motion"), the *Declaration of Ramin Roufeh in Support of Debtor's Chapter 9 Petition and Other Motions*, and the First Day Motions, the Court finds that: (a) jurisdiction over the matters in the Motion is proper pursuant to 28 U.S.C. §§ 1334 and 157; (b) venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409; (c) proper and adequate notice of the Motion has been provided and no further notice is needed; (d) the relief sought in the Motion is in the best interests of the Debtor, its creditors, and all parties-in-interest; and (e) good and sufficient cause exists for granting the relief requested in the Motion. Accordingly, it is hereby found that:

1. On January 17, 2017 (the "Petition Date"), the Debtor filed a petition for relief under chapter 9 of title 11 of the United States Code (the "Bankruptcy Code"), thereby commencing the above-captioned Chapter 9 municipal debt adjustment case (the "Case").

2. The Debtor is unable to obtain any unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Court finds that no source

[1] The last four digits of the Debtor's federal tax identification number are: 1664. The location of the Debtor's principal place of business and the service address for the Debtor is: 1900 Hospital Blvd., Gainesville, TX 76240.

of credit for the Debtor other than that provided by the DIP Loan (as defined below) exists at this time. The extension of credit as provided under the terms and conditions in this Order is necessary to preserve the Debtor's operations in the provision of medical care to residents of Cooke County and neighboring areas and will avoid immediate and irreparable harm to the Debtor.

3. The relief requested in the Motion is necessary, essential, and appropriate for the continued operation of the Debtor's business.

4. Universal Health Services ("UHS") has agreed to lend a maximum amount up to $3,200,000.00 on a final basis, which falls within the following Borrowing Base parameters: Seventy-Five Percent (75%) of the sum of (1) the Debtor's accounts receivable that are less than 91 days old at the date of determination and (2) the Debtor's tax revenue due from Cooke County, Texas that is available for hospital operations as of the date of determination, on an interim and final basis (inclusive of amounts advanced on an interim basis), to the Debtors (the "DIP Loan") secured by the DIP Collateral (as defined in the Motion) pursuant to a Debtor-in-Possession Loan and Security Agreement ("DIP Loan Agreement"). A true and correct copy of the DIP Loan Agreement is attached hereto as **Exhibit 1** and incorporated herein by reference.

5. Allowing the Debtor to enter into the DIP Loan with UHS is in the best interest of the Debtor, the creditors, and the parties-in-interest. The DIP Loan is necessary for the Debtor to have access to sufficient funds to conduct its medical care operations in the ordinary course during the Case.

6. The terms and conditions of the DIP Loan are fair and reasonable and are believed by the Debtor to be the best available under the circumstance.

7. The terms of this Order were negotiated in good faith and at arm's length between the Debtor and UHS.

8. Good cause has been shown for the entry of this Order and authorization for the Debtor to obtain credit from UHS pursuant to the DIP Loan Agreement. The Debtor's need for financing of the type afforded by the DIP Loan Agreement is immediate and critical. The terms of the financing authorized hereby appear fair and reasonable, reflect the Debtor's exercise of prudent business judgment, and are supported by reasonably equivalent value and fair consideration.

Therefore, it is hereby ORDERED:

9. Subject to the other terms and conditions of this order, the DIP Loan Agreement is hereby approved on a final basis, as follows:

a. **Facility Amount**: A maximum amount equal to Seventy-Five Percent (75%) of the sum of (1) the Borrower's accounts receivable that are less than 91 days old as of the date of determination and (2) the Borrower's tax revenue due from Cooke County, Texas that is available for hospital operations as of the date of determination.

b. **Purpose**: The Debtor will use the borrowings under the DIP Loan to: (i) fund the Debtor's operations until the Lender leases the Hospital and begins operations of the Hospital, all in accordance with the terms and conditions of the DIP Loan Agreement and consistent with the initial estimated budget attached as **Exhibit 2** and subsequent budgets as agreed between the parties (the "Budget"); and (ii) pay fees and expenses related to this transaction and the Case. Expenses to be funded by the borrowings are to be approved by the Lender at the Lender's discretion.

c. **Term**: The date of repayment of all sums borrowed by the Debtor under the DIP Loan Agreement will be the effective date of the Hospital's plan of adjustment or dismissal of this Chapter 9 proceeding or the expiration of the Hospital's management agreement, whichever occurs first, but in no event later than the limitations period provided under applicable non bankruptcy law.

d. **Interest Rate**: The interest rate on the DIP Loan will be: Twelve Percent (12%).

e. **DIP Collateral:** Claims arising under the DIP Facility (the "DIP Claims") shall have priority and shall be secured by liens and collateral as set forth below: (a) pursuant to section 364(c)(1) of the Bankruptcy Code, the DIP Claims will be entitled to super-priority administrative expense status in the Chapter 9 case, except with respect to the proceeds of any avoidance actions under Chapter 5 of

the Bankruptcy Code (including, without limitation any actions brought pursuant to Section 926 of the Bankruptcy Code); (b) pursuant to section 364(c)(2) of the Bankruptcy Code, the DIP Facility will be secured by a first-priority perfected senior lien on (i) all inventory of Borrower; (ii) all depository accounts of Borrower holding the proceeds of accounts receivable; (iii) to the extent permitted by law, equipment; and (iv) all accounts receivable of Borrower, including tax revenue receivables; *but excluding* (A) any avoidance actions under Chapter 5 of the Bankruptcy Code (including, without limitation any actions brought pursuant to Section 926 of the Bankruptcy Code) or any proceeds of such actions; (B) healthcare receivables to the extent that such receivables cannot be subject to a security interest; and (C) tax revenues levied to pay currently or hereafter outstanding tax bonds of the debtor; (c) pursuant to section 364(c)(3) of the Bankruptcy Code, the DIP Facility will be secured by a perfected junior lien on all property and assets of the Borrower that are subject to valid and enforceable prior liens; *but excluding* Borrower's real estate; and (d) pursuant to section 364(d)(1) of the Bankruptcy Code, the DIP Facility will be secured by (i) a first priority perfected senior priming lien on the Borrower's non-real estate assets that is senior to and primes any liens securing any prepetition financing arrangement with the Borrower, and (ii) any liens and/or security interests properly perfected and enforceable as of the date of the filing of the Case.

f. **Stipulations as to Liens and Security Interests of Lender:** (i) Notwithstanding anything to the contrary herein, the Debtor acknowledges that the security interests and liens of the Lender are valid, perfected, and nonavoidable. (ii) No liens or security interests granted pursuant to this Motion shall prime prior, perfected, liens of any other parties, subject to any rights of the Debtor to avoid such prior lien. (iii) For the sake of clarity, nothing provided herein shall be deemed to authorize or grant to Lender liens on or interest in any avoidance actions under Chapter 5 of the Bankruptcy Code (including, without limitation any actions brought pursuant to Section 926 of the Bankruptcy Code) or any proceeds of such actions.

10. UHS shall have no obligation or responsibility to monitor the Debtor's use of the DIP Loan and may rely on the Debtor's representations that the DIP Loan is used in accordance with the terms of this Order and the Budget.

11. The Debtor is hereby authorized and directed to do and perform all acts and to make, execute, and deliver all instruments and documents which UHS may request to evidence the Debtor's obligations and the Liens (defined herein) as provided herein (the "DIP Loan Documents") and the perfection of such Liens.

12. The Debtor shall provide to counsel for the Official Committee of Unsecured Creditors (the "Committee") copies of all budgets, variance reports, financial statements and any other reports as and when required to be provided to the Lender under the DIP Loan Agreement.

13. Any material amendment or modification of the DIP Loan Agreement is subject to approval of the Bankruptcy Court.

14. Any amendments, supplements or modifications to the approved Budget must be consented to in writing by Lender in its sole discretion prior to the implementation thereof and shall not require further notice, hearing, or court order.

15. This Order shall be effective upon its entry by the Court. The Court hereby expressly retains jurisdiction over all persons and entities to enforce the terms of this Order and to adjudicate any and all disputes in connection therewith.

16. Preservation of HHSC and DSHS Rights. (a) Notwithstanding any other provision of this Order to the contrary, the Texas Health and Human Services Commission ("HHSC") and the Texas Department of State Health Services ("DSHS") have reserved (and this Order does not impair or enlarge) any rights of HHSC or DSHS to assert, pursuant to a further application to this Court after notice and an opportunity for a hearing thereon, that the collateral of any secured creditor should be surcharged pursuant to 11 U.S.C. § 506(c) for costs associated with closure of the Debtor's facility as contemplated by 11 U.S.C. § 503(b)(8); and (b) notwithstanding anything contained herein to the contrary, nothing in this Order shall affect any rights of recoupment by HHSC or any exercise by HHSC thereof, but the Debtor or any subsequently appointed Trustee shall retain the right to exhaust administrative remedies to contest the dollar amount of any recoupment(s) effectuated. For the avoidance of doubt, nothing in this Order shall limit, create

or enlarge any recoupment rights of HHSC or any rights or defenses of the Debtor or any other party with respect thereto.

17. Subject to the terms hereof, nothing herein shall be deemed or construed to waive, limit, or modify the rights of any party to seek additional relief in these cases in accordance with any provision of the Bankruptcy Code or applicable law or the rights of any other party to oppose the same.

18. Based upon the findings set forth in this Order and in accordance with Section 364(e) of the Bankruptcy Code, which is applicable to the postpetition financing arrangements contemplated by this Order, in the event any or all of the provisions of this Order or any other DIP Loan Agreement or related loan documents are hereafter modified, amended, or vacated by a subsequent order of this or any Court, no such modification, amendment, or vacatur shall affect the validity, enforceability, or priority of any Postpetition Lien, or claim authorized or created pursuant to this Order. Notwithstanding any such modification, amendment, or vacatur, any claim granted by the Lender hereunder or under the Loan Agreement or related loan documents arising prior to the effective date of such modification, amendment, or vacation shall be governed in all respects by the original provisions of this Order and the Loan Agreement or related loan documents, and the Lender, as the case may be, shall be entitled to all of the rights, remedies, privileges, and benefits, including the liens and priorities granted herein and therein, with respect to such claim.

19. Based upon the record presented to the Court, this Order shall constitute findings of fact and conclusions of law and, notwithstanding Bankruptcy Rules 6006(h), 6006(d), 7062, or 9014 or any other Bankruptcy Rule or Rule 62(a) of the Federal Rules of Civil Procedure, shall take effect immediately and be enforceable upon execution hereof.

20. The Debtor shall serve by U.S. mail and/or by electronic mail a copy of this Order to (i) the Special Service List [Dkt No. 53]; (ii) any other party that has filed a request for notice with this Court; (iii) counsel for UHS; (iv) counsel for the Committee; and (v) the United States Internal Revenue Service.

IT IS SO ORDERED.

Signed on 2/15/2017

Brenda T. Rhoades SR

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1:

DIP Loan Agreement

DEBTOR-IN-POSSESSION LOAN AND SECURITY AGREEMENT

This Debtor-In-Possession Loan and Security Agreement, dated as of February [__], 2017 (this "**Agreement**"), is executed by and between UHS of Delaware, Inc. ("**Lender**"), having an address at 367 South Gulph Road, King of Prussia, PA 19406, and Gainesville Hospital District, d/b/a North Texas Medical Center ("**Borrower**"), having an address at 1900 Hospital Blvd., Gainesville, TX 76240.

WITNESSETH:

WHEREAS, Borrower filed a voluntary petition for relief under chapter 9 of the Bankruptcy Code on January 17, 2017 (the "**Petition Date**") in the United States Bankruptcy Court for the Eastern District of Texas (the "**Bankruptcy Court**");

WHEREAS, Borrower has requested that Lender extend a secured revolving loan facility in an aggregate principal amount of up to $3,200,000 to fund post-petition operating and restructuring expenses incurred by Borrower in connection with the administration and preservation of Borrower's estate in accordance with the Budget (defined below);

WHEREAS, pursuant to the Interim DIP Order (defined below), Lender loaned the sum of $1,103,740.13 to Borrower on an interim basis in accordance with the terms set forth in the Interim DIP Order; and

WHEREAS, Lender is willing to make additional revolving loans available to Borrower on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

Section 1. ***DEFINITIONS***

1.1 Definitions. When used in this Agreement, the capitalized terms set forth below shall have the definitions assigned to such terms below:

"ACH" means automated clearing house.

"Accounts" means all accounts, including, without limitation, all health care receivables, all governmental health care receivables, and health care insurance receivables, and all other forms of obligations owing to Borrower, whether billed or unbilled, arising out of the provision of services or the sale, lease, license, or assignment of goods or other property, including all receivables, and all proceeds of the foregoing.

"Account Debtor" means a Person who is obligated on an Account.

"Advance" means any advance of a Loan by Lender to Borrower under this Agreement.

"Advance Request" means a written request by Borrower for an Advance signed by an Authorized Representative in the form of **Exhibit A**, which may be updated from time to time by Lender.

"Affiliate" of a Person means another Person which, directly or indirectly, controls, is controlled by, or is under common control with, such former Person, including without limitation any subsidiary of Borrower. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other interests, by contract or otherwise.

"Agreement" shall have the meaning provided in the preamble hereto.

"Authorized Representative" means any officer or employee of Borrower designated by Borrower for purposes of giving and receiving notices hereunder, requesting and repaying Loans and otherwise transacting business with Lender hereunder.

"Bankruptcy Case" means *In re Gainesville Hospital District d/b/a North Texas Medical Center,* U.S. Bankruptcy Court, Eastern District of Texas, Case Number 17-40101.

"Bankruptcy Code" means 11 U.S.C. § 101-1532, as applicable to the Bankruptcy Case.

"Bankruptcy Court" shall have the meaning provided in the recitals hereto.

"Base Rate" means a per annum rate of interest of 12.00%.

"Benefit Plan" means a defined benefit plan as defined in Section 3(35) of ERISA (other than a Multiemployer Plan) in respect of which a Person or any Related Company is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA, including such plans as may be established after the date hereof.

"Borrower" shall have the meaning provided in the preamble hereto.

"Borrowing Base" means, as of any date, the amount determined by Borrower equal to 75% of the sum of (a) Borrower's Eligible Accounts, *plus* (b) Borrower's tax revenue due from Cooke County that is available for hospital operations as of the date of determination; provided, that the Borrowing Base shall be deemed to equal $750,000 until entry of the Final DIP Order.

"Borrowing Base Certificate" means a certificate calculating the Borrowing Base in the form attached hereto as **Exhibit B**.

"Budget" means that certain weekly line item budget covering the period of at least 13 calendar weeks following the Petition Date, approved by Lender in its reasonable discretion and as updated from time to time pursuant to Section 9.2(b).

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of Texas or is a day on which banking institutions located in such state are closed.

"Capital Expenditures" means, with respect to any Person, expenditures made and liabilities incurred for the acquisition of assets, whether financed or unfinanced, which are required to be capitalized in accordance with GAAP, including (without limitation) expenditures incurred in connection with any lease that is required to be capitalized in accordance with GAAP.

"Chapter 9 Plan" means a plan of reorganization pursuant to the Bankruptcy Code.

"Closing Date" (or "Closing") means the date (or day) on which each of the conditions set forth in Section 5.1 are satisfied.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means and includes all of Borrower's now owned or hereafter acquired assets, whether tangible or intangible, including without limitation all of Borrower's right, title, and interest in and to each of the following, wherever located and whether now existing or hereafter arising or acquired, including, without limitation, all of the following:

(a) all Accounts, including tax revenue receivables;

(b) all inventory;

(c) to the extent permitted by applicable law, all equipment;

(d) all Deposit Accounts holding the proceeds of Accounts constituting Collateral; and

(e) all cash and non-cash proceeds of the foregoing in whatever form;

provided, that Excluded Property shall not constitute Collateral.

"Default" means any of the events specified in Section 11.1 that, with the passage of time or giving of notice or both, would constitute an Event of Default.

"Deposit Account" means any demand, Lockbox, time, savings, passbook, or similar account now or hereafter maintained by or for the benefit of Borrower, with an organization that is engaged in the business of banking (including, without limitation, banks, savings banks, savings and loan associations, credit unions, and trust companies), and all funds and amounts therein, whether or not restricted or designated for a particular purpose, including without limitation, all "deposit accounts" as defined in the UCC.

"DIP Financing Orders" means the Interim DIP Order and the Final DIP Order.

"Dollar" and "$" means freely transferable United States dollars.

"Eligible Accounts" shall mean all Accounts of Borrower other than Accounts (a) which are not subject to a first priority perfected security interest in favor of Lender or (b) which remain unpaid more than 90 days after the date of the original invoice therefor.

"Environmental Laws" means all federal, state, local, and foreign laws now or hereafter in effect relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic, or hazardous substances or wastes or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, removal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic, or hazardous substances or wastes, and any and all regulations, notices, or demand letters issued, entered, promulgated, or approved thereunder.

"ERISA" means the Employee Retirement Income Security Act of 1974, as in effect from time to time, and any successor statute, and any rule or regulation issued thereunder.

"Event of Default" means any of the events specified in Section 11.1.

"Excluded Property" shall have the meaning provided in Section 7.1.

"Expenses and Fees" means all reasonable and documented out-of-pocket expenses and fees invoiced by Lender that arise out of or under this Agreement and the Loans including, without limitation, (i) the reasonable fees and expenses of outside counsel in connection with the negotiation, preparation, execution, delivery, amendment, enforcement, and termination of this Agreement and each of the other Loan Documents, (ii) the out-of-pocket costs and expenses incurred in connection with the administration and interpretation of this Agreement and the other Loan Documents, (iii) the costs and expenses of lien searches, and of perfecting Lender's security interest in the Collateral, and (iv) costs and expenses paid or incurred to obtain payment of the Obligations, enforce the security interest of Lender, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of the Loan Documents, or to prosecute or defend any claim in any way arising out of, related to, or connected with, this Agreement or any of the Loan Documents.

"Facility Limit" means $3,200,000.

"Final DIP Order" means an order of the Bankruptcy Court authorizing and approving this Agreement pursuant to Section 364(c) and (d), among others, of the Bankruptcy Code and Bankruptcy Rule 4001 and providing other relief, in form and substance satisfactory to Lender, and, among other things, finding that Lender is extending credit to Borrower in good faith pursuant to Section 364(e) of the Bankruptcy Code and waiving the provisions of Section 506(c) of the Bankruptcy Code, which order shall not have been (a) vacated, reversed, or stayed, or (b) amended or modified, except as otherwise agreed to in writing by Lender.

"Final Order" means an order or judgment in the Bankruptcy Case entered by the clerk of the Bankruptcy Court, which has not been reversed, vacated or stayed and as to which (i) the time to appeal, petition for certiorari, or other reargument, or rehearing has expired, and as to which no appeal, petition for certiorari, new trial, re-argument, or rehearing thereof has been sought, or (ii) such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Federal Rules of Bankruptcy Procedure, may be filed relating to such order shall not cause such order to not be a Final Order.

"GAAP" means generally accepted accounting principles and practices consistently applied.

"Health Care Law" means any and all federal, state, and local laws and regulations governing (i) the manufacture, testing, distribution, possession, assembly, repackaging, sale, administration, or dispensing of health care or medical devices, equipment or supplies, products, biologicals, drugs, or goods, or (ii) the rendering, provision, delivery, or supply of health care services, or (iii) the ownership or operation of a health care facility or business, or assets used in connection therewith, or (iv) the billing or submission of claims, or the collection, deposit, control or handling of accounts receivable (including governmental healthcare receivables), the handling of Protected Health Information, and underwriting the cost of, or provision of management or administrative services in connection with any and all of the foregoing, by Borrower and its subsidiaries, including, but not limited to, laws and regulations under HIPAA and the Privacy Rule, and laws and regulations relating to practice of medicine and other health care professions, professional fee splitting, tax-exempt organization and charitable trust law applicable to health care organizations, certificates of need, certificates of operations and authority, fraud and abuse, kickbacks and rebates, false claims, physician self-referral arrangements, fraudulent billing practices, payment under the Medicare and Medicaid programs, and the federal Food, Drug & Cosmetic Act.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191 and any revisions and amendments.

"Indebtedness" means, without duplication, (a) all obligations for Money Borrowed or for the deferred purchase price of property or services or in respect of reimbursement obligations under letters of credit, (b) all obligations represented by bonds, debentures, notes, and accepted drafts that represent extensions of credit, (c) Capital Expenditures, (d) all obligations (including, during the noncancellable term of any lease in the nature of a title retention agreement, all future payment obligations under such lease discounted to their present value in accordance with GAAP) secured by any Lien to which any property or asset owned or held by a Person is subject, whether or not the obligation secured thereby shall have been assumed by such Person, (e) all obligations of other Persons which such Person has guaranteed, including, but not limited to, all obligations of such Person consisting of recourse liability with respect to Accounts sold or otherwise disposed of by such Person, and (f) the Loans.

"Interest Rate" means the Base Rate.

"Interim DIP Order" means that certain Interim Order Granting Approval of Agreement for Postpetition Secured Credit and Schedule Final Hearing entered by the Bankruptcy Court on January [__], 2017 in the Bankruptcy Case.

"Lender" shall have the meaning provided in the preamble hereto.

"Lender's Office" means the office of Lender designated as Lender's address for notices in Section 12.1(b), or such other office as Lender may designate from time to time.

"Lien" means, with respect to any Person, any security interest, chattel mortgage, charge, mortgage, deed to secure any debt, deed of trust, lien, pledge, conditional sale or other title retention agreement, or other security interest or encumbrance of any kind in respect of any property of such Person or upon the income or profits therefrom.

"Loan" or "Loans" means all loans made to Borrower by Lender pursuant to Section 2.1 of this Agreement.

"Loan Documents" means, collectively, this Agreement, each agreement or document now or hereafter executed and delivered by any Person to evidence or secure the Obligations, and each other instrument, agreement, and document now or hereafter executed and delivered in connection with this Agreement or the Loans.

"Material Adverse Change" means any act, omission, event, or undertaking which would, singly or in the aggregate, have a materially adverse effect upon (a) the business, assets, properties, liabilities, condition (financial or otherwise) or results of operations of Borrower, (b) Borrower's prospect of fully and completely paying or performing all of its Obligations to Lender under the Loan Documents, (c) the ability of Borrower or any of its subsidiaries to perform any obligations under this Agreement or any other Loan Document to which it is a party, or (d) the legality, validity, binding effect, enforceability, or admissibility into evidence of any Loan Document or the ability of Lender to enforce any rights or remedies under or in connection with any Loan Document.

"Maximum Rate" means the maximum nonusurious interest rate, if any, that at any time, or from time to time, may be contracted for, taken, reserved, charged, or received on the Loans under the laws which are presently in effect of the United States and the State of Texas applicable to Lender and such indebtedness or, to the extent permitted by law, under such applicable laws of the United States and the State of Texas (or if applicable, the laws of any other state) which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow, but in no event greater than the rate permitted under Texas law.

"Money Borrowed" means Indebtedness (i) that is represented by notes payable, drafts accepted, bonds, debentures, or similar instruments that represent extensions of credit, (ii) upon which interest charges are customarily paid (other than trade Indebtedness), (iii) that was issued or assumed as full or partial payment for property, or (iv) that is evidenced by a guarantee (but only if the obligations guaranteed would otherwise qualify as Money Borrowed).

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which Borrower or a Related Company is required to contribute or has contributed within the immediately preceding six (6) years.

"Obligations" shall mean (i) all Loans made by Lender to Borrower pursuant to this Agreement or otherwise, and interest thereon; (ii) all future advances or other value, of whatever class or for whatever purpose, at any time hereafter made or given by Lender to Borrower, whether or not the advances or value are given pursuant to a commitment and whether or not Borrower is indebted to Lender at the time of such advance; (iii) all costs, fees, and expenses payable by Borrower to Lender pursuant to any of the Loan Documents; and (iv) any amounts recouped under the Medicare or Medicaid programs from the Effective Date to the Termination Date to the extent funded directly or indirectly by Lender.

"Operating Account" means the Deposit Account designated by Borrower for the deposit of Advances.

"Owner Distributions" means Borrower's payments to Borrower's shareholders or members for profits, bonuses, and any other payment or distributions to Borrower's shareholders or members.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor agency.

"Permitted Indebtedness" means the sum of (i) Indebtedness incurred prior to the Petition Date, *plus* (ii) ordinary course business and trade debt incurred in the normal course of Borrower's business none of which shall be past due, *plus* (iii) the Obligations; *and plus* (iv) any and all future bond indebtedness (including tax bond indebtedness) approved by the Bankruptcy Court.

"Permitted Liens" means: (a) all Liens existing on the Petition Date, (b) Liens securing taxes, assessments, and other governmental charges or levies, or the claims of materialmen, mechanics, carriers, warehousemen, or landlords for labor, materials, supplies, or rentals incurred in the ordinary course of business, and (c) Liens in favor of Lender.

"Person" means an individual, corporation, limited liability company, partnership, joint venture, association, trust, or unincorporated organization or a government or any agency or political subdivision thereof.

"Petition Date" shall have the meaning provided in the recitals hereto.

"Privacy Rule" means 45 CFR Part 160 and Part 164, Subparts A and E, which implement certain provisions of HIPAA and any revision, amendments, or updates.

"Protected Health Information" means protected health information subject to the HIPAA Privacy Rule.

"Related Company" means, as to any Person, any (a) corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as such Person, (b) partnership or other trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with such Person, or (c) member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as such Person or any corporation described in clause (a) above or any partnership, trade, or business described in clause (b) above.

"Requirements of Law" means, any and all laws, regulations, codes, or ordinances applicable to any Person, or any Person's assets, including, without limitation, the Securities Act, the Securities Exchange Act, Regulations T, U, and X of the Federal Reserve Board, ERISA, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, Americans with Disabilities Act of 1990, the Social Security Act, Environmental Laws, Health Care Law, and any certificate of occupancy, zoning ordinance, building, environmental, or land use requirement or permit, or any other environmental, labor, employment, occupational safety, or health law, rule, or regulation.

"Schedule of Accounts" means a schedule of Accounts delivered by Borrower to Lender in a form reasonably acceptable to Lender that shall contain account balance and aging information listed by Account Debtor name and any other information concerning Borrower's Accounts as Lender may reasonably request from time to time.

"Termination Date" means the earliest to occur of: (a) January [__], 2018, the date that is one year after the initial Advance made pursuant to the Interim DIP Order, (b) the termination of the Management Agreement between Borrower and Lender, except in connection with the execution by Borrower of a lease agreement with Lender or its Affiliates, (c) closing of a sale of all or substantially all the assets of the Borrower in the Bankruptcy Case, (d) the effective date of a plan of adjustment of Borrower that has been confirmed pursuant to an order entered by the Bankruptcy Court and (e) a dismissal of the Bankruptcy Case.

"Termination Event" means (a) a "Reportable Event" as defined in Section 4043 of ERISA, but excluding any such event as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event, provided however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code, (b) the filing of a notice of intent to terminate a Benefit Plan or the treatment of a Benefit Plan amendment as a termination under Section 4041 of ERISA, or (c) the institution of proceedings to terminate a Benefit Plan by the PBGC under Section 4042 of ERISA or the appointment of a trustee to administer any Benefit Plan.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of Texas, including, without limitation, any amendments thereto which are effective after the date hereof.

"Unfunded Vested Liabilities" shall mean the amount (if any) by which (i) the actuarial present value of accumulated benefits under a Benefit Plan which are vested exceeds (ii) such Benefit Plan's net assets available for benefits (all as determined in connection with the filing of the Borrower's most recent Annual Report on Form 5500) but only to the extent such excess would, if such Benefit Plan were to terminate as of such date, represent a liability of the Borrower or any ERISA Affiliate to the PBGC under Title IV of ERISA. In each case the foregoing determination shall be made as of the most recent date prior to the filing of said Annual Report as of which such actuarial present value of accumulated Plan benefits is determined.

"Variance Report" shall mean a variance report showing actual cash receipts and actual expenditures for each line item in the Budget covering each of the immediately preceding four calendar weeks, and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Budget

for such line item during each such week. The Variance Report shall include an explanation as to any variance identified in such report in accordance with the foregoing that varies by more than 15% from the budgeted amount.

1.2 UCC Terms. Terms defined in the UCC (such as, but not limited to, accounts, deposit account, equipment, inventory, and proceeds), as and when used (without being capitalized) in this Agreement, shall have the meanings given to such terms in the UCC.

1.3 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all financial statements and all other certificates and reports as to any financial matters required to be furnished to the Lender hereunder shall be prepared in accordance with GAAP applied on a consistent basis.

Section 2. ***REVOLVING CREDIT FACILITY***

2.1 Loan. Subject to the terms and conditions of this Agreement, prior to the Termination Date, Lender will make Advances to Borrower in an amount not to exceed outstanding at any time the lesser of (a) the Facility Limit, and (b) the Borrowing Base then in effect. Borrower may borrow, repay, and reborrow the principal of the Loan in accordance with the terms of this Agreement.

2.2 Advances under the Loan. Borrower may request an Advance under the Loan by making an Advance Request. Advances made available by Lender will be deposited by wire transfer into Borrower's Operating Account. Advances will be made available by Lender no earlier than the first business day following the day an Advance Request is received by Lender.

2.3 Repayment of the Loan. Unless accelerated in accordance with the terms hereof, the outstanding principal amount of, and all accrued and unpaid interest on, the Loan, together with all other unpaid Obligations, shall be due and payable, without demand, on the Termination Date.

2.4 Disbursement of Loans. Borrower hereby irrevocably authorizes Lender to disburse the proceeds of Loans requested, or deemed to be requested, pursuant to this Section 2 as follows: (a) each Advance requested shall be disbursed by the Lender in lawful money of the United States of America in immediately available funds, (b) in the case of the initial Advance, in accordance with the written instructions from Borrower to Lender, and (c) in the case of each subsequent Advance, to a Deposit Account designated in writing by Borrower to Lender.

2.5 Authorized Representatives. Borrower shall act hereunder through the Authorized Representatives designated from time to time by Borrower, and all notices and requests to be given and received by Borrower, including requests for Loans, shall be given by and directed to such Authorized Representatives. Lender may rely on the authority or apparent authority of any officer or employee of Borrower whom Lender in good faith believes to be an Authorized Representative unless Borrower expressly notifies Lender that such officer or employee has been terminated or is otherwise no longer an Authorized Representative.

Section 3. ***GENERAL LOAN PROVISIONS; FEES AND EXPENSES***

3.1 Interest.

(a) Loans. Borrower shall pay interest on the unpaid principal amount of the Obligations at a rate per annum equal to the Base Rate payable on the Termination Date.

(b) Computation of Interest. Interest shall be computed on the basis of a year of 360 days and the actual number of days elapsed.

3.2 Expenses and Fees. All Expenses and Fees shall be paid by Borrower on the Termination Date.

3.3 Manner of Payment.

(a) Timing. Each payment by Borrower on account of the principal of or interest on the Loans or of any fee or other amount payable to Lender shall be made not later than 12:00 p.m. (Central Time) on the

applicable due date (or if such day is not a business day, the next succeeding business day, *provided* that interest shall continue to accrue until such payment is made). All payments shall be made to Lender at Lender's Office or by wire transfer to an account designated by Lender in Dollars in immediately available funds, and shall be made without any setoff, counterclaim, or deduction whatsoever.

3.4 Evidence of Indebtedness.

(a) Lender shall maintain accounts in which it will record (i) the amount of each Loan extended hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to Lender hereunder, and (iii) the amount of any sum received by Lender hereunder from Borrower.

(b) The entries in the accounts maintained pursuant to subsection (a) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded, *provided, however*, that the failure of the Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrower to repay the Obligations in accordance with their terms.

3.5 Application of Payments. Lender may, in its discretion, apply payments as follows:

(a) first, to all fees and costs incurred by Lender for which Borrower is responsible to reimburse Lender under this Agreement or any of the Loan Documents;

(b) second, to any accrued but unpaid interest on the Loan;

(c) third, to the outstanding principal balance due on the Loan; and

(d) last, to any other amounts due Lender under this Agreement or any other agreement between Lender and Borrower.

3.6 Maximum Interest. Borrower and Lender intend to strictly comply with any applicable usury laws. Accordingly, in no event shall Borrower be obligated to pay, or Lender have any right or privilege to reserve, receive, or retain, any interest in excess of the Maximum Rate. On each day, if any, that the interest rate charged under this Agreement (the "Stated Rate") exceeds the Maximum Rate, the rate at which interest shall accrue shall automatically be fixed by operation of this sentence at the Maximum Rate for that day, and shall remain fixed at the Maximum Rate for each day thereafter until the total amount of interest accrued equals the total amount of interest which would have accrued if there were no such ceiling rate as is imposed by this sentence but in no event beyond the Termination Date. Thereafter, interest shall accrue at the Stated Rate unless and until the Stated Rate again exceeds the Maximum Rate when the provisions of the immediately preceding sentence shall again automatically operate to limit the interest accrual rate.

Section 4. ***USE OF PROCEEDS***

4.1 Use of Proceeds. Borrower will use the proceeds of the Loans only for the purposes specified in the recitals to this Agreement and in compliance with the Budget (subject to the variance permitted under Section 8.7).

Section 5. ***CONDITIONS PRECEDENT***

5.1 Conditions Precedent. The provisions of this Agreement, including the commitment of Lender to make Advances, shall not be effective until all of the following have been fully performed or satisfied to Lender's satisfaction as determined in its sole discretion:

(a) Borrower shall have executed and delivered to Lender this Agreement;

(b) Lender shall have received from Borrower the initial Budget, in form and substance reasonably satisfactory to Lender;

(c) Borrower shall have submitted certificates executed by the Secretary of Borrower certifying (i) the names and signatures of the officers of such Person authorized to execute Loan Documents, (ii) the resolutions duly adopted by the Board of Directors of Borrower authorizing the execution of this Agreement and the other Loan Documents, as appropriate, and (iii) correctness and completeness of the copy of the bylaws, articles or operating agreement;

(d) Borrower shall have submitted a certificate regarding the due formation, valid existence, and good standing of Borrower in Texas issued by the appropriate governmental authorities and copies of its organizational documents certified by such authorities;

(e) the Bankruptcy Court shall have issued the Interim DIP Order; and

(f) no Default or Event of Default shall have occurred.

5.2 Conditions to Subsequent Advances. The obligation of Lender to make any Advance in addition to the initial Advances is subject to the following conditions precedent:

(a) Borrowing Base Certificate. Lender shall have timely received from Borrower each Borrowing Base Certificate required to have been delivered pursuant to the terms hereof prior to the date of the requested Advance.

(b) Representations and Warranties. The representations and warranties contained in each of the Loan Documents shall be true and correct in all material respects with the same force and effect as though made on and as of such date.

(c) Defaults and Events of Default. No Default or Event of Default shall have occurred and be continuing.

(d) Legal Restriction. The Advance shall not be prohibited by any law or regulation or any order of any court or governmental agency or authority.

Section 6. ***REPRESENTATIONS AND WARRANTIES OF BORROWER***

6.1 Representations and Warranties. Borrower represents and warrants to Lender as follows:

(a) Organization; Power; Qualification. Borrower is duly organized, validly existing, and in good standing under the laws of the State of Texas and is authorized to do business in the State of Texas.

(b) Authorization; Enforceability. Borrower has the power and authority to, and is duly authorized to, execute and deliver the Loan Documents to be executed by Borrower. All of the Loan Documents to which Borrower is a party constitute the legal, valid, and binding obligations of Borrower, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, or similar laws of general application relating to the enforcement of creditors' rights generally.

(c) Conflicts. Neither the execution and delivery of the Loan Documents, nor consummation of any of the transactions therein contemplated nor compliance with the terms and provisions thereof, will contravene any provision of law or any judgment, decree, license, order, or permit applicable to Borrower or will conflict with, or will result in any breach of, any agreement to which Borrower is a party or by which Borrower may be bound or subject, or violate any provision of the organizational documents of Borrower.

(d) Consents, Governmental Approvals, Etc. No governmental approval nor any consent or approval of any third Person (other than those which have been obtained prior to the date hereof) is required in connection with the execution, delivery, and performance by Borrower of the Loan Documents. Borrower is in compliance with all applicable governmental approvals and all applicable laws.

(e) Title; Liens. Except for Permitted Liens, all of the owned properties and assets of Borrower are free and clear of all Liens, and Borrower has good and marketable title to such properties and assets.

Each Lien granted, or intended to be granted, to Lender pursuant to the Loan Documents is a valid, enforceable, perfected, first priority Lien and security interest.

(f) Litigation, Suits, Actions, Etc. Other than the Bankruptcy Case, no litigation, arbitration, governmental investigation, proceeding, or inquiry is pending or, to the knowledge of Borrower, threatened against Borrower or that could affect any of the Collateral.

(g) Tax Returns and Payments. All tax returns required to be filed by Borrower in any jurisdiction have been filed and all taxes (including property taxes) have been paid prior to the time that such taxes could give rise to any lien.

(h) ERISA. (i) no Reportable Event (as defined in ERISA) has occurred and is continuing with respect to any Benefit Plan, and (ii) the PBGC has not instituted proceedings to terminate any Benefit Plan. Borrower has satisfied the minimum funding standards under ERISA with respect to its Benefit Plans and is in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and has not incurred any liability to the PBGC or a Benefit Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

(i) Health Care Matters.

(i) Compliance With Laws. Without limiting the generality of any other provision of this Agreement, Borrower is in material compliance with all applicable Health Care Laws, except where non-compliance would not reasonably be expected to cause a Material Adverse Change.

(ii) Audits and Investigations. Borrower is not currently subject to any federal, state, local governmental or private payor civil or criminal investigations, inquiries or audits involving and/or related to the operation of Borrower's facilities or its compliance with Healthcare Laws, nor to its knowledge, is Borrower currently subject to any federal, state or private payor inquiry, investigation, inspection or audit regarding its activities, including, without limitation, an inquiry or investigation of any Person having "ownership, financial or control interest" in Borrower (as that phrase is defined in 42 C.F.R. §420.201 et seq.) involving compliance with Health Care Laws, in either case except where such inquiry, investigation, inspection or audit is conducted in the normal course of business and is reasonably not expected to result in a finding of material non-compliance.

(iii) HIPAA. Borrower has undertaken any reviews, analyses and/or assessments (including any necessary risk assessments) of all areas of its business and operations required by HIPAA and/or that could be materially adversely affected by the failure of Borrower to be in material compliance with HIPAA.

(iv) Reports. Borrower has timely filed or caused to be timely filed all cost reports required by any applicable Health Care Law or any material contract to which Borrower is a party with respect to Borrower's business operations or Borrower's facilities.

(v) Reimbursements. Borrower has such participation agreements, permits, licenses, certificates and other approvals or authorizations of Governmental Authorities as are necessary under any applicable Health Care Law to receive reimbursement under Medicare and Medicaid. Borrower has all Medicare and Medicaid billing number(s) and related documentation necessary to submit reimbursement claims to Medicare and/or Medicaid for any healthcare good or service furnished by Borrower in any jurisdiction where Borrower conducts business. Borrower is not currently subject to suspension, revocation or denial of its Medicare and/or Medicaid certification, billing number(s), or Medicare and/or Medicaid participation agreement(s), or of any other governmental or private third party payor participation agreement.

(vi) Patient Records. All of Borrower's patient or resident records are maintained in accordance with any applicable Health Care Law in all material respects.

(vii) Patient Abuse. There have been no charges of patient abuse or licensing violations involving Borrower or a facility operated by Borrower that (i) have been determined to be substantiated by any governmental authority within the past twelve (12) months or (ii) are currently pending or threatened, which in either case would reasonably be likely to have or create a Material Adverse Change.

(j) Defaults. No Default or Event of Default has occurred and is continuing.

(k) Borrowing Base Reports. All Accounts included in any Borrowing Base Certificate constitute Eligible Accounts, except as disclosed in such Borrowing Base Certificate.

Section 7. ***SECURITY INTEREST AND COLLATERAL COVENANTS***

7.1 Security Interest. To secure the payment and performance of the Obligations, Borrower hereby grants to Lender a security interest and Lien in and upon all of the Collateral.

Notwithstanding anything herein to the contrary, in no event shall the term "Collateral" include, and the security interest granted hereunder shall not attach to: (i) any avoidance actions under Chapter 5 of the Bankruptcy Code (including, without limitation, any actions brought pursuant to Section 926 of the Bankruptcy Code) or any proceeds of such actions; (ii) any interest in any real property of Borrower; (iii) any healthcare receivables to the extent that such receivables cannot be subject to a security interest under applicable law; and (iv) tax revenues levied to pay currently or hereafter outstanding tax bonds of Borrower (collectively, the **"Excluded Property"**).

7.2 Collection of Accounts.

(a) If Borrower receives any monies, checks, notes, drafts, and other payments relating to or constituting proceeds of Accounts, Borrower shall immediately deposit all such items in kind in the appropriate Deposit Account, fully endorsed. Borrower shall advise each Account Debtor that remits amounts payable on the Accounts or any other Person that remits amounts to Borrower in respect of any of the Collateral by wire transfer or ACH to make such remittances directly to the Deposit Account.

(b) Borrower shall cause all moneys, checks, notes, drafts, and other payments relating to or constituting proceeds of Accounts, or of any other Collateral, to be forwarded to a Deposit Account for deposit.

(c) Nothing herein shall be deemed to restrict the rights of the State of Texas or the United States Department of Health & Human Services as to Medicare or Medicaid receivables.

Section 8. ***AFFIRMATIVE COVENANTS***

So long as this Agreement shall be in effect or any of the Obligations shall be outstanding, Borrower covenants and agrees as follows:

8.1 Preservation of Existence. Borrower shall preserve and maintain its existence.

8.2 Compliance with Requirements of Law. Borrower shall continuously comply with all material Requirements of Law.

8.3 Conduct of Business. Borrower shall engage only in substantially the same businesses conducted by Borrower on the date hereof.

8.4 Accounting Methods and Financial Records. Borrower shall maintain a system of accounting, and keep such books, records and accounts (which shall be true and complete), as may be required or as may be necessary to permit the preparation of financial statements in accordance with GAAP consistently applied.

8.5 Use of Proceeds. Borrower shall use the proceeds of the Loan only in accordance with Section 4.

8.6 Hazardous Waste and Substances; Environmental Requirements. Borrower shall comply with all material occupational health and safety laws and Environmental Laws.

8.7 Compliance with Budget. Borrower shall cause Borrower's total expenditures for the four week period listed in each Variance Report not to exceed 115% of the amount of total expenditures for such four week period as set forth in the Budget; provided, that in determining compliance with this Section 8.7, any amounts listed in the Budget that are unused in any one week may be carried over and used in any subsequent week, on a line item basis.

8.8 Insurance. Borrower shall keep or cause to be kept adequately insured by financially sound and reputable insurers all of its property usually insured by Persons engaged in the same or similar businesses. Without limiting the foregoing, Borrower shall insure the Collateral of Borrower against loss or damage by fire, theft, burglary, pilferage, loss in transit, business interruption, and such other hazards as usual and customary in Borrower's industry or as Lender may specify in amounts and under policies by insurers acceptable to Lender, and all premiums thereon shall be paid by Borrower and copies of the policies delivered to Lender.

8.9 Notice of Certain Matters. Borrower shall promptly provide to Lender written notice of any of the following:

(a) the commencement against Borrower of any audit, investigation, judicial or administrative proceeding, or any criminal or civil investigation initiated, claim filed, or disclosure required of Borrower by the Office of Inspector General, the Department of Justice, Center for Medicare and Medicaid Services (CMS) (formerly HCFA), or any other governmental authority, or any claim filed under the False Claims Act or any other Requirement of Law;

(b) any amendment of any of the organizational documents of Borrower;

(c) any change in the executive officers of Borrower;

(d) copies of all material reports and statements that Borrower receives from any governmental authority;

(e) any event of default by Borrower under any material agreement (other than this Agreement) to which Borrower is a party; and

(f) the occurrence of any other event which could reasonably be expected to result in a Material Adverse Change.

8.10 Bankruptcy Case. Borrower shall continuously abide by the DIP Financing Orders, timely file all documents required of Borrower in the Bankruptcy Case, and otherwise be in compliance with all orders respecting Borrower in the Bankruptcy Case.

8.11 Chapter 9 Plan. Borrower shall not propose any Chapter 9 Plan that does not provide for the payment in full of all the Obligations.

Section 9. ***FINANCIAL AND COLLATERAL REPORTING***

So long as this Agreement shall be in effect or any of the Obligations shall be outstanding, Borrower covenants and agrees as follows:

9.1 Financial Statements.

(a) Monthly Financial Statements. As soon as available, but in any event within twenty-five (25) days after the end of each month, Borrower shall furnish to Lender copies of the unaudited consolidated balance sheet of Borrower and its subsidiaries as of the end of such month and the related unaudited consolidated income statement and statement of cash flow of Borrower and its subsidiaries for such month and for the portion of the fiscal year of Borrower through such month, certified by the Chief Financial Officer of Borrower as presenting fairly

the financial condition and results of operations of Borrower and its subsidiaries as of the date thereof and for the periods ended on such date, subject to normal year-end adjustments. All such financial statements shall be complete and correct in all material respects and shall be prepared in accordance with GAAP (except for the omission of footnotes) applied consistently throughout the periods reflected therein. Further, all such financial statements shall be prepared in good faith and presented in a form acceptable to Lender.

(d) Bankruptcy Case Financial Documents. Borrower shall provide Lender with a copy of any financial report or financial document filed by Borrower in the Bankruptcy Case contemporaneously with such filing in the Bankruptcy Case.

(e) Information Required Pursuant to DIP Financing Orders. Borrower shall comply with the accounting and information requirements set forth in the DIP Financing Orders.

9.2 Borrowing Base Certificate; Budget and Other Reports.

(a) Borrowing Base Certificate. On Friday of each week (or if such Friday is not a Business Day, the following Business Day), Borrower shall furnish to Lender a Borrowing Base Certificate, along with supporting documentation, based on the amounts known as of the close of business on the immediately preceding Thursday.

(b) Budget. On the first Friday of each month (or if such Friday is not a Business Day, the following Business Day), commencing on the first such date following the date of this Agreement, Borrower shall deliver an updated, "rolling" 13-week cash flow projection for the period commencing from the end of the previous week through and including thirteen weeks thereafter (each, a "Proposed Budget"), which shall reflect the Borrower's good faith projections, reflect reversal of any timing variances set forth in any Variance Report, include a description of changes from the previously approved Proposed Budget and be in form and detail consistent with the initial Budget. Lender shall have two (2) Business Days following receipt of each Proposed Budget to approve or reject such Proposed Budget upon written notice to Borrower; provided, that any portion of a Proposed Budget that relates to periods covered by a previously approved Proposed Budget shall automatically be deemed approved to the extent that no changes have been made to the Proposed Budget for such periods; provided, further, that, for the avoidance of doubt, Borrower and Lender may nonetheless mutually agree to modify line items in a Proposed Budget for weeks that have been previously approved by Lender. Upon receipt of a notice of rejection, Borrower shall, within one (1) Business Day of receipt of such notice, engage in good faith negotiations with Lender in order to develop a Proposed Budget that is acceptable to Lender in its reasonable discretion (such revised Proposed Budget to be submitted within five (5) Business Days of Borrower's receipt of a notice of rejection).

(c) Variance Report. On the first Friday of each month (or if such Friday is not a Business Day, the following Business Day), commencing on the first such date following the date of this Agreement, Borrower shall deliver deliver to Lender a Variance Report.

(d) Other Information. Borrower shall furnish to Lender such other additional information as Lender may reasonably from time to time request.

Section 10. ***NEGATIVE COVENANTS***

So long as this Agreement shall be in effect or any of the Obligations shall be outstanding, Borrower covenants and agrees as follows:

10.1 Indebtedness. Borrower shall not, directly or indirectly, create, assume, or otherwise become or remain obligated in respect of, or permit or suffer to exist or to be created, assumed, or incurred or to be outstanding, any Indebtedness, except for Permitted Indebtedness.

10.2 Liens. Borrower shall not, directly or indirectly, create, assume, or permit or suffer to exist or to be created or assumed any Lien on any of the property or assets of Borrower, real, personal or mixed, tangible or intangible, except for Permitted Liens.

10.3 Loans. Borrower shall not make any loans or advances to or for the benefit of any officer, director, manager, shareholder, member, or partner of Borrower except advances for routine expense allowances in the ordinary course of business. Borrower shall not make or suffer to exist any loans or advances to or for the benefit of any Affiliate of Borrower. Borrower shall not make any payment on any obligation owing to any officer, director, manager, shareholder, member, partner, or Affiliate of Borrower, except payments of salary.

10.4 Merger, Consolidation, Sale of Assets, Acquisitions. Except as authorized by the Bankruptcy Court in a Final Order, Borrower shall not, directly or indirectly, merge or consolidate with any other Person or sell, lease, or transfer or otherwise dispose of any assets to any Person (other than sales of inventory in the ordinary course of business) or acquire all or substantially all of the assets of any Person or the assets constituting the business or a division or operating unit of any Person.

10.5 Transactions with Affiliates. Borrower shall not, directly or indirectly, effect any transaction with any Affiliate on a basis less favorable to Borrower than would be the case if such transaction had been effected with a Person not an Affiliate, *provided* that Borrower shall not enter into any lease with any Affiliate.

10.6 Guaranties. Borrower shall not, directly or indirectly, become or remain liable with respect to any guaranty of any obligation of any other Person.

10.7 Benefit Plans. Borrower shall not, directly or indirectly, permit, or take any action which would cause, the Unfunded Vested Liabilities under all Benefit Plans of Borrower to exceed $0.

10.8 Sales and Leasebacks. Borrower shall not, directly or indirectly, enter into any arrangement with any Person providing for the leasing from such Person of real or personal property which has been or is to be sold or transferred, directly or indirectly, by Borrower to such Person.

10.9 USA Patriot Act. Borrower shall not (a) be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower, or (b) fail to provide documentary and other evidence of Borrower's or its corporate officers' identities as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. §5318.

Section 11. ***DEFAULT***

11.1 Events of Default. Each of the following events shall constitute an Event of Default:

(a) Borrower fails to pay any of the Obligations when due and payable;

(b) Borrower fails to timely observe, meet, or perform any term, covenant, obligation, or duty contained in Section 10 this Agreement;

(c) Default is made in the due observance or performance by Borrower of any of the covenants or agreements contained in this Agreement other than those described in Section 11.1(a) or Section 11(b), and such default continues unremedied for a period of 30 days after notice thereof is given by Lender to Borrower;

(d) Any representation or warranty contained herein or in any of the other Loan Documents is false or misleading in any material respect when made or deemed made;

(e) The Final DIP Order has not been entered as of the date that is 30 days after the date the Interim DIP Order was entered;

(f) Borrower fails to comply with the DIP Financing Orders in any material respect;

(g) the Bankruptcy Case is dismissed;

(h) Lender shall cease to have a valid, perfected, and first priority Lien on any of the Collateral, except (i) Permitted Liens, in which Lender will not have first priority; and (ii) as otherwise expressly permitted herein or consented to in writing by Lender; or

(i) a state or federal regulatory agency shall have revoked any license, permit, certificate or Medicaid or Medicare qualification pertaining to Borrower, the revocation of which could reasonably be expected to have a Material Adverse Change.

11.2 Remedies.

(a) Termination of Facilities. Upon the occurrence of an Event of Default, Lender may, in its sole and absolute discretion, declare that the commitment of Lender to make Loans hereunder is immediately terminated.

(b) Other Remedies. Without limiting the terms of Section 11.2(a) above, if any Event of Default shall have occurred and be continuing, Lender, in its sole and absolute discretion, may, subject to termination of the automatic stay as set forth in subsection (b)(i) below, take actions enumerated in subsections (b)(ii) through (b)(viii) below:

(i) The automatic stay issued with respect to the Bankruptcy Case may be terminated after 7 Business Days' prior written notice to Borrower, counsel to Borrower, counsel for any Committee, and the United States Trustee; provided, that the automatic stay shall not be terminated if during such 7 Business Days' period (A) Borrower cures such Event of Default or (B) Borrower or any other party in interest, including the Committee, obtains a court order maintaining the stay;

(ii) collect any Accounts constituting Collateral from any Account Debtor;

(iii) require Borrower to assemble the Collateral and make it immediately available to Lender;

(iv) sell all or any part of the Collateral at either a public or private sale or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places as Lender determines is commercially reasonable;

(v) collect, foreclose, receive, appropriate, set off, and realize upon any and all Collateral;

(vi) without notice to Borrower (such notice being expressly waived), and without constituting an acceptance of any Collateral in satisfaction of an obligation (within the meaning of the UCC or any successor statute or law of similar effect), set off and apply to the Obligations any and all balances and deposits of Borrower held by Lender, or indebtedness at any time owing to or for the credit or the account of Borrower held by Lender;

(vii) declare a default on any other contract or agreement between Borrower and Lender; and

(viii) exercise any or all rights and remedies available under the Loan Documents, at law and/or in equity including, without limitation, the rights and remedies of a secured party under the UCC (whether or not the UCC is applicable). Borrower agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notice, but notice given in any other reasonable manner or at any other reasonable time shall also constitute reasonable notice.

11.3 Application of Proceeds. All proceeds from each sale of, or other realization upon, all or any part of the Collateral following an Event of Default shall be applied to the payment of the Obligations (with Borrower remaining liable for any deficiency) in a manner consistent with Section 3.5.

11.4 Additional Provisions Concerning Rights and Remedies.

(a) Time Essence. Time is of the essence of all of Borrower's obligations under this Agreement.

(b) Rights Cumulative. The rights and remedies of Lender under the Loan Documents shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. In exercising such rights and remedies, Lender may be selective and no failure or delay by Lender in exercising any right shall operate as a waiver of such right nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

(c) Waiver of Marshaling. Borrower hereby waives any right to require any marshaling of assets and any similar right.

Section 12. ***MISCELLANEOUS***

12.1 Notices.

(a) Method of Communication. All notices and the communications hereunder shall be in writing. Notices in writing shall be delivered personally or sent by overnight courier service, first class mail, postage pre-paid, e-mail, or by facsimile transmission, and shall be deemed received, in the case of personal delivery, when delivered, in the case of overnight courier service, on the next business day after delivery to such service, in the case of mailing, on the third day after mailing (or, if such day is a day on which deliveries of mail are not made, on the next succeeding day on which deliveries of mail are made) and, in the case of e-mail or facsimile transmission, upon transmittal.

(b) Addresses for Notices. Notices to any party shall be sent to it at the following addresses, or any other address of which all the other parties are notified in writing.

If to Borrower:
Gainesville Hospital District d/b/a North Texas Medical Center
1900 Hospital Blvd.
Gainesville, TX 76240
Attention: Melissa Walker
Facsimile No.: [_____]

If to Lender:
UHS of Delaware, Inc.
Attention: George Brunner
367 South Gulph Road
King of Prussia, PA 19406
Direct Dial: 610.768.3480
Facsimile: 610.992.4566
E-mail: george.brunner@uhsinc.com

12.2 Setoff. In addition to any rights now or hereafter granted under applicable law, and not by way of limitation of any such rights, upon and after the occurrence of any Event of Default, Lender is hereby authorized, but only to the extent permitted by Requirements of Law (including without limitation, any Health Care Law governing prohibiting setoff of certain governmental healthcare receivables), at any time or from time to time, without notice to Borrower or to any other Person, any such notice being hereby expressly waived, to setoff and to appropriate and to apply any and all indebtedness at any time held or owing by Lender to or for the credit or the account of Borrower against and on account of the Obligations, irrespective of whether or not (a) Lender shall have made any demand under this Agreement or any of the Loan Documents, or (b) Lender shall have declared any or all of the Obligations to be due and payable as permitted by Section 11.2 and although such Obligations shall be contingent or unmatured.

12.3 Venue; Service of Process. **EACH OF BORROWER AND LENDER HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF TEXAS, and agrees and consents that service**

of process may be made upon it in any legal proceeding relating to this Agreement, any borrowing hereunder, or any other relationship between Lender and Borrower by any means allowed under state or federal law. Any legal proceeding arising out of or in any way related to this Agreement, any borrowing hereunder, or any other relationship between Lender and Borrower shall be brought and litigated in the Bankruptcy Court. Borrower and Lender waive and agree not to assert, by way of motion, as a defense or otherwise, that any such proceeding is brought in an inconvenient forum or that the venue thereof is improper. Nothing herein shall limit the right of Lender to bring proceedings against Borrower in the courts of any other jurisdiction in the event that the Bankruptcy Case has been dismissed. Any judicial proceeding by Borrower against the Lender involving, directly or indirectly, any matter in any way arising out of, related to, or in connection with this Agreement shall be brought only in the Bankruptcy Court. Each party hereto expressly waives personal service of the summons and complaint or other process or papers issued therein and agrees that service of such summons and complaint or other process or papers may be made by registered or certified mail addressed to such party at its address referenced in Section 12.1, which service shall be deemed to have been made on the date that receipt is deemed to have occurred for registered or certified mail as provided in Section 12.1.

12.4 Assignment; Participation. All the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement. Lender may assign to one or more Persons, or sell participations to one or more Persons in, all or a portion of its rights and obligations hereunder and under this Agreement. Borrower agrees that Lender may provide any information that Lender may have about Borrower or about any matter relating to this Agreement to any of its Affiliates or their successors, or to any one or more purchasers or potential purchasers of any of its rights under this Agreement or any one or more participants or potential participants.

12.5 Amendments. Any term, covenant, agreement, or condition of this Agreement or any of the other Loan Documents may be amended or waived, and any departure therefrom may be consented to if, but only if, such amendment, waiver, or consent is in writing signed by Lender and, in the case of an amendment, by Borrower, and, in each instance involving a material amendment, waiver, consent or other modification, approved by the Bankruptcy Court. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

12.6 Expenses and Fees Earned when Paid. Expenses and Fees paid by Borrower shall be earned by Lender when paid or charged to the Loans.

12.7 Indemnification. To the extent permitted by State law, Borrower shall reimburse Lender and its Affiliates and their officers, employees, directors, shareholders and agents (collectively, the "Indemnified Parties" and individually, an "Indemnified Party") for all Expenses and Fees and shall indemnify and hold the Indemnified Parties harmless from and against all losses suffered by any Indemnified Party, other than losses resulting from an Indemnified Party's negligence, bad faith, willful misconduct or breach of the terms hereof, in connection with (a) the exercise by Lender of any right or remedy granted to it under this Agreement or any of the Loan Documents or at law, (b) any claim, and the prosecution or defense thereof, arising out of this Agreement or any of the Loan Documents, except in the case of a dispute between Borrower and Lender in which Borrower prevails in a final judgment, and (c) the collection or enforcement of the Obligations or any of them.

12.8 All Powers Coupled with Interest. All powers of attorney and other authorizations granted to Lender and any Persons designated by Lender pursuant to any provisions of this Agreement or any of the Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied or Lender has any obligations to make Advances hereunder.

12.9 Severability of Provisions; Requirements of Law. The parties intend for this Agreement and all of the Loan Documents to comply with all Requirements of Law. However, in the event any provision of this Agreement or any other Loan Document is prohibited or unenforceable in any jurisdiction, such provision shall as to such jurisdiction be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction. The parties will thereafter remedy or revise such prohibited or unenforceable provision to the extent required to make the affected Loan Document compliant with the

Requirements of Law and effectuate the parties' rights and obligations under this Agreement, provided that in all events, no provision shall conflict with State law.

12.10 Governing Law. This Agreement and the promissory notes issued pursuant hereto shall be construed, subject to the Bankruptcy Code, in accordance with and governed by the laws of the State of Texas other than its conflict of laws principles.

12.11 Jury Waiver. **TO THE EXTENT PERMITTED BY STATE LAW, BORROWER AND LENDER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY, AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) BETWEEN OR AMONG BORROWER AND LENDER AND LENDER'S AFFILIATES ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER LOAN DOCUMENTS.**

12.12 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together shall constitute one and the same agreement. A facsimile or digital copy of any signed Loan Document, including this Agreement, shall be deemed to be an original thereof.

12.13 No Oral Agreements. **THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

[Signature Pages Follow]

BORROWER:

GAINESVILLE HOSPITAL DISTRICT, D/B/A NORTH TEXAS MEDICAL CENTER

By:_____
Name:_____
Title:_____

LENDER:

UHS OF DELAWARE, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A

Form of Advance Request

Advance Request

Date of request:	
Borrower/Company:	Gainesville Hospital District, d/b/a North Texas Medical Center
Advance requested for:	
Amount:	

The undersigned hereby certifies to UHS of Delaware, Inc. ("UHS") that:

I am the duly elected, qualified and acting Chief Financial Officer of the Company. All representations and warranties made by Borrower in the Loan Documents are true and correct on and as of the date hereof as if such representations and warranties had been made as of the date hereof (except to the extent that any representation or warranty which by its terms is made as of a specified date shall be true and correct in all material respects only as of such specified date). No Default or Event of Default has occurred and is continuing. Borrower has performed and complied with all agreements and conditions required in the Loan Documents to be performed or complied with by it on or prior to the funding of the advance requested hereby. After UHS makes the advance requested hereby, the aggregate amount of the Loan will not exceed the Facility Limit. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Loan Documents.

_____
Signature

_____
Name

_____
Title

EXHIBIT B

Form of Borrowing Base Certificate

BORROWING BASE CERTIFICATE

_____ __, 2017

TO: UHS of Delaware, Inc.
[_____]
[_____]
Attention: _____

Ladies and Gentlemen:

The undersigned is the Chief Financial Officer of GAINESVILLE HOSPITAL DISTRICT, D/B/A NORTH TEXAS MEDICAL CENTER (the "Borrower"), and such officer is authorized to make and deliver this certificate pursuant to that certain Debtor-In-Possession Loan and Security Agreement dated as of February [__], 2017 between the Borrower and UHS OF DELAWARE, INC. (the "Lender") (such Debtor-In-Possession Loan and Security Agreement, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, is referred to herein as the "Loan Agreement"). All terms defined in the Loan Agreement shall have the same meaning herein.

Pursuant to the terms and provisions of the Loan Agreement, the undersigned hereby certifies on behalf of the Borrower that the following statements and information are true, complete and correct as of the date hereof:

(a) The representations and warranties contained in Section 6 of the Loan Agreement and in each of the other Loan Documents are true and correct in all material respects on and as of the date hereof with the same force and effect as if made on and as of such date (except to the extent that any representation or warranty which by its terms is made as of a specified date shall be true and correct in all material respects only as of such specified date).

(b) No Default or Event of Default has occurred and is continuing.

(c) The amount of the outstanding Advances does not exceed the Facility Limit.

(d) The Eligible Accounts referred to below represent the Eligible Accounts that qualify for purposes of determining the Borrowing Base under the Loan Agreement. Borrower represents and warrants that the information and calculations set forth on Exhibit A hereto regarding the Eligible Accounts and the Borrowing Base are true and correct in all material respects.

(e) Attached hereto as Schedule 1 is a Schedule of Accounts.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has duly executed this Borrowing Base Certificate as of the day and year first above written.

BORROWER:

GAINESVILLE HOSPITAL DISTRICT, D/B/A NORTH TEXAS MEDICAL CENTER

By:_____
Name:_____
Title: Chief Financial Officer

EXHIBIT A
TO BORROWING BASE CERTIFICATE

Calculation of Borrowing Base as of _____, 2017

(1)	Total Accounts	$_____
(2)	Ineligible Accounts	
	(i) not subject to perfected first priority security interest in favor of Lender	$_____
	(ii) more than 90 days past invoice date	$_____
	Total Ineligible Accounts	$_____
(3)	Eligible Accounts (line (1) minus line (2))	$_____
(4)	Borrower's tax revenue due from Cooke County that is available for hospital operations as of the date of determination	$_____
(5)	Borrowing Base (75% of the sum of lines (3) and (4))	$_____
(6)	Facility Limit	$3,200,000.00
(7)	Lesser of line (5) or line (6)	$_____
(8)	Amount of outstanding Advances	$_____
(9)	Available amount (line (7) minus line (8))	$_____

SCHEDULE 1
TO BORROWING BASE CERTIFICATE

Schedule of Accounts

[*follows this cover page*]

EXHIBIT 2

Budget

GAINESVILLE HOSPITAL DISTRICT DBA NORTH TEXAS MEDICAL CENTER
13 WEEK PROJECTION
FEB 17 TO MAY 12, 2017

	Week Ending 2/17/2017	Week Ending 2/24/2017	Week Ending 3/3/2017	Week Ending 3/10/2017	Week Ending 3/17/2017	Week Ending 3/24/2017	Week Ending 3/31/2017	Week Ending 4/7/2017	Week Ending 4/14/2017	Week Ending 4/21/2017	Week Ending 4/28/2017	Week Ending 5/5/2017	Week Ending 5/12/2017	Total
REVENUE:														
IP REVENUE	478,561	478,561	478,561	478,561	478,561	478,561	478,561	478,561	478,561	478,561	478,561	478,561	478,561	6,221,287
OP REVENUE	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	1,349,853	17,548,093
														-
GROSS PATIENT REVENUE	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	1,828,414	23,769,380
														-
DEDUCTIONS FROM REVENUE														-
OTHER DEDUCTIONS	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(684)	(8,889)
INDIGENT CARE	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(10,914)	(141,888)
CONTRACTUAL ADJUSTMENTS	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(1,239,201)	(16,109,609)
PROVISION FOR BAD DEBT	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(120,435)	(1,565,651)
SUPPLEMENTAL PAYMENTS		530,000				118,518								648,518
														-
														-
TOTAL DEDUCTIONS FROM REVENUE	(1,371,234)	(841,234)	(1,371,234)	(1,371,234)	(1,371,234)	(1,252,716)	(1,371,234)	(1,371,234)	(1,371,234)	(1,371,234)	(1,371,234)	(1,371,234)	(1,371,234)	(17,177,518)
														-
OPERATING REVENUE	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	74,256
NON OPERATING REVENUE	40,000	40,000	40,000	40,000	30,000	-	-	-	-	-	-	-	-	190,000
														-
TOTAL OTHER REVENUE	45,712	45,712	45,712	45,712	35,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	5,712	264,256
														-
TOTAL NET REVENUE	502,892	1,032,892	502,892	502,892	492,892	581,410	462,892	462,892	462,892	462,892	462,892	462,892	462,892	6,856,117
														-
EXPENSES:														-
SALARIES	515,888		515,888		515,888		515,888		515,888		515,888		515,888	3,611,219
EMPLOYEE BENEFITS	140,499		140,499		140,499		140,499		140,499		140,499		140,499	983,493
SUPPLIES	67,722	67,722	67,722	67,722	67,722	67,722	67,722	67,722	67,722	67,722	67,722	67,722	67,722	880,386
PURCHASED CONTRACTED SVCS	63,519	63,519	63,519	63,519	63,519	63,519	63,519	63,519	63,519	63,519	63,519	63,519	63,519	825,745
PAYMENTS TO PHYSICIANS	50,624	50,624	50,624	50,624	50,624	50,624	50,624	50,624	50,624	50,624	50,624	50,624	50,624	658,112
LEGAL AND PROFESSIONAL	200,000	30,000	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	367,500
MAINTENANCE AND REPAIRS	29,583	29,583	29,583	29,583	29,583	29,583	29,583	29,583	29,583	29,583	29,583	29,583	29,583	384,578
TELEPHONE AND UTILITIES	14,838	14,838	14,838	14,838	14,838	14,838	14,838	14,838	14,838	14,838	14,838	14,838	14,838	192,897
RENTAL EXPENSE	173,436	87,329	3,391	3,391	3,391	87,329	3,391	3,391	3,391	3,391	87,329	3,391	3,391	465,944
INSURANCE	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	20,237
EDUCATION AND TRAINING	464	464	464	464	464	464	464	464	464	464	464	464	464	6,031
TRAVEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER OPERATING	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	52,415
														-
TOTAL OP EXPENSE	1,262,162	349,668	904,617	248,230	904,617	332,168	904,617	248,230	904,617	248,230	988,555	248,230	904,617	8,448,556
														-
NET INCOME (LOSS)	(759,270)	683,225	(401,725)	254,663	(411,725)	249,243	(441,725)	214,663	(441,725)	214,663	(525,663)	214,663	(441,725)	(1,592,438)

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EXECUTION COPY

DEBTOR-IN-POSSESSION LOAN AND SECURITY AGREEMENT

This Debtor-In-Possession Loan and Security Agreement, dated as of March [__], 2017 (this "**Agreement**"), is executed by and between UHSF, LLC ("**Lender**"), having an address at 367 South Gulph Road, King of Prussia, PA 19406, and Gainesville Hospital District, d/b/a North Texas Medical Center ("**Borrower**"), having an address at 1900 Hospital Blvd., Gainesville, TX 76240.

WITNESSETH:

WHEREAS, Borrower filed a voluntary petition for relief under chapter 9 of the Bankruptcy Code on January 17, 2017 (the "**Petition Date**") in the United States Bankruptcy Court for the Eastern District of Texas (the "**Bankruptcy Court**");

WHEREAS, Borrower has requested that Lender extend a secured revolving loan facility in an aggregate principal amount of up to $3,200,000 to fund post-petition operating and restructuring expenses incurred by Borrower in connection with the administration and preservation of Borrower's estate in accordance with the Budget (defined below);

WHEREAS, pursuant to the Interim DIP Order (defined below), Lender loaned the sum of $1,103,740.13 to Borrower on an interim basis in accordance with the terms set forth in the Interim DIP Order; and

WHEREAS, Lender is willing to make additional revolving loans available to Borrower on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

Section 1. *DEFINITIONS*

1.1 Definitions. When used in this Agreement, the capitalized terms set forth below shall have the definitions assigned to such terms below:

"ACH" means automated clearing house.

"Accounts" means all accounts, including, without limitation, all health care receivables, all governmental health care receivables, and health care insurance receivables, and all other forms of obligations owing to Borrower, whether billed or unbilled, arising out of the provision of services or the sale, lease, license, or assignment of goods or other property, including all receivables, and all proceeds of the foregoing, but excluding (i) any accounts established for the payment and security of currently or hereafter outstanding Tax Bonds of Borrower including escrow or similar defeasance accounts, and (ii) any accounts holding tax revenues levied to pay currently or hereafter outstanding Tax Bonds of Borrower.

"Account Debtor" means a Person who is obligated on an Account.

"Advance" means any advance of a Loan by Lender to Borrower under this Agreement.

"Advance Request" means a written request by Borrower for an Advance signed by an Authorized Representative in the form of **Exhibit A**, which may be updated from time to time by Lender.

"Affiliate" of a Person means another Person which, directly or indirectly, controls, is controlled by, or is under common control with, such former Person, including without limitation any subsidiary of Borrower. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other interests, by contract or otherwise.

"Agreement" shall have the meaning provided in the preamble hereto.

"Authorized Representative" means any officer or employee of Borrower designated by Borrower for purposes of giving and receiving notices hereunder, requesting and repaying Loans and otherwise transacting business with Lender hereunder.

"Bankruptcy Case" means *In re Gainesville Hospital District d/b/a North Texas Medical Center,* U.S. Bankruptcy Court, Eastern District of Texas, Case Number 17-40101.

"Bankruptcy Code" means 11 U.S.C. § 101-1532, as applicable to the Bankruptcy Case.

"Bankruptcy Court" shall have the meaning provided in the recitals hereto.

"Base Rate" means a per annum rate of interest of 12.00%.

"Benefit Plan" means a defined benefit plan as defined in Section 3(35) of ERISA (other than a Multiemployer Plan) (whether or not subject to ERISA) that is maintained or contributed to by the Borrower, including such plans as may be established after the date hereof.

"Borrower" shall have the meaning provided in the preamble hereto.

"Borrowing Base" means, as of any date, the amount determined by Borrower equal to 75% of the sum of (a) Borrower's Eligible Accounts, *plus* (b) Borrower's tax revenue due from Cooke County that is available for hospital operations as of the date of determination; provided, that the Borrowing Base shall be deemed to equal $750,000 until entry of the Final DIP Order.

"Borrowing Base Certificate" means a certificate calculating the Borrowing Base in the form attached hereto as **Exhibit B**.

"Budget" means that certain weekly line item budget covering the period of at least 13 calendar weeks following the Petition Date, approved by Lender in its reasonable discretion and as updated from time to time pursuant to Section 9.2(b).

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of Texas or is a day on which banking institutions located in such state are closed.

"Capital Expenditures" means, with respect to any Person, expenditures made and liabilities incurred for the acquisition of assets, whether financed or unfinanced, which are required to be capitalized in accordance with GAAP, including (without limitation) expenditures incurred in connection with any lease that is required to be capitalized in accordance with GAAP.

"Chapter 9 Plan" means a plan of reorganization pursuant to the Bankruptcy Code.

"Closing Date" (or "Closing") means the date (or day) on which each of the conditions set forth in Section 5.1 are satisfied.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means and includes all of Borrower's now owned or hereafter acquired assets, whether tangible or intangible, including without limitation all of Borrower's right, title, and interest in and to each of the following, wherever located and whether now existing or hereafter arising or acquired, including, without limitation, all of the following:

(a) all Accounts, including tax revenue receivables;

(b) all inventory;

(c) to the extent permitted by applicable law, all equipment;

(d) all Deposit Accounts holding the proceeds of Accounts constituting Collateral; and

(e) all cash and non-cash proceeds of the foregoing in whatever form;

provided, that Excluded Property shall not constitute Collateral.

"Default" means any of the events specified in Section 11.1 that, with the passage of time or giving of notice or both, would constitute an Event of Default.

"Deposit Account" means any demand, Lockbox, time, savings, passbook, or similar account now or hereafter maintained by or for the benefit of Borrower, with an organization that is engaged in the business of banking (including, without limitation, banks, savings banks, savings and loan associations, credit unions, and trust companies), and all funds and amounts therein, whether or not restricted or designated for a particular purpose, including without limitation, all "deposit accounts" as defined in the UCC.

"DIP Financing Orders" means the Interim DIP Order and the Final DIP Order.

"Dollar" and "$" means freely transferable United States dollars.

"Eligible Accounts" shall mean all Accounts of Borrower other than Accounts (a) which are not subject to a first priority perfected security interest in favor of Lender or (b) which remain unpaid more than 90 days after the date of the original invoice therefor.

"Environmental Laws" means all federal, state, local, and foreign laws now or hereafter in effect relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic, or hazardous substances or wastes or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, removal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic, or hazardous substances or wastes, and any and all regulations, notices, or demand letters issued, entered, promulgated, or approved thereunder.

"ERISA" means the Employee Retirement Income Security Act of 1974, as in effect from time to time, and any successor statute, and any rule or regulation issued thereunder.

"Event of Default" means any of the events specified in Section 11.1.

"Excluded Property" shall have the meaning provided in Section 7.1.

"Expenses and Fees" means all reasonable and documented out-of-pocket expenses and fees invoiced by Lender that arise out of or under this Agreement and the Loans including, without limitation, (i) the reasonable fees and expenses of outside counsel in connection with the negotiation, preparation, execution, delivery, amendment, enforcement, and termination of this Agreement and each of the other Loan Documents, (ii) the out-of-pocket costs and expenses incurred in connection with the administration and interpretation of this Agreement and the other Loan Documents, (iii) the costs and expenses of lien searches, and of perfecting Lender's security interest in the Collateral, and (iv) costs and expenses paid or incurred to obtain payment of the Obligations, enforce the security interest of Lender, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of the Loan Documents, or to prosecute or defend any claim in any way arising out of, related to, or connected with, this Agreement or any of the Loan Documents.

"Facility Limit" means $3,200,000.

"Final DIP Order" means an order of the Bankruptcy Court authorizing and approving this Agreement pursuant to Section 364(c) and (d), among others, of the Bankruptcy Code and Bankruptcy Rule 4001 and providing other relief, in form and substance satisfactory to Lender, and, among other things, finding that Lender is extending credit to Borrower in good faith pursuant to Section 364(e) of the Bankruptcy Code and waiving the provisions of

Section 506(c) of the Bankruptcy Code, which order shall not have been (a) vacated, reversed, or stayed, or (b) amended or modified, except as otherwise agreed to in writing by Lender.

"Final Order" means an order or judgment in the Bankruptcy Case entered by the clerk of the Bankruptcy Court, which has not been reversed, vacated or stayed and as to which (i) the time to appeal, petition for certiorari, or other reargument, or rehearing has expired, and as to which no appeal, petition for certiorari, new trial, re-argument, or rehearing thereof has been sought, or (ii) such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Federal Rules of Bankruptcy Procedure, may be filed relating to such order shall not cause such order to not be a Final Order.

"GAAP" means generally accepted accounting principles and practices consistently applied.

"Health Care Law" means any and all federal, state, and local laws and regulations governing (i) the manufacture, testing, distribution, possession, assembly, repackaging, sale, administration, or dispensing of health care or medical devices, equipment or supplies, products, biologicals, drugs, or goods, or (ii) the rendering, provision, delivery, or supply of health care services, or (iii) the ownership or operation of a health care facility or business, or assets used in connection therewith, or (iv) the billing or submission of claims, or the collection, deposit, control or handling of accounts receivable (including governmental healthcare receivables), the handling of Protected Health Information, and underwriting the cost of, or provision of management or administrative services in connection with any and all of the foregoing, by Borrower and its subsidiaries, including, but not limited to, laws and regulations under HIPAA and the Privacy Rule, and laws and regulations relating to practice of medicine and other health care professions, professional fee splitting, tax-exempt organization and charitable trust law applicable to health care organizations, certificates of need, certificates of operations and authority, fraud and abuse, kickbacks and rebates, false claims, physician self-referral arrangements, fraudulent billing practices, payment under the Medicare and Medicaid programs, and the federal Food, Drug & Cosmetic Act.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191 and any revisions and amendments.

"Indebtedness" means, without duplication, (a) all obligations for Money Borrowed or for the deferred purchase price of property or services or in respect of reimbursement obligations under letters of credit, (b) all obligations represented by bonds, debentures, notes, and accepted drafts that represent extensions of credit, (c) Capital Expenditures, (d) all obligations (including, during the noncancellable term of any lease in the nature of a title retention agreement, all future payment obligations under such lease discounted to their present value in accordance with GAAP) secured by any Lien to which any property or asset owned or held by a Person is subject, whether or not the obligation secured thereby shall have been assumed by such Person, (e) all obligations of other Persons which such Person has guaranteed, including, but not limited to, all obligations of such Person consisting of recourse liability with respect to Accounts sold or otherwise disposed of by such Person, and (f) the Loans.

"Interest Rate" means the Base Rate.

"Interim DIP Order" means that certain Interim Order Granting Approval of Agreement for Postpetition Secured Credit and Schedule Final Hearing entered by the Bankruptcy Court on January 24, 2017 in the Bankruptcy Case.

"Lender" shall have the meaning provided in the preamble hereto.

"Lender's Office" means the office of Lender designated as Lender's address for notices in Section 12.1(b), or such other office as Lender may designate from time to time.

"Lien" means, with respect to any Person, any security interest, chattel mortgage, charge, mortgage, deed to secure any debt, deed of trust, lien, pledge, conditional sale or other title retention agreement, or other security

interest or encumbrance of any kind in respect of any property of such Person or upon the income or profits therefrom.

"Loan" or "Loans" means all loans made to Borrower by Lender pursuant to Section 2.1 of this Agreement.

"Loan Documents" means, collectively, this Agreement, each agreement or document now or hereafter executed and delivered by any Person to evidence or secure the Obligations, and each other instrument, agreement, and document now or hereafter executed and delivered in connection with this Agreement or the Loans.

"Material Adverse Change" means any act, omission, event, or undertaking which would, singly or in the aggregate, have a materially adverse effect upon (a) the business, assets, properties, liabilities, condition (financial or otherwise) or results of operations of Borrower, (b) Borrower's prospect of fully and completely paying or performing all of its Obligations to Lender under the Loan Documents, (c) the ability of Borrower or any of its subsidiaries to perform any obligations under this Agreement or any other Loan Document to which it is a party, or (d) the legality, validity, binding effect, enforceability, or admissibility into evidence of any Loan Document or the ability of Lender to enforce any rights or remedies under or in connection with any Loan Document.

"Maximum Rate" means the maximum nonusurious interest rate, if any, that at any time, or from time to time, may be contracted for, taken, reserved, charged, or received on the Loans under the laws which are presently in effect of the United States and the State of Texas applicable to Lender and such indebtedness or, to the extent permitted by law, under such applicable laws of the United States and the State of Texas (or if applicable, the laws of any other state) which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow, but in no event greater than the rate permitted under Texas law.

"Money Borrowed" means Indebtedness (i) that is represented by notes payable, drafts accepted, bonds, debentures, or similar instruments that represent extensions of credit, (ii) upon which interest charges are customarily paid (other than trade Indebtedness), (iii) that was issued or assumed as full or partial payment for property, or (iv) that is evidenced by a guarantee (but only if the obligations guaranteed would otherwise qualify as Money Borrowed).

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which Borrower or a Related Company is required to contribute or has contributed within the immediately preceding six (6) years.

"Obligations" shall mean (i) all Loans made by Lender to Borrower pursuant to this Agreement or otherwise, and interest thereon; (ii) all future advances or other value, of whatever class or for whatever purpose, at any time hereafter made or given by Lender to Borrower, whether or not the advances or value are given pursuant to a commitment and whether or not Borrower is indebted to Lender at the time of such advance; (iii) all costs, fees, and expenses payable by Borrower to Lender pursuant to any of the Loan Documents; and (iv) any amounts recouped under the Medicare or Medicaid programs from the Effective Date to the Termination Date to the extent funded directly or indirectly by Lender.

"Operating Account" means the Deposit Account designated by Borrower for the deposit of Advances.

"Owner Distributions" means Borrower's payments to Borrower's shareholders or members for profits, bonuses, and any other payment or distributions to Borrower's shareholders or members.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor agency.

"Permitted Indebtedness" means the sum of (i) Indebtedness incurred prior to the Petition Date, *plus* (ii) ordinary course business and trade debt incurred in the normal course of Borrower's business none of which shall be past due, *plus* (iii) the Obligations; *plus* (iv) any and all future bond indebtedness (including Tax Bond indebtedness); *and plus* (v) any other Indebtedness with the mutual consent of Borrower and Lender.

"Permitted Liens" means: (a) all Liens existing on the Petition Date, (b) Liens securing taxes, assessments, and other governmental charges or levies, or the claims of materialmen, mechanics, carriers, warehousemen, or landlords for labor, materials, supplies, or rentals incurred in the ordinary course of business, (c) Liens in favor of

Lender, (d) any liens securing the payment of Tax Bonds, and (e) any liens securing other Indebtedness with the mutual consent of Borrower and Lender.

"Person" means an individual, corporation, limited liability company, partnership, joint venture, association, trust, or unincorporated organization or a government or any agency or political subdivision thereof.

"Petition Date" shall have the meaning provided in the recitals hereto.

"Privacy Rule" means 45 CFR Part 160 and Part 164, Subparts A and E, which implement certain provisions of HIPAA and any revision, amendments, or updates.

"Protected Health Information" means protected health information subject to the HIPAA Privacy Rule.

"Related Company" means, as to any Person, any (a) corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as such Person, (b) partnership or other trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with such Person, or (c) member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as such Person or any corporation described in clause (a) above or any partnership, trade, or business described in clause (b) above.

"Requirements of Law" means, any and all laws, regulations, codes, or ordinances applicable to any Person, or any Person's assets, including, without limitation, the Securities Act, the Securities Exchange Act, Regulations T, U, and X of the Federal Reserve Board, ERISA, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, Americans with Disabilities Act of 1990, the Social Security Act, Environmental Laws, Health Care Law, and any certificate of occupancy, zoning ordinance, building, environmental, or land use requirement or permit, or any other environmental, labor, employment, occupational safety, or health law, rule, or regulation.

"Schedule of Accounts" means a schedule of Accounts delivered by Borrower to Lender in a form reasonably acceptable to Lender that shall contain account balance and aging information listed by Account Debtor name and any other information concerning Borrower's Accounts as Lender may reasonably request from time to time.

"Tax Bonds" means bonds, notes or other obligations of Borrower payable from ad valorem taxes and issued or incurred to pay or finance an outstanding liability or obligation of Borrower or for another authorized purpose of Borrower, including specifically the Borrower's General Obligation Refunding Bonds, Series 2007.

"Termination Date" means the earliest to occur of: (a) January 24, 2018, the date that is one year after the initial Advance made pursuant to the Interim DIP Order, (b) the termination of the Management Agreement between Borrower and Lender, except in connection with the execution by Borrower of a lease agreement with Lender or its Affiliates, (c) closing of a sale of all or substantially all the assets of the Borrower in the Bankruptcy Case, (d) the effective date of a plan of adjustment of Borrower that has been confirmed pursuant to an order entered by the Bankruptcy Court (e) a dismissal of the Bankruptcy Case; and (f) another date with the mutual consent of Borrower and Lender.

"Termination Event" means (a) a "Reportable Event" as defined in Section 4043 of ERISA, but excluding any such event as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event, provided however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code, (b) the filing of a notice of intent to terminate a Benefit Plan or the treatment of a Benefit Plan amendment as a termination under Section 4041 of ERISA, or (c) the institution of proceedings to terminate a Benefit Plan by the PBGC under Section 4042 of ERISA or the appointment of a trustee to administer any Benefit Plan.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of Texas, including, without limitation, any amendments thereto which are effective after the date hereof.

"Unfunded Vested Liabilities" shall mean the amount (if any) by which (i) the actuarial present value of accumulated benefits under a Benefit Plan which are vested exceeds (ii) such Benefit Plan's net assets available for benefits (all as determined in connection with the filing of the Borrower's most recent Annual Report on Form 5500) but only to the extent such excess would, if such Benefit Plan were to terminate as of such date, represent a liability of the Borrower or any ERISA Affiliate to the PBGC under Title IV of ERISA. In each case the foregoing determination shall be made as of the most recent date prior to the filing of said Annual Report as of which such actuarial present value of accumulated Plan benefits is determined.

"Variance Report" shall mean a variance report showing actual cash receipts and actual expenditures for each line item in the Budget covering each of the immediately preceding four calendar weeks, and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Budget for such line item during each such week. The Variance Report shall include an explanation as to any variance identified in such report in accordance with the foregoing that varies by more than 15% from the budgeted amount.

1.2 UCC Terms. Terms defined in the UCC (such as, but not limited to, accounts, deposit account, equipment, inventory, and proceeds), as and when used (without being capitalized) in this Agreement, shall have the meanings given to such terms in the UCC.

1.3 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all financial statements and all other certificates and reports as to any financial matters required to be furnished to the Lender hereunder shall be prepared in accordance with GAAP applied on a consistent basis.

Section 2. *REVOLVING CREDIT FACILITY*

2.1 Loan. Subject to the terms and conditions of this Agreement, prior to the Termination Date, Lender will make Advances to Borrower in an amount not to exceed outstanding at any time the lesser of (a) the Facility Limit, and (b) the Borrowing Base then in effect. Borrower may borrow, repay, and reborrow the principal of the Loan in accordance with the terms of this Agreement.

2.2 Advances under the Loan. Borrower may request an Advance under the Loan by making an Advance Request. Advances made available by Lender will be deposited by wire transfer into Borrower's Operating Account. Advances will be made available by Lender no earlier than the first business day following the day an Advance Request is received by Lender.

2.3 Repayment of the Loan. The outstanding principal amount of, and all accrued and unpaid interest on, the Loan, together with all other unpaid Obligations, shall be due and payable, without demand, on the Termination Date.

2.4 Disbursement of Loans. Borrower hereby irrevocably authorizes Lender to disburse the proceeds of Loans requested, or deemed to be requested, pursuant to this Section 2 as follows: (a) each Advance requested shall be disbursed by the Lender in lawful money of the United States of America in immediately available funds, (b) in the case of the initial Advance, in accordance with the written instructions from Borrower to Lender, and (c) in the case of each subsequent Advance, to a Deposit Account designated in writing by Borrower to Lender.

2.5 Authorized Representatives. Borrower shall act hereunder through the Authorized Representatives designated from time to time by Borrower, and all notices and requests to be given and received by Borrower, including requests for Loans, shall be given by and directed to such Authorized Representatives. Lender may rely on the authority or apparent authority of any officer or employee of Borrower whom Lender in good faith believes to be an Authorized Representative unless Borrower expressly notifies Lender that such officer or employee has been terminated or is otherwise no longer an Authorized Representative.

Section 3. *GENERAL LOAN PROVISIONS; FEES AND EXPENSES*

3.1 Interest.

(a) Loans. Borrower shall pay interest on the unpaid principal amount of the Obligations at a rate per annum equal to the Base Rate payable on the Termination Date.

(b) Computation of Interest. Interest shall be computed on the basis of a year of 360 days and the actual number of days elapsed.

3.2 Expenses and Fees. All Expenses and Fees shall be paid by Borrower on the Termination Date.

3.3 Manner of Payment. Each payment by Borrower on account of the principal of or interest on the Loans or of any fee or other amount payable to Lender shall be made not later than 12:00 p.m. (Central Time) on the applicable due date (or if such day is not a business day, the next succeeding business day, *provided* that interest shall continue to accrue until such payment is made). All payments shall be made to Lender at Lender's Office or by wire transfer to an account designated by Lender in Dollars in immediately available funds, and shall be made without any setoff, counterclaim, or deduction whatsoever.

3.4 Evidence of Indebtedness.

(a) Lender shall maintain accounts in which it will record (i) the amount of each Loan extended hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to Lender hereunder, and (iii) the amount of any sum received by Lender hereunder from Borrower.

(b) The entries in the accounts maintained pursuant to subsection (a) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded, *provided, however*, that the failure of the Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of Borrower to repay the Obligations in accordance with their terms.

(c) Upon request of Borrower, Lender shall provide to Borrower a copy of the records described in Subsection (a), above.

3.5 Application of Payments. Lender may, in its discretion, apply payments as follows:

(a) first, to all fees and costs incurred by Lender for which Borrower is responsible to reimburse Lender under this Agreement or any of the Loan Documents;

(b) second, to any accrued but unpaid interest on the Loan;

(c) third, to the outstanding principal balance due on the Loan; and

(d) last, to any other amounts due Lender under this Agreement or any other agreement between Lender and Borrower under which Borrower has exercised its lawful authority to incur an obligation.

3.6 Maximum Interest. Borrower and Lender intend to strictly comply with any applicable usury laws. Accordingly, in no event shall Borrower be obligated to pay, or Lender have any right or privilege to reserve, receive, or retain, any interest in excess of the Maximum Rate. On each day, if any, that the interest rate charged under this Agreement (the "Stated Rate") exceeds the Maximum Rate, the rate at which interest shall accrue shall automatically be fixed by operation of this sentence at the Maximum Rate for that day, and shall remain fixed at the Maximum Rate for each day thereafter until the total amount of interest accrued equals the total amount of interest which would have accrued if there were no such ceiling rate as is imposed by this sentence but in no event beyond the Termination Date. Thereafter, interest shall accrue at the Stated Rate unless and until the Stated Rate again exceeds the Maximum Rate when the provisions of the immediately preceding sentence shall again automatically operate to limit the interest accrual rate.

Section 4. ***USE OF PROCEEDS***

4.1 Use of Proceeds. Borrower will use the proceeds of the Loans only for the purposes specified in the recitals to this Agreement and in compliance with the Budget (subject to the variance permitted under Section 8.7).

Section 5. ***CONDITIONS PRECEDENT***

5.1 Conditions Precedent. The provisions of this Agreement, including the commitment of Lender to make Advances, shall not be effective until all of the following have been fully performed or satisfied to Lender's satisfaction as determined in its sole discretion:

(a) Borrower shall have executed and delivered to Lender this Agreement;

(b) Lender shall have received from Borrower the initial Budget, in form and substance reasonably satisfactory to Lender;

(c) Borrower shall have submitted certificates executed by the Secretary of Borrower certifying (i) the names and signatures of the officers of such Person authorized to execute Loan Documents, (ii) the resolutions duly adopted by the Board of Directors of Borrower authorizing the execution of this Agreement and the other Loan Documents, as appropriate, and (iii) correctness and completeness of the copy of the bylaws, articles or operating agreement;

(d) the Bankruptcy Court shall have issued the Interim DIP Order; and

(e) no Default or Event of Default shall have occurred.

5.2 Conditions to Subsequent Advances. The obligation of Lender to make any Advance in addition to the initial Advances is subject to the following conditions precedent:

(a) Borrowing Base Certificate. Lender shall have timely received from Borrower each Borrowing Base Certificate required to have been delivered pursuant to the terms hereof prior to the date of the requested Advance.

(b) Representations and Warranties. The representations and warranties contained in each of the Loan Documents shall be true and correct in all material respects with the same force and effect as though made on and as of such date.

(c) Defaults and Events of Default. No Default or Event of Default shall have occurred and be continuing.

(d) Legal Restriction. The Advance shall not be prohibited by any law or regulation or any order of any court or governmental agency or authority.

Section 6. ***REPRESENTATIONS AND WARRANTIES OF BORROWER***

6.1 Representations and Warranties. Borrower represents and warrants to Lender as follows:

(a) Organization; Power; Qualification. Borrower is duly organized, validly existing, and in good standing under the laws of the State of Texas and is authorized to do business in the State of Texas.

(b) Authorization; Enforceability. Borrower has the power and authority to, and is duly authorized to, execute and deliver the Loan Documents to be executed by Borrower. All of the Loan Documents to which Borrower is a party constitute the legal, valid, and binding obligations of Borrower, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, or similar laws of general application relating to the enforcement of creditors' rights generally.

(c) Conflicts. Neither the execution and delivery of the Loan Documents, nor consummation of any of the transactions therein contemplated nor compliance with the terms and provisions thereof, will contravene any provision of law or any judgment, decree, license, order, or permit applicable to Borrower or will conflict with, or will result in any breach of, any agreement to which Borrower is a party or by which Borrower may be bound or subject, or violate any provision of the organizational documents of Borrower.

(d) Consents, Governmental Approvals, Etc. No governmental approval nor any consent or approval of any third Person (other than those which have been obtained prior to the date hereof) is required in connection with the execution, delivery, and performance by Borrower of the Loan Documents. Borrower is in compliance with all applicable governmental approvals and all applicable laws.

(e) Title; Liens. Except for Permitted Liens, all of the owned properties and assets of Borrower are free and clear of all Liens, and Borrower has good and marketable title to such properties and assets. Each Lien granted, or intended to be granted, to Lender pursuant to the Loan Documents is a valid, enforceable, perfected, first priority Lien and security interest.

(f) Litigation, Suits, Actions, Etc. Other than the Bankruptcy Case and except as set forth in **Exhibit C**, no litigation, arbitration, governmental investigation, proceeding, or inquiry is pending or, to the knowledge of Borrower, threatened against Borrower or that could affect any of the Collateral.

(g) Tax Returns and Payments. All tax returns required to be filed by Borrower in any jurisdiction have been filed and all taxes (including property taxes) have been paid prior to the time that such taxes could give rise to any lien.

(h) ERISA. (i) no Reportable Event (as defined in ERISA) has occurred and is continuing with respect to any Benefit Plan, and (ii) the PBGC has not instituted proceedings to terminate any Benefit Plan. Borrower has satisfied the minimum funding standards under ERISA with respect to its Benefit Plans and is in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and has not incurred any liability to the PBGC or a Benefit Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

(i) Health Care Matters.

(i) Compliance With Laws. Without limiting the generality of any other provision of this Agreement, Borrower is in material compliance with all applicable Health Care Laws, except where non-compliance would not reasonably be expected to cause a Material Adverse Change.

(ii) Audits and Investigations. Except as set forth in **Exhibit C**, Borrower is not currently subject to any federal, state, local governmental or private payor civil or criminal investigations, inquiries or audits involving and/or related to the operation of Borrower's facilities or its compliance with Healthcare Laws, nor to its knowledge, is Borrower currently subject to any federal, state or private payor inquiry, investigation, inspection or audit regarding its activities, including, without limitation, an inquiry or investigation of any Person having "ownership, financial or control interest" in Borrower (as that phrase is defined in 42 C.F.R. §420.201 et seq.) involving compliance with Health Care Laws, in either case except where such inquiry, investigation, inspection or audit is conducted in the normal course of business and is reasonably not expected to result in a finding of material non-compliance.

(iii) HIPAA. Borrower has undertaken any reviews, analyses and/or assessments (including any necessary risk assessments) of all areas of its business and operations required by HIPAA and/or that could be materially adversely affected by the failure of Borrower to be in material compliance with HIPAA.

(iv) Reports. Borrower has timely filed or caused to be timely filed all cost reports required by any applicable Health Care Law or any material contract to which Borrower is a party with respect to Borrower's business operations or Borrower's facilities.

(v) Reimbursements. Borrower has such participation agreements, permits, licenses, certificates and other approvals or authorizations of Governmental Authorities as are necessary under any applicable Health Care Law to receive reimbursement under Medicare and Medicaid. Borrower has all Medicare and Medicaid billing number(s) and related documentation necessary to submit reimbursement claims to Medicare and/or Medicaid for any healthcare good or service furnished by Borrower in any jurisdiction where Borrower conducts business. Borrower is not currently subject to suspension, revocation or denial of its Medicare and/or Medicaid certification, billing number(s), or Medicare and/or Medicaid participation agreement(s), or of any other governmental or private third party payor participation agreement.

(vi) Patient Records. All of Borrower's patient or resident records are maintained in accordance with any applicable Health Care Law in all material respects.

(vii) Patient Abuse. There have been no charges of patient abuse or licensing violations involving Borrower or a facility operated by Borrower that (i) have been determined to be substantiated by any governmental authority within the past twelve (12) months or (ii) are currently pending or threatened, which in either case would reasonably be likely to have or create a Material Adverse Change.

(j) Defaults. No Default or Event of Default has occurred and is continuing.

(k) Borrowing Base Reports. All Accounts included in any Borrowing Base Certificate constitute Eligible Accounts, except as disclosed in such Borrowing Base Certificate.

Section 7. ***SECURITY INTEREST AND COLLATERAL COVENANTS***

7.1 Security Interest. To secure the payment and performance of the Obligations, Borrower hereby grants to Lender a security interest and Lien in and upon all of the Collateral.

Notwithstanding anything herein to the contrary, in no event shall the term "Collateral" include, and the security interest granted hereunder shall not attach to: (i) any avoidance actions under Chapter 5 of the Bankruptcy Code (including, without limitation, any actions brought pursuant to Section 926 of the Bankruptcy Code) or any proceeds of such actions; (ii) any interest in any real property of Borrower; (iii) any healthcare receivables to the extent that such receivables cannot be subject to a security interest under applicable law; and (iv) tax revenues levied to pay currently or hereafter outstanding Tax Bonds of Borrower (collectively, the "**Excluded Property**").

7.2 Collection of Accounts.

(a) If Borrower receives any monies, checks, notes, drafts, and other payments relating to or constituting proceeds of Accounts, Borrower shall immediately deposit all such items in kind in the appropriate Deposit Account, fully endorsed. Borrower shall advise each Account Debtor that remits amounts payable on the Accounts or any other Person that remits amounts to Borrower in respect of any of the Collateral by wire transfer or ACH to make such remittances directly to the Deposit Account.

(b) Borrower shall cause all moneys, checks, notes, drafts, and other payments relating to or constituting proceeds of Accounts, or of any other Collateral, to be forwarded to a Deposit Account for deposit.

(c) Nothing herein shall be deemed to restrict the rights of the State of Texas or the United States Department of Health & Human Services as to Medicare or Medicaid receivables.

Section 8. ***AFFIRMATIVE COVENANTS***

So long as this Agreement shall be in effect or any of the Obligations shall be outstanding, Borrower covenants and agrees as follows:

8.1 Preservation of Existence. Borrower shall preserve and maintain its existence.

8.2 Compliance with Requirements of Law. Borrower shall continuously comply with all material Requirements of Law.

8.3 Conduct of Business. Borrower shall engage only in substantially the same businesses conducted by Borrower on the date hereof.

8.4 Accounting Methods and Financial Records. Borrower shall maintain a system of accounting, and keep such books, records and accounts (which shall be true and complete), as may be required or as may be necessary to permit the preparation of financial statements in accordance with GAAP consistently applied.

8.5 Use of Proceeds. Borrower shall use the proceeds of the Loan only in accordance with Section 4.

8.6 Hazardous Waste and Substances; Environmental Requirements. Borrower shall comply with all material occupational health and safety laws and Environmental Laws.

8.7 Compliance with Budget. Borrower shall cause Borrower's total expenditures for the four week period listed in each Variance Report not to exceed 115% of the amount of total expenditures for such four week period as set forth in the Budget; provided, that in determining compliance with this Section 8.7, any amounts listed in the Budget that are unused in any one week may be carried over and used in any subsequent week, on a line item basis.

8.8 Insurance. Borrower shall keep or cause to be kept adequately insured by financially sound and reputable insurers all of its property usually insured by Persons engaged in the same or similar businesses. Without limiting the foregoing, Borrower shall insure the Collateral of Borrower against loss or damage by fire, theft, burglary, pilferage, loss in transit, business interruption, and such other hazards as usual and customary in Borrower's industry or as Lender may specify in amounts and under policies by insurers acceptable to Lender, and all premiums thereon shall be paid by Borrower and copies of the policies delivered to Lender.

8.9 Notice of Certain Matters. Borrower shall promptly provide to Lender written notice of any of the following:

(a) the commencement against Borrower of any audit, investigation, judicial or administrative proceeding, or any criminal or civil investigation initiated, claim filed, or disclosure required of Borrower by the Office of Inspector General, the Department of Justice, Center for Medicare and Medicaid Services (CMS) (formerly HCFA), or any other governmental authority, or any claim filed under the False Claims Act or any other Requirement of Law;

(b) any amendment of any of the organizational documents of Borrower;

(c) any change in the executive officers of Borrower;

(d) copies of all material reports and statements that Borrower receives from any governmental authority;

(e) any event of default by Borrower under any material agreement (other than this Agreement) to which Borrower is a party; and

(f) the occurrence of any other event which could reasonably be expected to result in a Material Adverse Change.

8.10 Bankruptcy Case. Borrower shall continuously abide by the DIP Financing Orders, timely file all documents required of Borrower in the Bankruptcy Case, and otherwise be in compliance with all orders respecting Borrower in the Bankruptcy Case.

8.11 Chapter 9 Plan. Borrower shall not propose any Chapter 9 Plan that does not provide for the payment in full of all the Obligations.

Section 9. ***FINANCIAL AND COLLATERAL REPORTING***

So long as this Agreement shall be in effect or any of the Obligations shall be outstanding, Borrower covenants and agrees as follows:

9.1 Financial Statements.

(a) Monthly Financial Statements. As soon as available, but in any event within twenty-five (25) days after the end of each month, Borrower shall furnish to Lender copies of the unaudited consolidated balance sheet of Borrower and its subsidiaries as of the end of such month and the related unaudited consolidated income statement and statement of cash flow of Borrower and its subsidiaries for such month and for the portion of the fiscal year of Borrower through such month, certified by the Chief Financial Officer of Borrower as presenting fairly the financial condition and results of operations of Borrower and its subsidiaries as of the date thereof and for the periods ended on such date, subject to normal year-end adjustments. All such financial statements shall be complete and correct in all material respects and shall be prepared in accordance with GAAP (except for the omission of footnotes) applied consistently throughout the periods reflected therein. Further, all such financial statements shall be prepared in good faith and presented in a form acceptable to Lender.

(b) Bankruptcy Case Financial Documents. Borrower shall provide Lender with a copy of any financial report or financial document filed by Borrower in the Bankruptcy Case contemporaneously with such filing in the Bankruptcy Case.

(c) Information Required Pursuant to DIP Financing Orders. Borrower shall comply with the accounting and information requirements set forth in the DIP Financing Orders.

9.2 Borrowing Base Certificate; Budget and Other Reports.

(a) Borrowing Base Certificate. On Friday of each week (or if such Friday is not a Business Day, the following Business Day), Borrower shall furnish to Lender a Borrowing Base Certificate, along with supporting documentation, based on the amounts known as of the close of business on the immediately preceding Thursday.

(b) Budget. On the first Friday of each month (or if such Friday is not a Business Day, the following Business Day), commencing on the first such date following the date of this Agreement, Borrower shall deliver an updated, "rolling" 13-week cash flow projection for the period commencing from the end of the previous week through and including thirteen weeks thereafter (each, a "Proposed Budget"), which shall reflect the Borrower's good faith projections, reflect reversal of any timing variances set forth in any Variance Report, include a description of changes from the previously approved Proposed Budget and be in form and detail consistent with the initial Budget. Lender shall have two (2) Business Days following receipt of each Proposed Budget to approve or reject such Proposed Budget upon written notice to Borrower; provided, that any portion of a Proposed Budget that relates to periods covered by a previously approved Proposed Budget shall automatically be deemed approved to the extent that no changes have been made to the Proposed Budget for such periods; provided, further, that, for the avoidance of doubt, Borrower and Lender may nonetheless mutually agree to modify line items in a Proposed Budget for weeks that have been previously approved by Lender. Upon receipt of a notice of rejection, Borrower shall, within one (1) Business Day of receipt of such notice, engage in good faith negotiations with Lender in order to develop a Proposed Budget that is acceptable to Lender in its reasonable discretion (such revised Proposed Budget to be submitted within five (5) Business Days of Borrower's receipt of a notice of rejection).

(c) Variance Report. On the first Friday of each month (or if such Friday is not a Business Day, the following Business Day), commencing on the first such date following the date of this Agreement, Borrower shall deliver deliver to Lender a Variance Report.

(d) Other Information. Borrower shall furnish to Lender such other additional information as Lender may reasonably from time to time request.

Section 10. ***NEGATIVE COVENANTS***

So long as this Agreement shall be in effect or any of the Obligations shall be outstanding, Borrower covenants and agrees as follows:

10.1 Indebtedness. Borrower shall not, directly or indirectly, create, assume, or otherwise become or remain obligated in respect of, or permit or suffer to exist or to be created, assumed, or incurred or to be outstanding, any Indebtedness, except for Permitted Indebtedness.

10.2 Liens. Borrower shall not, directly or indirectly, create, assume, or permit or suffer to exist or to be created or assumed any Lien on any of the property or assets of Borrower, real, personal or mixed, tangible or intangible, except for Permitted Liens.

10.3 Loans. Borrower shall not make any loans or advances to or for the benefit of any officer, director, manager, shareholder, member, or partner of Borrower except advances for routine expense allowances in the ordinary course of business. Borrower shall not make or suffer to exist any loans or advances to or for the benefit of any Affiliate of Borrower. Borrower shall not make any payment on any obligation owing to any officer, director, manager, shareholder, member, partner, or Affiliate of Borrower, except payments of salary.

10.4 Merger, Consolidation, Sale of Assets, Acquisitions. Except as authorized by the Bankruptcy Court in a Final Order, Borrower shall not, directly or indirectly, merge or consolidate with any other Person or sell, lease, or transfer or otherwise dispose of any assets to any Person (other than sales of inventory in the ordinary course of business) or acquire all or substantially all of the assets of any Person or the assets constituting the business or a division or operating unit of any Person.

10.5 Transactions with Affiliates. Borrower shall not, directly or indirectly, effect any transaction with any Affiliate on a basis less favorable to Borrower than would be the case if such transaction had been effected with a Person not an Affiliate, *provided* that Borrower shall not enter into any lease with any Affiliate.

10.6 Guaranties. Borrower shall not, directly or indirectly, become or remain liable with respect to any guaranty of any obligation of any other Person.

10.7 Benefit Plans. Borrower shall not take any action which would cause the Unfunded Vested Liabilities under all Benefit Plans of Borrower to exceed $7,000,000.

10.8 Sales and Leasebacks. Borrower shall not, directly or indirectly, enter into any arrangement with any Person providing for the leasing from such Person of real or personal property which has been or is to be sold or transferred, directly or indirectly, by Borrower to such Person.

10.9 USA Patriot Act. Borrower shall not (a) be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower, or (b) fail to provide documentary and other evidence of Borrower's or its corporate officers' identities as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. §5318.

Section 11. ***DEFAULT***

11.1 Events of Default. Each of the following events shall constitute an Event of Default:

(a) Borrower fails to pay any of the Obligations when due and payable;

(b) Borrower fails to timely observe, meet, or perform any term, covenant, obligation, or duty contained in Section 10 this Agreement;

(c) Default is made in the due observance or performance by Borrower of any of the covenants or agreements contained in this Agreement other than those described in Section 11.1(a) or Section 11(b), and such default continues unremedied for a period of 30 days after notice thereof is given by Lender to Borrower;

(d) Any representation or warranty contained herein or in any of the other Loan Documents is false or misleading in any material respect when made or deemed made;

(e) The Final DIP Order has not been entered as of the date that is 30 days after the date the Interim DIP Order was entered;

(f) Borrower fails to comply with the DIP Financing Orders in any material respect;

(g) the Bankruptcy Case is dismissed;

(h) Lender shall cease to have a valid, perfected, and first priority Lien on any of the Collateral, except (i) Permitted Liens, in which Lender will not have first priority; and (ii) as otherwise expressly permitted herein or consented to in writing by Lender; or

(i) a state or federal regulatory agency shall have revoked any license, permit, certificate or Medicaid or Medicare qualification pertaining to Borrower, the revocation of which could reasonably be expected to have a Material Adverse Change.

11.2 Remedies.

(a) Termination of Facilities. Upon the occurrence of an Event of Default, Lender may, in its sole and absolute discretion, declare that the commitment of Lender to make Loans hereunder is immediately terminated.

(b) Other Remedies. Without limiting the terms of Section 11.2(a) above, if any Event of Default shall have occurred and be continuing, Lender, in its sole and absolute discretion, may, subject to termination of the automatic stay as set forth in subsection (b)(i) below, take actions enumerated in subsections (b)(ii) through (b)(viii) below:

(i) The automatic stay issued with respect to the Bankruptcy Case may be terminated after 7 Business Days' prior written notice to Borrower, counsel to Borrower, counsel for any Committee, and the United States Trustee; provided, that the automatic stay shall not be terminated if during such 7 Business Days' period (A) Borrower cures such Event of Default or (B) Borrower or any other party in interest, including the Committee, obtains a court order maintaining the stay;

(ii) collect any Accounts constituting Collateral from any Account Debtor;

(iii) require Borrower to assemble the Collateral and make it immediately available to Lender;

(iv) to the extent permitted by and in accordance with applicable law, sell all or any part of the Collateral at either a public or private sale or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places as Lender determines is commercially reasonable;

(v) collect, foreclose, receive, appropriate, set off, and realize upon any and all Collateral;

(vi) without notice to Borrower (such notice being expressly waived), and without constituting an acceptance of any Collateral in satisfaction of an obligation (within the meaning of the UCC or any successor statute or law of similar effect), set off and apply to the Obligations any and all balances and deposits of Borrower held by Lender, or indebtedness at any time owing to or for the credit or the account of Borrower held by Lender, other than Excluded Property;

(vii) declare a default on any other contract or agreement between Borrower and Lender; and

(viii) exercise any or all rights and remedies available under the Loan Documents, at law and/or in equity including, without limitation, the rights and remedies of a secured party under the UCC (whether or not the UCC is applicable). Borrower agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notice, but notice given in any other reasonable manner or at any other reasonable time shall also constitute reasonable notice.

11.3 Application of Proceeds. All proceeds from each sale of, or other realization upon, all or any part of the Collateral following an Event of Default shall be applied to the payment of the Obligations (with Borrower remaining liable for any deficiency) in a manner consistent with Section 3.5.

11.4 Additional Provisions Concerning Rights and Remedies.

(a) Time Essence. Time is of the essence of all of Borrower's obligations under this Agreement.

(b) Rights Cumulative. The rights and remedies of Lender under the Loan Documents shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. In exercising such rights and remedies, Lender may be selective and no failure or delay by Lender in exercising any right shall operate as a waiver of such right nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

(c) Waiver of Marshaling. Borrower hereby waives any right to require any marshaling of assets and any similar right.

Section 12. ***MISCELLANEOUS***

12.1 Notices.

(a) Method of Communication. All notices and the communications hereunder shall be in writing. Notices in writing shall be delivered personally or sent by overnight courier service, first class mail, postage pre-paid, e-mail, or by facsimile transmission, and shall be deemed received, in the case of personal delivery, when delivered, in the case of overnight courier service, on the next business day after delivery to such service, in the case of mailing, on the third day after mailing (or, if such day is a day on which deliveries of mail are not made, on the next succeeding day on which deliveries of mail are made) and, in the case of e-mail or facsimile transmission, upon transmittal.

(b) Addresses for Notices. Notices to any party shall be sent to it at the following addresses, or any other address of which all the other parties are notified in writing.

If to Borrower:
Gainesville Hospital District d/b/a North Texas Medical Center
1900 Hospital Blvd.
Gainesville, TX 76240
Attention: Melissa Walker
Facsimile No.: 940.612.8601

If to Lender:
UHS of Delaware, Inc.
Attention: George Brunner
367 South Gulph Road
King of Prussia, PA 19406
Direct Dial: 610.768.3480
Facsimile: 610.992.4566
E-mail: george.brunner@uhsinc.com

12.2 Setoff. In addition to any rights now or hereafter granted under applicable law, and not by way of limitation of any such rights, upon and after the occurrence of any Event of Default, Lender is hereby authorized, but only to the extent permitted by Requirements of Law (including without limitation, any Health Care Law governing prohibiting setoff of certain governmental healthcare receivables), at any time or from time to time, without notice to Borrower or to any other Person, any such notice being hereby expressly waived, to setoff and to appropriate and to apply any and all indebtedness at any time held or owing by Lender to or for the credit or the account of Borrower against and on account of the Obligations, irrespective of whether or not (a) Lender shall have made any demand under this Agreement or any of the Loan Documents, or (b) Lender shall have declared any or all of the Obligations to be due and payable as permitted by Section 11.2 and although such Obligations shall be contingent or unmatured.

12.3 Venue; Service of Process. **EACH OF BORROWER AND LENDER HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF TEXAS, and agrees and consents that service of process may be made upon it in any legal proceeding relating to this Agreement, any borrowing hereunder, or any other relationship between Lender and Borrower by any means allowed under state or federal law. Any legal proceeding arising out of or in any way related to this Agreement, any borrowing hereunder, or any other relationship between Lender and Borrower shall be brought and litigated in the Bankruptcy Court. Borrower and Lender waive and agree not to assert, by way of motion, as a defense or otherwise, that any such proceeding is brought in an inconvenient forum or that the venue thereof is improper. Nothing herein shall limit the right of Lender to bring proceedings against Borrower in the courts of any other jurisdiction in the event that the Bankruptcy Case has been dismissed. Any judicial proceeding by Borrower against the Lender involving, directly or indirectly, any matter in any way arising out of, related to, or in connection with this Agreement shall be brought only in the Bankruptcy Court.** Each party hereto expressly waives personal service of the summons and complaint or other process or papers issued therein and agrees that service of such summons and complaint or other process or papers may be made by registered or certified mail addressed to such party at its address referenced in Section 12.1, which service shall be deemed to have been made on the date that receipt is deemed to have occurred for registered or certified mail as provided in Section 12.1.

12.4 Assignment; Participation. All the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement. Lender may assign to one or more Persons, or sell participations to one or more Persons in, all or a portion of its rights and obligations hereunder and under this Agreement. Borrower agrees that Lender may provide any information that Lender may have about Borrower or about any matter relating to this Agreement to any of its Affiliates or their successors, or to any one or more purchasers or potential purchasers of any of its rights under this Agreement or any one or more participants or potential participants.

12.5 Amendments. Any term, covenant, agreement, or condition of this Agreement or any of the other Loan Documents may be amended or waived, and any departure therefrom may be consented to if, but only if, such amendment, waiver, or consent is in writing signed by Lender and, in the case of an amendment, by Borrower, and, in each instance involving a material amendment, waiver, consent or other modification, approved by the Bankruptcy Court. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

12.6 Expenses and Fees Earned when Paid. Expenses and Fees paid by Borrower shall be earned by Lender when paid or charged to the Loans.

12.7 Indemnification. To the extent permitted by State law, Borrower shall reimburse Lender and its Affiliates and their officers, employees, directors, shareholders and agents (collectively, the "Indemnified Parties" and individually, an "Indemnified Party") for all Expenses and Fees and shall indemnify and hold the Indemnified Parties harmless from and against all losses suffered by any Indemnified Party, other than losses resulting from an Indemnified Party's negligence, bad faith, willful misconduct or breach of the terms hereof, in connection with (a) the exercise by Lender of any right or remedy granted to it under this Agreement or any of the Loan Documents or at law, (b) any claim, and the prosecution or defense thereof, arising out of this Agreement or any of the Loan Documents, except in the case of a dispute between Borrower and Lender in which Borrower prevails in a final judgment, and (c) the collection or enforcement of the Obligations or any of them.

12.8 All Powers Coupled with Interest. All powers of attorney and other authorizations granted to Lender and any Persons designated by Lender pursuant to any provisions of this Agreement or any of the Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied or Lender has any obligations to make Advances hereunder.

12.9 Severability of Provisions; Requirements of Law. The parties intend for this Agreement and all of the Loan Documents to comply with all Requirements of Law. However, in the event any provision of this Agreement or any other Loan Document is prohibited or unenforceable in any jurisdiction, such provision shall as to such jurisdiction be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction. The parties will thereafter remedy or revise such prohibited or unenforceable provision to the extent required to make the affected Loan Document compliant with the Requirements of Law and effectuate the parties' rights and obligations under this Agreement, provided that in all events, no provision shall conflict with State law.

12.10 Governing Law. This Agreement and the promissory notes issued pursuant hereto shall be construed, subject to the Bankruptcy Code, in accordance with and governed by the laws of the State of Texas other than its conflict of laws principles.

12.11 Jury Waiver. **TO THE EXTENT PERMITTED BY STATE LAW, BORROWER AND LENDER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY, AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) BETWEEN OR AMONG BORROWER AND LENDER AND LENDER'S AFFILIATES ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER LOAN DOCUMENTS.**

12.12 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together shall constitute one and the same agreement. A facsimile or digital copy of any signed Loan Document, including this Agreement, shall be deemed to be an original thereof.

12.13 No Oral Agreements. **THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

[Signature Pages Follow]

BORROWER:

GAINESVILLE HOSPITAL DISTRICT, D/B/A NORTH TEXAS MEDICAL CENTER

By: Robbie Baugh
Name: Robbie Baugh
Title: Board President

LENDER:

UHS OF DELAWARE, INC.

By: _____
Name: Thomas Murchozzi
Title: Senior Vice President, Acute Finance

EXHIBIT A

Form of Advance Request

Advance Request

Date of request:	
Borrower/Company:	Gainesville Hospital District, d/b/a North Texas Medical Center
Advance requested for:	
Amount:	

The undersigned hereby certifies to UHS of Delaware, Inc. ("UHS") that:

I am the duly elected, qualified and acting Chief Financial Officer of the Company. All representations and warranties made by Borrower in the Loan Documents are true and correct on and as of the date hereof as if such representations and warranties had been made as of the date hereof (except to the extent that any representation or warranty which by its terms is made as of a specified date shall be true and correct in all material respects only as of such specified date). No Default or Event of Default has occurred and is continuing. Borrower has performed and complied with all agreements and conditions required in the Loan Documents to be performed or complied with by it on or prior to the funding of the advance requested hereby. After UHS makes the advance requested hereby, the aggregate amount of the Loan will not exceed the Facility Limit. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Loan Documents.

_____
Signature

_____
Name

_____
Title

EXHIBIT B

Form of Borrowing Base Certificate

BORROWING BASE CERTIFICATE

_____ __, 2017

TO: UHS of Delaware, Inc.
[_____]
[_____]
Attention: _____

Ladies and Gentlemen:

The undersigned is the Chief Financial Officer of GAINESVILLE HOSPITAL DISTRICT, D/B/A NORTH TEXAS MEDICAL CENTER (the "Borrower"), and such officer is authorized to make and deliver this certificate pursuant to that certain Debtor-In-Possession Loan and Security Agreement dated as of March [__], 2017 between the Borrower and UHS OF DELAWARE, INC. (the "Lender") (such Debtor-In-Possession Loan and Security Agreement, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, is referred to herein as the "Loan Agreement"). All terms defined in the Loan Agreement shall have the same meaning herein.

Pursuant to the terms and provisions of the Loan Agreement, the undersigned hereby certifies on behalf of the Borrower that the following statements and information are true, complete and correct as of the date hereof:

(a) The representations and warranties contained in Section 6 of the Loan Agreement and in each of the other Loan Documents are true and correct in all material respects on and as of the date hereof with the same force and effect as if made on and as of such date (except to the extent that any representation or warranty which by its terms is made as of a specified date shall be true and correct in all material respects only as of such specified date).

(b) No Default or Event of Default has occurred and is continuing.

(c) The amount of the outstanding Advances does not exceed the Facility Limit.

(d) The Eligible Accounts referred to below represent the Eligible Accounts that qualify for purposes of determining the Borrowing Base under the Loan Agreement. Borrower represents and warrants that the information and calculations set forth on Exhibit A hereto regarding the Eligible Accounts and the Borrowing Base are true and correct in all material respects.

(e) Attached hereto as Schedule 1 is a Schedule of Accounts.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has duly executed this Borrowing Base Certificate as of the day and year first above written.

BORROWER:

GAINESVILLE HOSPITAL DISTRICT, D/B/A NORTH TEXAS MEDICAL CENTER

By:_____
Name:_____
Title: Chief Financial Officer

EXHIBIT A
TO BORROWING BASE CERTIFICATE

Calculation of Borrowing Base as of _____, 2017

(1) Total Accounts ..... $_____

(2) Ineligible Accounts

(i) not subject to perfected first priority security interest in favor of Lender ..... $_____
(ii) more than 90 days past invoice date ..... $_____

Total Ineligible Accounts ..... $_____

(3) Eligible Accounts (line (1) minus line (2)) ..... $_____

(4) Borrower's tax revenue due from Cooke County that is available for hospital operations (excluding tax revenues levied for the payment of currently or hereafter outstanding bonds of Borrower) as of the date of determination ..... $_____

(5) Borrowing Base (75% of the sum of lines (3) and (4)) ..... $_____

(6) Facility Limit $3,200,000.00

(7) Lesser of line (5) or line (6) ..... $_____

(8) Amount of outstanding Advances ..... $_____

(9) Available amount (line (7) minus line (8)) ..... $_____

SCHEDULE 1
TO BORROWING BASE CERTIFICATE

Schedule of Accounts

[follows this cover page]

IRS Department of the Treasury
Internal Revenue Service
P.O. BOX 2508
CINCINNATI OH 45201

In reply refer to: 9999999999
July 06, 2012 LTR 4577C SO
75-1091664 000000 00 001
00044847
BODC: TE

NTMC NORTH TEXAS MEDICAL CENTER
RUDD AND WISDOM INC
MICHAEL J MUTH
PO BOX 204209
AUSTIN TX 78720-4209

013822

Employer Identification Number:	75-1091664
Document Locator Number:	17007-123-08002-2
Person to Contact:	Joyce Heinbuch ID#: 31004
Contact Telephone Number:	(513)263-3575
Plan Name:	THA RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER
Plan Number:	001

Dear Applicant:

We have made a favorable determination on the plan identified above based on the information you have supplied. Please keep this letter, the application forms submitted to request this letter and all correspondence with the Internal Revenue Service regarding your application for a determination letter in your permanent records. You must retain this information to preserve your reliance on this letter.

Continued qualification of the plan under its present form will depend on its effect in operation. See section 1.401-1(b)(3) of the Income Tax Regulations. We may review the status of the plan in operation periodically.

Publication 794, Favorable Determination Letter, explains the significance and the scope of reliance provided by a favorable determination letter including the effect of any elective determination request as indicated on your application materials. Publication 794 is available on the Internet at www.irs.gov listed under Forms and Publications. To receive a copy of this publication, please contact the toll free number 1-800-TAX-FORM (1-800-829-3676). This publication describes the information that must be retained to have reliance on this favorable determination letter. The publication also provides examples of the effect of a plan's operation on its qualified status and discusses the reporting requirements for qualified plans. Please read Publication 794.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal, state or local law.

This determination letter gives no reliance for any qualification change that becomes effective, any guidance published, or any statutes enacted, after the issuance of the Cumulative List (unless the item has been identified in the Cumulative List) for the cycle under which

9999999999
July 06, 2012 LTR 4577C SO
75-1091664 000000 00 001
00044848

NTMC NORTH TEXAS MEDICAL CENTER
RUDD AND WISDOM INC
MICHAEL J MUTH
PO BOX 204209
AUSTIN TX 78720-4209

this application was submitted.

This letter considered the 2006 Cumulative List of Changes in Plan Qualification Requirements.

This letter expires on the earlier of the date of the employer's next determination letter or the end of the subsequent two-year period announced by the Service and which comprises part of the next six-year remedial amendment/approval cycle applicable to adopting employers of pre-approved defined benefit plans.

This determination letter considered the amendments that were submitted with your application and referenced on line 3 of the Form 5307.

If you submitted any proposed amendments or a proposed restated plan with your application, those amendments must be adopted no later than the time prescribed under Code section 401(b) in order to retain reliance on this determination letter.

If a Form 2848, Power of Attorney, or Form 8821, Tax Information Authorization, was submitted with your application, a copy of this letter will be provided to your authorized representative or appointee.

If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Andrew E. Zuckerman
Director, EP Rulings & Agreement

RESOLUTION AUTHORIZING THE AMENDMENT OF THE THA RETIREMENT PLAN FOR NORTH TEXAS MEDICAL CENTER

WHEREAS, Gainesville Hospital District (d/b/a North Texas Medical Center) (the employer) has maintained a qualified defined benefit pension plan for eligible employees continuously from an original effective date of April 1, 1973;

WHEREAS, the employer now desires to close the plan to all new entrants effective June 2, 2014;

WHEREAS, prior to such closing, the employer desires to provide a one-time and final opportunity to join the plan on June 1, 2014 to: (a) covered employees who are currently eligible, but not participating and (b) covered employees who are not yet eligible (i.e., in the 3-year eligibility waiting period);

WHEREAS, it is now the desire of the employer to amend without interruption such plan in order to reflect these changes and to provide such one-time final opportunity on June 1, 2014 and that thereafter no current or future employee shall enter or re-enter the plan;

BE IT RESOLVED, that the amendment of the plan as presented is hereby approved and that the officers of the employer are authorized and directed to execute such document and to take any other actions necessary to secure IRS approval of the plan's and related assets' qualified status as amended under the appropriate sections of the Internal Revenue Code (including the addition of any further amendments identified by the IRS as necessary to secure a favorable determination letter).

IN WITNESS THEREOF, I do hereby certify that the foregoing is a true and correct copy of an original resolution passed by the Board of Directors of Gainesville Hospital District (d/b/a North Texas Medical Center) at a meeting held on the 24th day of March 2014.

By: Derrell L Comer

Name and Title: Derrell L. Comer - President

Date: 3-24-14

ATTEST:

By: Gloria J. Parrish

Name and Title: Gloria Parrish - Secretary

Date: 3-24-14

RESOLUTION AUTHORIZING THE AMENDMENT AND RESTATEMENT OF THE THA RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER

WHEREAS, Gainesville Hospital District (d/b/a/ NTMC North Texas Medical Center) (the employer) has maintained a qualified defined benefit pension plan for eligible employees continuously from an original effective date of April 1, 1973;

WHEREAS, it is now the desire of the employer to amend and to restate without interruption such plan in order to maintain favorable qualification under the Internal Revenue Code by incorporating previously adopted amendments addressing EGTRRA, HEART Act, IRC Section 415 regulations and other required changes into a single continuous working copy of the plan and to authorize future amendments required by legislative and/or regulatory changes over which employers have no choice;

BE IT RESOLVED, that the amendment and restatement of the plan as presented is hereby approved and that the officers of the employer are authorized and directed to execute such document and to take any other actions necessary to secure IRS approval of the plan's and related assets' qualified status as amended under the appropriate sections of the Internal Revenue Code (including the addition of any further amendments identified by the IRS as necessary to secure a favorable determination letter).

IN WITNESS THEREOF, I do hereby certify that the foregoing is a true and correct copy of an original resolution passed by the Board of Directors of Gainesville Hospital District (d/b/a/ NTMC North Texas Medical Center) at a meeting held on the 23 day of April, 2012.

GAINESVILLE HOSPITAL DISTRICT d/b/a/
NTMC NORTH TEXAS MEDICAL CENTER

By: Gloria J. Parrish
Name and Title: Gloria Parrish, Board of Director President
Date: 4-23-2012

ATTEST:

By: Diana Eichenberger
Name and Title: Diana Eichenberger, Board of Director Secretary
Date: 4-23-2012

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AMENDMENT TO THE THA RETIREMENT PLAN FOR NORTH TEXAS MEDICAL CENTER

The THA Retirement Plan for North Texas Medical Center is hereby amended effective June 1, 2014 as follows:

1. Plan Sections 2.01, 2.02 and 2.03 are amended in their entirety to read as follows:

"**Section 2.01 - Eligibility Requirements**

(a) The provisions of this Section 2.01(a) apply prior to April 2, 2014. Prior to April 2, 2014, an employee who is a covered employee (as defined in Section 1.08) is eligible to become a participant of the plan upon the satisfaction of the following requirements:

(1) he completes three (3) years of eligibility service as a covered employee;

(2) he attains age 25; and

(3) he agrees to make the employee contributions to the plan required by Section 3.02.

(b) The provisions of this Section 2.01(b) apply on and after April 2, 2014. An employee who is a covered employee (as defined in Section 1.08) on June 1, 2014 is eligible to become a participant of the plan on the special June 1, 2014 entry date described in Section 2.02(b) if he agrees to make the employee contributions to the plan required by Section 3.02.

After June 1, 2014 no current or future employee shall be eligible to enter or re-enter the plan.

Section 2.02 - Participation Entry Date

(a) The provisions of this Section 2.02(a) apply prior to April 2, 2014. An employee who met the requirements of Section 2.01(a) prior to April 2, 2014 shall become a participant on the entry date coincident with or first following his satisfaction of such requirements.

The entry date for the plan shall be each April 1 prior to April 2, 2014. There shall be no entry date after April 1, 2014 under this Section 2.02(a).

Any employee who was a participant of the prior plan shall continue automatically as a participant of this plan subject to the continued payment of required employee contributions pursuant to Section 3.02.

(b) The provisions of this Section 2.02(b) apply on or after April 2, 2014. As of June 1, 2014, an employee who meets the requirements of Section 2.01(b) on June 1, 2014 shall become a participant on June 1, 2014.

The June 1, 2014 entry date shall be a special final entry date (i.e., a one-time final opportunity to enter the plan) for any covered employee who was employed on June 1, 2014 and was not an active participant as of May 31, 2014.

Any employee who was a participant of the prior plan shall continue automatically as a participant of this plan subject to the continued payment of required employee contributions pursuant to Section 3.02.

After June 1, 2014 no current or future employee shall enter or re-enter the plan.

Section 2.03 - Reemployment and Reparticipation Entry Date

(a) The provisions of this Section 2.03(a) apply prior to April 2, 2014. Any former employee shall become an active participant of the plan on the entry date described in Section 2.02(a) after he satisfies the requirements of Section 2.01(a) based upon service performed after his reemployment and prior to April 2, 2014.

Any actively employed former participant who previously withdrew from plan participation (because he was paid an in-service distribution of employee contributions or stopped making required employee contributions) shall become an active participant of the plan on the entry date, as described in Section 2.02(a), that is after he completes one (1) year of eligibility service following his date of withdrawal and prior to April 2, 2014.

Such participation, however, shall be conditioned upon the employee agreeing to make the required employee contributions pursuant to Section 3.02.

(b) The provisions of this Section 2.03(b) apply between April 2, 2014 and June 1, 2014 (inclusive).

Any actively employed former participant who previously withdrew from plan participation (because he was paid an in-service distribution of employee contributions or stopped making required employee contributions) who is employed on June 1, 2014 and any former employee who is employed on June 1, 2014 may become an active participant of the plan on June 1, 2014 if he is employed as a covered employee on that date.

Such participation, however, shall be conditioned upon the employee agreeing to make the required employee contributions pursuant to Section 3.02.

(c) The provisions of this Section 2.03(c) apply after June 1, 2014. Any former employee who is reemployed after June 1, 2014 shall not ever become an active participant of the plan after June 1, 2014.

Any actively employed former participant who previously withdrew or withdraws from plan participation (because he was paid an in-service distribution of employee contributions or stopped making required employee contributions) shall not ever again become an active participant of the plan after June 1, 2014."

IN WITNESS WHEREOF, North Texas Medical Center has caused this Amendment to be executed in their name and on their behalf by their duly authorized signature this 24th day of March 2014.

NTMC NORTH TEXAS MEDICAL CENTER

By: Derrell L Comer

Name: Derrell L. Comer

Title: President

ATTEST:

By: Gloria J Parrish

Name: Gloria Parrish

TEXAS HOSPITAL ASSOCIATION RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER

Original Effective Date: April 1, 1973
Most Recent Restatement Effective Date: April 1, 2002

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TEXAS HOSPITAL ASSOCIATION RETIREMENT MASTER TRUST FOR MEMBER HOSPITALS

TEXAS HOSPITAL ASSOCIATION RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER

INTRODUCTION

NTMC North Texas Medical Center, the employer, has prepared this plan document to set forth the provisions of the Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center as amended and restated effective April 1, 2002. The plan shall be administered by the plan administrator. The funds accumulated for the purpose of providing benefits specified by the plan shall be held in a trust administered by the trustee in accordance with the written trust agreement, Texas Hospital Association Retirement Master Trust for Member Hospitals which is attached hereto as Exhibit A.

The purpose of the plan is to provide a retirement program for the exclusive benefit of the eligible employees of the employer. Neither the employer, the plan administrator nor the trustee shall apply or interpret the terms of the plan in any manner that permits discrimination in favor of individuals who are officers, owners or highly compensated. All benefits payable by the plan shall be determined in accordance with the provisions of the plan document applied uniformly to all eligible individuals.

The employer intends that the plan and the related plan assets comply with the applicable provisions of the Internal Revenue Code relating to qualified employee retirement plans. It is further intended that the plan comply with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). So far as is possible, the plan shall be administered in a manner consistent with the intent of qualifying under the Code and complying with ERISA, as it applies to governmental plans within the meaning of ERISA §3(32).

The amendment and restatement of the plan effective April 1, 2002 shall have no effect on benefits accrued or paid under the prior plan on behalf of any individual who does not become an active participant on or after April 1, 2002 other than as is expressly stated herein.

ARTICLE 1

DEFINITIONS

As used herein, unless otherwise defined or required by the context, the following terms shall have the meanings indicated. Some of the terms used in the plan are not defined in this Article 1, but, for convenience, are defined as they are introduced in the text.

Section 1.01 - Accrued Benefit

A participant's accrued benefit is the monthly benefit payable in the normal form at normal retirement age determined at any point in time prior to his normal retirement age. Notwithstanding any provision of this plan to the contrary, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

The amount of a participant's accrued benefit shall be calculated in the same manner as his normal retirement benefit pursuant to Section 4.01(c) using in the calculation years of benefit accrual service and compensation earned as of the determination date of the accrued benefit.

The accrued benefit is comprised of an employee derived accrued benefit and an employer derived accrued benefit.

At normal retirement age, a participant's accrued benefit is the normal retirement benefit pursuant to Section 4.01. Subsequent to normal retirement age, a participant's accrued benefit is the late retirement benefit pursuant to Section 4.02 as of the accrued benefit determination date.

The amount of a participant's accrued benefit shall be subject to the applicable provisions of Section 4.13.

Section 1.02 - Actuarially Equivalent

The term actuarially equivalent shall mean equality in value of the aggregate amounts expected to be received under different forms of payments and/or at different times determined under various situations and specifications as follows:

(a) **For Converting Payment Form Into Lifetime Monthly Payments and Certain Monthly Payments of 5 or More Years**

1984 Unisex Pensioner Mortality Table with a 3 year setback for all payees and interest at an effective annual rate of 8%.

(b) **For Converting Payment Form Into Single Payments and Certain Monthly Payments of Less Than 5 Years**

1984 Unisex Pensioner Mortality Table with a 3 year setback for all payees and interest at an effective annual rate of 8%.

(c) **For Converting Normal Retirement Benefit Into Late Retirement Benefit**

1984 Unisex Pensioner Mortality Table with a 3 year setback for all payees and interest at an effective annual rate of 8%.

(d) **For Converting Accrued Benefit Into Early Retirement Benefit**

1/180 reduction for each month early retirement payment commencement precedes normal retirement date up to 60 months and 1/360 reduction for each additional such month

(e) **Code Section 417 Minimum Requirements** – Not applicable.

(f) **Required Observation of Article 5 Limitations** - The preceding paragraphs of Section 1.02 shall not be applied to the extent such application would violate the benefit limitations of Article 5.

(g) **Preservation of Actuarial Equivalent Upon Plan Amendment** - Not applicable.

Section 1.03 - Average Monthly Compensation

A participant's average monthly compensation shall be the result of dividing his aggregate compensation during the 5 consecutive calendar years by 60. The consecutive calendar years chosen shall be the ones producing the largest average monthly compensation out of the last 10 calendar years while employed as a covered employee. If a participant does not have 5 calendar years of employment as a covered employee, his average monthly compensation shall be determined from the available number of such years.

Section 1.04 - Beneficiary

A beneficiary shall be any person, persons, trust or other entity, duly and properly designated to receive the benefits which may become payable upon the death of a participant or other person. The plan administrator shall provide forms so that necessary primary and contingent beneficiaries can be designated.

Section 1.05 - Code

The term Code shall mean the Internal Revenue Code, as it may be amended from time to time and regulations issued thereunder. Reference to a section of the Code shall include that section and any comparable section or sections of future legislation that amends, supplements or supersedes such section and any regulations issued thereunder.

Section 1.06 - Compensation And Compensation Limitation

(a) **Compensation** The term compensation for a given calendar year shall mean all of each participant's W-2 earnings which is actually paid to the participant during the calendar year ending with or within the plan year. W-2 earnings are wages within the meaning of Code Section 3401(a) and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Code Sections 6041(d), 6051(a)(3), and 6052. Compensation must be determined

without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)). Compensation shall also specifically include amounts that would have been included in compensation except for the effect of any compensation reduction election made pursuant to Code Sections 125, 402(e)(3), 402(h)(1)(B), 457, 403(b) or Code Section 132(f)(4).

Notwithstanding any provision of this plan to the contrary, for plan years beginning after March 31, 2009, compensation shall specifically exclude any "differential wage payments" as defined in Code Section 3401(h)(2).

(b) **Compensation Limitation** The limitation of this Section 1.06(b) shall apply for all participants except those to whom the transition rules set forth in Section 13212(d)(3) of the Omnibus Budget Reconciliation Act of 1993 apply. For years beginning after December 31, 1988, and up through the last plan year beginning prior to January 1, 1994, the annual compensation of each participant taken into account under the plan for any year shall not exceed $200,000. This limitation shall be adjusted at the same time and in the same manner as under Code Section 415(d) except that the dollar increase in effect on January 1 of any calendar year is effective for years beginning in such calendar year and the first adjustment to the $200,000 limitation is effective on January 1, 1990. If the plan determines compensation on a period of time that contains fewer than 12 calendar months, then the annual compensation limit is an amount equal to the annual compensation limit for the calendar year in which the compensation period begins multiplied by the ratio obtained by dividing the number of full months in the period by 12. If compensation for any prior year is taken into account in determining a participant's contributions or benefits for the current year, the compensation for such prior year is subject to the applicable annual compensation limit in effect for that prior year. For this purpose, for years beginning before January 1, 1990, the applicable annual compensation limit is $200,000.

For plan years beginning on or after January 1, 1994 and before January 1, 2002, the annual compensation of each employee taken into account under the plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is $150,000, as adjusted by the Commissioner of the Internal Revenue Service for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12. For plan years beginning on or after January 1, 1994, any reference in this plan to the limitation under Code Section 401(a)(17) shall mean the OBRA '93 annual compensation limit set forth in this provision. If compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current plan year, the compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first plan year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit is $150,000.

For plan years beginning after December 31, 2001, the annual compensation of each participant taken into account in determining benefits shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. Annual compensation means compensation during the plan year or such other consecutive 12-month period over which

compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the plan determines compensation on a period of time that contains fewer than 12 calendar months, then the annual compensation limit is an amount equal to the annual compensation limit for the calendar year in which the compensation period begins multiplied by the ratio obtained by dividing the number of full months in the period by 12. If compensation for any prior year is taken into account in determining a participant's contributions or benefits for the current year, the compensation for such prior year is subject to the applicable annual compensation limit in effect for that prior year.

Notwithstanding the above, in determining benefits in plan years beginning on or after January 1, 2002, the annual compensation limit in effect for determination periods beginning before that date is $200,000.

Section 1.07 - Disability

Disability shall mean the inability to engage in any substantial gainful activity by reason of any physical or mental impairment. The plan administrator shall determine the existence of a disability. In making its determination, the plan administrator may seek the professional opinion of a qualified physician or may rely on other sources of information deemed appropriate. The disabled participant shall cooperate with the plan administrator in any reasonable requests of ongoing verification of continued disability.

Disability, however, shall not include disability attributable to:

(a) excessive and habitual use by the participant of drugs, intoxicants or narcotics;

(b) injury or disease sustained by the participant while willfully and illegally participating in fights, riots, civil insurrections or while committing a felony;

(c) injury or disease sustained by the participant while serving in any armed forces;

(d) injury or disease sustained by the participant diagnosed or discovered subsequent to the date his service has terminated;

(e) injury or disease sustained by the participant while working for anyone other than the employer and arising out of such employment; or

(f) injury or disease sustained by the participant as a result of an act of war, whether or not such act arises from a formally declared state of war.

Section 1.08 – Employee and Covered Employee

The term employee shall mean any individual employed as a common law employee by the employer. A covered employee shall be any common law employee who receives or, except for an authorized leave of absence, would be receiving remuneration for personal services rendered to the employer, excluding employees who are customarily employed by the employer for less than thirty-three (33) hours per week or less than twelve (12) months per year.

Notwithstanding any provision of this plan to the contrary, for remuneration made after March 31, 2009, any individual receiving "differential wage payments" as defined in Code Section 3401(h)(2) shall be treated as an employee of the employer making the payment. Provided, however, that service for vesting and benefit or contribution accrual purposes shall be credited only to the extent explicitly provided in Section 2.05(a) and 4.06(a). Differential wage payments shall be considered as compensation only to the extent explicitly provided in Section 1.06(a) or 5.05(c).

Section 1.08A - Employee Derived Accrued Benefit

The employee derived accrued benefit is that portion of a participant's accrued benefit which is attributable to any required employee contributions made by the participant to the extent that the required employee contributions (plus applicable interest) have not been refunded to the participant. The amount of the employee derived accrued benefit as of a given determination date shall be determined as follows:

(a) first, determine as of the determination date the current balance of the required employee contributions reflecting interest credited thereon pursuant to Section 3.02;

(b) next, determine the present value of the participant's total accrued benefit using the assumptions set forth in Section 1.02(b);

(c) finally, the ratio of the amount determined in step (a) to the amount determined in step (b) above (not larger than one) is multiplied by the participant's total accrued benefit to produce the employee derived accrued benefit.

The lump sum, single payment actuarially equivalent value of any employee derived accrued benefit shall be the current balance of the required employee contributions with credited interest.

A participant shall be 100% vested at all times in his employee derived accrued benefit. Except as noted in the following sentence, the payment of all or part of a participant's employee derived accrued benefit will not result in any reduction or forfeiture of such participant's employer derived accrued benefit. The in-service withdrawal of any required employee contributions shall result in the forfeiture of service for eligibility, vesting and benefit calculation purposes and the forfeiture of all rights to associated employer derived accrued benefits for service prior to such withdrawal.

Section 1.09 - Employer

Employer shall mean Gainesville Hospital District, d/b/a/ NTMC North Texas Medical Center or, for periods prior to July 1, 2004, Gainesville Memorial Hospital.

Section 1.09A - Employer Derived Accrued Benefit

The employer derived accrued benefit in all years shall equal the excess, if any, of the accrued benefit over the employee derived accrued benefit.

The in-service withdrawal of any required employee contributions will result in the forfeiture of all rights to employer derived accrued benefits attributable to service (benefit accrual and vesting) performed prior to such withdrawal.

Section 1.10 - Entry Date

The term entry date shall mean the date specified in Section 2.02 on which an eligible employee becomes a participant of this plan.

Section 1.11 - ERISA

ERISA shall mean Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, as may be amended from time to time and regulations issued thereunder. Reference to a section of ERISA shall include that section and any comparable section or sections of any future legislation that amends, supplements or supersedes such section and regulations issued thereunder.

Section 1.12 - Highly Compensated Employee – Not applicable

Section 1.13 - Hour of Service

Hour of service shall mean:

(a) Each hour for which an employee is paid, or entitled to payment, for the performance of duties for the employer. These hours will be credited to the employee for the computation period in which the duties are performed; and

(b) Each hour for which an employee is paid, or entitled to payment, by the employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability),layoff, jury duty, military duty or leave of absence. No more than 501 hours of service will be credited under this paragraph for a single computation period (whether or not the period occurs in a single computation period). Hours under this paragraph will be calculated and credited pursuant to section 2530.200b-2 of the Department of Labor Regulations which are incorporated herein by this reference; and

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the employer. The same hours of service will not be credited both under paragraph (a) or paragraph (b), as the case may be, and under this paragraph (c). These hours will be credited to the employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement, or payment is made.

Hours of service will be credited for employment with other members of an affiliated service group [under Code Section 414(m)], a controlled group of corporations [under Code Section 414(b)], or a group of trades or businesses under common control [under Code Section 414(c)], of which the employer is a member and any other entity required to be aggregated with the employer pursuant to Code Section 414(o). Hours of service will also be credited for any individual considered an employee under Code Sections 414(n) or 414(o).

Hours of service will be determined on the basis of actual hours for which an employee is paid or entitled to payment.

Section 1.14 - Integration Level

A participant's monthly integration level shall be $400. Effective for participants who are active participants on or after July 1, 2007, this is not applicable.

Section 1.15 - Normal Form

Normal form shall mean the anticipated and ordinary form of monthly retirement benefit payments made from the plan as specified in Section 4.01(b).

Section 1.16 - Normal Retirement Age

Normal retirement age shall mean the time at which a participant is eligible to receive his normal retirement benefit from the plan as specified in Section 4.01(a).

Section 1.17 - Optional Payment Form

An optional payment form shall be any form of payment identified in Section 4.07(a) which is allowed under the plan and is actuarially equivalent to the otherwise available payment form.

Section 1.18 - Participant

Participant shall mean any employee who has satisfied the conditions for participation under this plan and who has become a participant hereunder. An active participant shall mean any participant who is currently employed by the employer as a covered employee and who is making the required employee contributions of Section 3.02. A vested terminated participant shall mean any former employee or former active participant who was an active participant and who is entitled to future or contingent benefits under the plan. A retired participant is any former employee to whom benefit payments hereunder have commenced.

Section 1.19 – PBGC – Not applicable

Section 1.20 - Plan

Plan shall mean the Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center as described herein and as may be hereafter amended. For periods prior to July 1, 2004, plan shall mean the Texas Hospital Association Retirement Plan for Gainesville Memorial Hospital.

Section 1.21 - Plan Administrator

Plan administrator shall be HealthShare/THA prior to October 9, 2008 and HealthSHARE thereafter, with any officer of the Plan Administrator authorized to act on behalf of the plan administrator. Via Board of Directors resolution, the employer may alternatively appoint an individual or committee to serve as plan administrator. Further, the Successor Trustees may appoint a replacement plan administrator pursuant to the Master Trust Agreement.

Section 1.22 - Plan Year

The plan year for the plan shall be the 12-consecutive month period ending each March 31.

Section 1.23 - Prior Plan

The prior plan shall mean the Texas Hospital Association Retirement Plan for Gainesville Memorial Hospital as it existed March 31, 2002 prior to its amendment, continuation and restatement via this plan.

Section 1.24 - Trustee

The term trustee shall refer to the individual trustees or corporate trustee which is appointed by the employer and agrees to serve as trustee to the plan assets.

Section 1.25 - Trust, Trust Fund

The term trust or trust fund shall mean the assets held and invested by the trustee for the purpose of providing the benefits specified in the plan.

Section 1.26 - Vested Accrued Benefit

The term vested accrued benefit is the portion of the accrued benefit which, as of a given point in time, has become nonforfeitable.

Section 1.27 - Vested Percentage, Vesting Percentage

The term vested percentage or vesting percentage means the percentage (based on the vesting schedule and a participant's years of vesting service) that is applied to the participant's employer derived accrued benefit in determining his nonforfeitable interest in such accrued benefit.

Section 1.28 - Vesting Schedule

Prior to July 1, 2007, the vesting schedule shall be as follows:

Years of Vesting Service	Vesting Percentage
less than 5	0%
5 or more	100

Effective for participants who are active participants on or after July 1, 2007, the vesting schedule shall be as follows:

Years of Vesting Service	Vesting Percentage
0	0%
1	20
2	40
3	60
4	80
5 or more	100

A participant's vesting percentage shall always be 100% vested upon the attainment of his normal retirement age.

A participant shall always be 100% vested in his required employee contributions made under this plan.

ARTICLE 2

ELIGIBILITY, PARTICIPATION AND SERVICE

Section 2.01 - Eligibility Requirements

An employee who is a covered employee (as defined in Section 1.08) is eligible to become a participant of the plan upon the satisfaction of the following requirements:

(a) he completes three (3) years of eligibility service as a covered employee;

(b) he attains age 25; and

(c) he agrees to make the employee contributions to the plan required by Section 3.02.

Section 2.02 - Participation Entry Date

An employee who has met the requirements of Section 2.01 shall become a participant on the entry date coincident with or first following his satisfaction of such requirements.

The entry date for the plan shall be each April 1.

Any employee who was a participant of the prior plan shall continue automatically as a participant of this plan subject to the continued payment of required employee contributions pursuant to Section 3.02.

Section 2.03 - Reemployment and Reparticipation Entry Date

Any former employee shall become an active participant of the plan on the entry date described in Section 2.02 after he satisfies the requirements of Section 2.01 based upon service performed after his reemployment.

Any actively employed former participant who previously withdrew from plan participation (because he was paid an in-service distribution of employee contributions or stopped making required employee contributions) shall become an active participant of the plan on the entry date described in Section 2.02 after he completes one (1) year of eligibility service after his date of withdrawal.

Such participation, however, shall be conditioned upon the employee agreeing to make the required employee contributions pursuant to Section 3.02.

Section 2.04 - Waiver of Participation

An employee who is otherwise eligible to become a participant of this plan may voluntarily elect to not become a participant when first eligible or, after becoming a participant, may elect to withdraw from active participation. Such election shall be communicated to the plan administrator in writing. Such an employee may elect to subsequently participate in the plan as of a future entry date by communicating in writing to the plan administrator such election but shall not have the period of time covered by his nonparticipation recognized in any subsequent benefit determined on his behalf.

Section 2.05 - Service

(a) **Service** - Service shall mean any period of time during which an employee is employed by the employer or predecessor employer, if any. Notwithstanding any provision of this plan to the contrary, effective December 12, 1994, service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

(b) **Leave of Absence** - Leave of absence shall mean a specific and predetermined period of time without pay granted to an employee by the employer due to illness, injury, temporary reduction in work force, educational leave or other appropriate cause or any period of time granted during which the employee's reemployment rights are protected by law, provided (i) the employee returns to the service of the employer on or prior to the expiration of such leave or within the time his reemployment rights are protected by law, and (ii) all leaves of absence are granted or denied by the employer in a uniform and nondiscriminatory manner, treating employees in a similar circumstance in a like manner. A leave of absence granted under this paragraph shall be credited as employment service for all purposes of this plan.

(c) **Special Maternity or Paternity Absence** - Not applicable.

(d) **Break in Service** - A break in service shall be a period of severance of any duration. A period of severance is a continuous period of time during which the employee is not employed by the employer. Such period begins on the date the employee retires, quits or is discharged, or if earlier, the 12 month anniversary of the date on which the employee was otherwise first absent from service.

(e) **Year of Eligibility Service** - For determining an employee's eligibility to become a participant, a year of eligibility service is an aggregation of service totaling to 12 months (365 days) where the employee will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of covered employment (or reemployment) and ending on the date that a break in service begins. The first day of covered employment (or reemployment) is the first day the employee performs one hour of service as a covered employee. Fractional periods of a year will be expressed in terms of days.

(f) **Year of Vesting Service** - For determining a participant's vested percentage, a year of vesting service is an aggregation of service totaling to 12 months (365 days) where, if the participant joins the plan at the first eligibility, the participant will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of covered employment (or reemployment) and ending on the earlier of the date he ceases making required employee contributions or the date that a break in service begins. If the participant joins the plan at a date later than his first eligibility, the participant will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of participation in the plan and ending on the earlier of the date he ceases making required employee contributions or the date that a break in service begins. The first day of covered employment (or reemployment) is the first day the employee performs an hour of service as a covered employee. Fractional periods of a year will be expressed in terms of days.

(g) **Year of Benefit Accrual Service** - For determining a participant's accrued benefit, a year of benefit accrual service is an aggregation of service totaling to 12 months (365 days) where, if the participant joins the plan at first eligibility, the participant will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of covered employment

or reemployment with the employer and ending on the earlier of the date on which he severs employment with the employer or the date he ceases making required employee contributions. If the participant joins the plan at a date later than his first eligibility, the participant will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of participation in the plan and ending on the earlier of the date on which he severs employment with the employer or the date he ceases making required employee contributions. The first day of covered employment (or reemployment) is the first day the employee performs one hour of service as a covered employee. Fractional periods of a year will be expressed in terms of days.

(h) **Reemployment or Continued Employment after a Break-in-Service** - If any former employee is reemployed after a Break in Service has occurred, Years of Service prior to his Break in Service shall not be included for purposes of determining years of service for eligibility, vesting and benefit accrual after such Break in Service.

(i) **Special Provisions Relating to Eligibility and Vesting Service** – For an employee first employed or re-employed by Gainesville Memorial Hospital during the period beginning April 1, 2001 and ending December 31, 2002, such employee's most recent period of continuous service with Muenster Memorial Hospital shall be deemed service with the employer for the purpose of determining eligibility and vesting service, provided such service would have qualified as service as a covered employee if such service had been performed for Gainesville Memorial Hospital.

ARTICLE 3

CONTRIBUTIONS

Section 3.01 - Contributions by Employer

Subject to the right of the employer to terminate the plan, the employer intends to contribute such amounts to the plan as are required to maintain the benefits provided herein.

All contributions made by the employer to the plan (including investment earnings thereon) may not be diverted to, or used for, purposes other than the exclusive benefit of the participants or their beneficiaries. Such exclusive benefit requirement shall not prevent (1) the application of plan assets to pay necessary and reasonable administrative expenses of the plan, (2) the return of excess assets to the employer determined upon the termination of the plan as specified in Section 9.04, (3) the return of a contribution made by the employer because of a mistake of fact where the return is made within one year of the contribution, and (4) the return of a contribution made incident to the initial qualification application where the Commissioner of Internal Revenue determines that the plan is not initially qualified under the Code and where the contribution is returned within one year of the date the initial qualification is denied.

Forfeitures arising because of severance of employment before an employee becomes eligible for a benefit or forfeitures arising from any other reason shall be applied to reduce the costs of this plan and shall not be used to increase the benefits otherwise payable hereunder.

Section 3.02 - Required Contributions by Employees

As a condition to participate in this plan, an employee shall be required to contribute an amount payable each pay period of the employer equal to three percent (3%) of the employee's compensation. However, no deductible or nondeductible voluntary employee contributions are permitted to be made hereunder. Such required employee contributions shall be paid throughout an employee's active participation in the plan.

The plan administrator shall maintain an accounting for the required employee contributions made to the plan and shall prepare an accounting of the value of such required employee contribution accounts at the end of each plan year. The value of such accounts shall be a tabulation of the actual employee contributions plus an interest credit. The interest credit shall be 4% per annum for periods prior to July 1, 2007. Effective July 1, 2007, the interest credit shall be 5% per annum.

The employee contributions made under this plan are always 100% vested and determine a participant's employee derived accrued benefit. A participant may receive a distribution (in-service withdrawal) of any mandatory employee contributions with credited interest while still employed. However, such in-service withdrawals of employee contributions result in the forfeiture of all rights to employer derived benefits attributable to service performed prior to the withdrawal (including the forfeiture of otherwise vested amounts) and the participant must satisfy the requirements of Section 2.03 prior to reentering the plan.

Section 3.03 - Rollover or Transfer Contributions

An employee may not make a rollover contribution or request a direct plan to plan transfer contribution to the plan.

ARTICLE 4

BENEFITS AND PAYMENT OF BENEFITS

Section 4.01 - Normal Retirement Benefit

When a participant reaches his normal retirement age he shall be entitled to retire and to receive his normal retirement benefit payable in the normal form determined in accordance with the provisions set forth in this Section 4.01.

(a) **Normal Retirement Age** - A participant's normal retirement age shall be age 65 but not earlier than the date he completes 5 years of vesting service.

(b) **Normal Form** - The normal form of payment is a monthly annuity payable for the lifetime of the participant.

(c) **Normal Retirement Benefit** - A participant's normal retirement benefit shall be the monthly benefit payable in the normal form commencing on the first of the month coincident with or first following normal retirement age. The amount of a participant's normal retirement benefit shall be determined by the following formulas:

Prior to July 1, 2007, 0.75% of average monthly compensation multiplied by the participant's years of benefit accrual service plus 0.65% of average monthly compensation which is in excess of the participant's integration level multiplied by the participant's years of benefit accrual service up to a maximum of 35 years.

Effective for participants who are active participants on or after July 1, 2007, 1.6% of average monthly compensation multiplied by the participant's years of benefit accrual service.

In no event, however, shall the amount of a participant's normal retirement benefit be less than the amount of his accrued benefit determined as of his normal retirement age nor shall the amount be less than the amount of any early retirement benefit that may have been available to the participant prior to his normal retirement age. Notwithstanding any provision of this plan to the contrary, effective December 12, 1994, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

(d) **Minimum Normal Retirement Benefit** - A participant's normal retirement benefit shall be subject to a minimum for each participant. Such minimum normal retirement benefit shall be $25 per month.

Section 4.01A - Limitations on Benefit Accruals – Not applicable.

Section 4.02 - Late Retirement Benefit

If a participant continues his service with the employer beyond his normal retirement age, he shall be entitled to retire and to receive a late retirement benefit. His late retirement benefit shall be a monthly benefit payable in the normal form in an amount which is the greater of (a) or (b) where (a) is his accrued monthly benefit determined in the same manner as his normal retirement benefit

pursuant to the formula in Section 4.01 and (b) is the monthly benefit which is actuarially equivalent to his normal retirement benefit determined at his normal retirement age.

Section 4.03 - Early Retirement Benefit

If a participant attains age 55 and has also completed 10 years of vesting service with the employer, he shall be entitled to retire and to receive an early retirement benefit. His early retirement benefit shall be a monthly benefit payable in the normal form which is actuarially equivalent to his accrued benefit determined as of his date of early retirement.

Section 4.04 - Deferred Vested Retirement Benefit

If a participant's employment is terminated prior to early, normal or late retirement for causes other than his death or his disability, he shall be entitled to receive a deferred monthly benefit equal to the sum of (a) the product of his vested percentage and his employer derived accrued benefit determined as of the time of his termination and (b) his employee derived accrued benefit determined at the time of his termination with such vested deferred monthly benefit payable in the normal form at the participant's normal retirement age. In the event that the terminated participant satisfies the conditions required for early retirement subsequent to his termination of employment but prior to attaining his normal retirement age, he may elect at such subsequent time to receive an early retirement monthly benefit payable in the normal form which is actuarially equivalent to his vested accrued benefit.

A terminated participant with deferred vested benefits under this paragraph may elect an immediate actuarially equivalent lump sum payment in lieu of deferred payment of his vested accrued benefits, subject to automatic payment of Section 4.07(b) and lump sum availability of Section 4.07(a). No other optional form of payment is allowed under this paragraph prior to satisfaction of early or normal retirement eligibility.

Section 4.05 - Disability Benefit

If a participant who has completed 5 years of vesting service with the employer has his employment terminated due to his disability, he shall be entitled to receive a disability benefit.

Such disability benefit shall be a monthly benefit commencing on the first of the month coincident with or first following the date of disability and shall be payable in the normal form in an amount equal to the participant's vested accrued benefit as of the date of disability, reduced actuarially to reflect commencement earlier than normal retirement date.

Section 4.06 - Death Benefit

(a) **Pre-retirement Death Benefit**

Notwithstanding any provision of this plan to the contrary, in the case of a death occurring on or after January 1, 2007, if a participant dies while performing qualified military service (as defined in Code Section 414(u)), the survivors of the participant are entitled to any additional benefits (other than benefit accruals, as applicable, relating to the period of qualified military service) that would have been provided under this plan had the participant resumed employment and then terminated employment on account of death, as described under Code Section 401(a)(37). Without limiting the foregoing, vesting and eligibility service credits shall be granted

for such qualified military service to the extent required by Code Section 401(a)(37) and IRS Notice 2010-15.

(1) **Active Participant** - In the event of the death of an active participant prior to the commencement of payment of any retirement benefits hereunder, a benefit which is actuarially equivalent to his accrued benefit shall be paid to his beneficiary.

(2) **Vested Terminated Participant** - In the event of the death of a vested terminated participant prior to the commencement of payment of any retirement benefit hereunder, a benefit which is actuarially equivalent to his vested accrued benefit shall be paid to his beneficiary.

(3) **Pre-retirement Surviving Spouse Annuity** – Not applicable.

(4) **Form of Payment** - The form of payment made to a beneficiary shall be a monthly payment in the normal form or any available optional form listed in Section 4.07(a) as may be requested by the beneficiary. Such amount and form of payment, however, shall be actuarially equivalent to the death benefit otherwise payable under this Section 4.06(a).

(b) **Post-retirement Death Benefit** - In the event of the death of a participant to whom benefit payments have commenced, the payment of continuing benefits to any surviving spouse or other beneficiary shall be in accordance with the form of benefit payment under which the retired participant was receiving benefits at the time of his death.

(c) **Designation of Beneficiary** - Each participant or other recipient of payments hereunder shall be given the opportunity to designate a beneficiary or beneficiaries and from time to time the participant may file with the plan administrator a new or revised designation on such form as the plan administrator shall provide.

Section 4.06A - Shutdown or Other Unpredictable Contingent Event Benefits – Not applicable.

Section 4.07 - Actuarially Equivalent Optional Forms of Payment

In lieu of the payment of the benefits hereunder being made in the normal form of payment, a participant or beneficiary may elect to receive an optional form of payment which is actuarially equivalent to the anticipated normal form in accordance with the following provisions and subject to the provisions of Section 4.10.

(a) **Optional Forms of Payment**

(1) **Option 1** - Monthly income payable throughout the lifetime of the participant with or without a specified guaranteed number of monthly payments with such guaranteed number, if any, being a multiple of 60.

(2) **Option 2** - Monthly income payable throughout the lifetime of the participant with 50%, $66^{2}/_{3}$%, 75% or 100% of such monthly income continuing after the death for the remaining lifetime, if any, of his joint pensioner.

(3) **Option 3** - Monthly income payable for a specified guaranteed number of months (not to exceed the joint life expectancy of the participant and his beneficiary) equal to a multiple of 12 for a minimum of 60 payments.

(4) **Option 4** - A combination of Option 3 with Option 2.

(5) **Option 5** - A single, lump sum payment if the total present value of the participant's vested accrued benefit (employer and employee derived) is less than $10,000. If the total present value of vested accrued benefits is greater than $10,000, only the lump sum payment of the employee derived accrued benefits shall be permitted..

(b) **Automatic Lump Sum Payment** - When an employee terminates service and the actuarial equivalent present value of the employee's vested accrued benefit derived from employer and employee contributions is not greater than $5,000, the employee will receive a distribution of the present value of the entire vested portion of such accrued benefit and the nonvested portion will be treated as a forfeiture. For purposes of this section, if the present value of an employee's vested accrued benefit is zero, the employee shall be deemed to have received a distribution of such vested accrued benefit.

(c) **Determination of Present Value** - For purposes of determining the present value of payment made under Sections 4.07(b) and 4.07(a)(6), the present values shall be calculated as of the date of distribution pursuant to the applicable paragraphs of Section 1.02.

(d) **Minimum Monthly Payment** - Whenever the monthly benefits payable under this plan are less than $50 the plan administrator may convert the monthly benefit to an actuarially equivalent payment form with a less frequent payment mode so that the resulting payment amounts are at least equal to $50.

(e) **Nontransferable Annuity** - The payment of any monthly annuity hereunder in the form of an annuity contract purchased by the plan and distributed to a participant shall require that the annuity contract be nontransferable. Furthermore, the terms of such annuity contract purchased and distributed to a participant shall comply with all requirements of this plan.

Section 4.07A - Limitations on Prohibited Payments - Not applicable.

Section 4.08 - Automatic Joint and Survivor Annuity – Not applicable.

Section 4.08A - Qualified Optional Survivor Annuity – Not applicable.

Section 4.09 - Conditions of Payments

(a) **Events Causing Payments** - No benefits attributable to employer contributions will be paid from this plan prior to a participant's termination of employment, death or disability or upon the plan's termination.

(b) **Commencement of Payment** - Unless a participant elects otherwise in writing, commencement of payment will begin no later than the 60th day after the latest of the close of the plan year in which:

(1) the participant attains normal retirement age,

(2) occurs the 10th anniversary of the year in which the participant commenced participation in the plan, or

(3) the participant terminates service with the employer.

(c) **Restrictions on Immediate Distributions** – Not applicable.

Section 4.10 – Minimum Distribution Requirements after December 31, 2002

(a) **General Rules.**

(1) **Precedence and Effective Date**. The requirements of this article shall apply to any distribution of a participant's interest and will take precedence over any inconsistent provisions of this plan. Unless otherwise specified, the provisions of this article apply to calendar years beginning after December 31, 2002.

(2) **Requirements of Regulations Incorporated**. All distributions required under this article shall be determined and made in accordance with the regulations under § 401(a)(9) and the minimum distribution incidental benefit requirement of § 401(a)(9)(G) of the Code.

(3) **Limits on Distribution Periods**. As of the first distribution calendar year, distributions to a participant, if not made in a single-sum, may only be made over one of the following periods:

(i) the life of the participant,

(ii) the joint lives of the participant and a designated beneficiary,

(iii) a period certain not extending beyond the life expectancy of the participant, or

(iv) a period certain not extending beyond the joint life and last survivor expectancy of the participant and a designated beneficiary.

(b) **Time and Manner of Distribution**

(1) **Required Beginning Date**. The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date.

(2) **Death of Participant Before Distributions Begin**. If the participant dies before distributions begin, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the participant's surviving spouse is the participant's sole designated beneficiary, then, except as provided in the plan, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70½, if later.

(ii) If the participant's surviving spouse is not the participant's sole designated beneficiary, then, except as provided in the plan, distributions to the designated

beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the participant's death, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(iv) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this section (b)(2), other than section (b)(2)(i), will apply as if the surviving spouse were the participant.

For purposes of this section (b)(2) and section (e), distributions are considered to begin on the participant's required beginning date (or, if section (b)(2)(iv) applies, the date distributions are required to begin to the surviving spouse under section (b)(2)(i)). If annuity payments irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under section (b)(2)(i)), the date distributions are considered to begin is the date distributions actually commence.

(3) **Forms of Distribution**. Unless the participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with sections (c), (d) and (e). If the participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations. Any part of the participant's interest which is in the form of an individual account described in section 414(k) of the Code will be distributed in a manner satisfying the requirements of section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

(c) **Determination of Amount to be Distributed Each Year**

(1) **General Annuity Requirements**. If the participant's interest is paid in the form of annuity distributions under the plan, payments under the annuity will satisfy the following requirements:

(i) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(ii) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in section (d) or (e);

(iii) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(iv) payments will either be nonincreasing or increase only as follows:

(A) by an annual percentage increase that does not exceed the percentage increase in an eligible cost-of-living index for a 12-month period ending in the year during which the increase occurs or a prior year;

(B) by a percentage increase that occurs at specified times and does not exceed the cumulative total of annual percentage increases in an eligible cost-of-living index since the annuity starting date, or if later, the date of the most recent percentage increase;

(C) by a constant percentage of less than 5 percent per year, applied not less frequently than annually;

(D) as a result of dividend or other payments that result from actuarial gains, provided:

(I) actuarial gain is measured not less frequently than annually,

(II) the resulting dividend or other payments are either paid no later than the year following the year for which the actuarial experience is measured or paid in the same form as the payment of the annuity over the remaining period of the annuity (beginning no later than the year following the year for which the actuarial experience is measured),

(III) the actuarial gain taken into account is limited to actuarial gain from investment experience,

(IV) the assumed interest rate used to calculate such actuarial gains is not less than 3 percent, and

(V) the annuity payments are not increased by a constant percentage as described in (C) of this section (c)(2)(iv)

(E) to the extent of the reduction in the amount of the participant's payments to provide for a survivor benefit, but only if there is no longer a survivor benefit because the beneficiary whose life was being used to determine the distribution period described in section (d) dies or is no longer the participant's beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;

(F) to provide a final payment upon the participant's death not greater than the excess of the actuarial present value of the participant's accrued benefit calculated as of the annuity starting date using the applicable interest rate and applicable mortality table defined in section 1.02(a) of the plan (or, if greater, the total amount of employee contributions) over the total payments before the participant's death;

(G) to allow a beneficiary to convert the survivor portion of a joint and survivor annuity into a single sum distribution upon the participant's death; or

(H) to pay increased benefits that result from a plan amendment.

(2) **Amount Required to be Distributed by Required Beginning Date and Later Payment Intervals**. The amount that must be distributed on or before the participant's required beginning date (or, if the participant dies before distributions begin, the date distributions are required to begin under section 2.2(b)(2)(i) or (ii)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval

even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the participant's required beginning date.

(3) **Additional Accruals After First Distribution Calendar Year**. Any additional benefits accruing to the participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(d) **Requirements for Annuity Distributions that Commence During Participant's Lifetime**

(1) **Joint Life Annuities Where the Beneficiary Is Not the Participant's Spouse**. If the participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary, annuity payments to be made on or after the participant's required beginning date to the designated beneficiary after the participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the participant using the table set forth in section 1.401(a)(9)-6, Q&A 2(c)(2), in the manner described in Q&A 2(c)(1), of the regulations, to determine the applicable percentage. If the form of distribution combines a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(2) **Period Certain Annuities**. Unless the participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the participant's lifetime may not exceed the applicable distribution period for the participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9, Q&A-2, of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the participant reaches age 70, the applicable distribution period for the participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9, Q&A-2, of the Treasury regulations plus the excess of 70 over the age of the participant as of the participant's birthday in the year that contains the annuity starting date. If the participant's spouse is the participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the participant's applicable distribution period, as determined under this section (d)(2), or the joint life and last survivor expectancy of the participant and the participant's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9, Q&A-3, of the Treasury regulations, using the participant's and spouse's attained ages as of the participant's and spouse's birthdays in the calendar year that contains the annuity starting date.

(e) **Requirements For Minimum Distributions where Participant Dies After Distributions Begin**. If the participant dies after distribution of his or her interest begins in the form of an annuity meeting the requirements of this section 4.10 of the plan, the remaining portion of the participant's interest will continue over the remaining period over which distributions commenced.

(f) **Requirements for Minimum Distributions Where Participant Dies Before Date Distributions Begin**

(1) **Participant Survived by Designated Beneficiary**. Except as provided in the plan, if the participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the participant's entire interest will be distributed, beginning no later than the time described in section (b)(2)(i) or (ii), over the life of the designated beneficiary or over a period certain not exceeding:

(i) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the participant's death; or

(ii) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(2) **No Designated Beneficiary**. If the participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(3) **Death of Surviving Spouse Before Distributions to Surviving Spouse Begin**. If the participant dies before the date distribution of his or her interest begins, the participant's surviving spouse is the participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this section (f) will apply as if the surviving spouse were the participant, except that the time by which distributions must begin will be determined without regard to section (b)(2)(i).

(g) **Changes to Annuity Payment Period.**

(1) **Permitted Changes**. An annuity payment period may be changed only in association with an annuity payment increase described in section (c)(1)(iv) or in accordance with section (g)(2).

(2) **Reannuitization.** An annuity payment period may be changed and the annuity payments modified in accordance with that change if the conditions in section (g)(3) are satisfied and:

(i) the modification occurs when the participant retires or in connection with a plan termination;

(ii) the payment period prior to modification is a period certain without life contingencies; or

(iii) the annuity payments after modification are paid under a qualified joint and survivor annuity over the joint lives of the participant and a designated beneficiary, the participant's spouse is the sole designated beneficiary, and the modification occurs in connection with the participant's becoming married to such spouse.

(3) **Conditions.** The conditions in this section (g)(3) are satisfied if:

(i) the future payments after the modification satisfy the requirements of Code section 401(a)(9), section 1.401(a)(9) of the regulations, and this section 4.10 of the plan (determined by treating the date of the change as a new annuity starting date and the actuarial present value of the remaining payments prior to modification as the entire interest of the participant);

(ii) for purposes of section 415 of the Code, the modification is treated as a new annuity starting date;

(iii) after taking into account the modification, the annuity (including all past and future payments) satisfies the requirements of section 415 of the Code (determined as the original annuity starting date, using the interest rates and mortality tables applicable to such date); and

(iv) the end point of the period certain, if any, for any modified payment period is not later than the end point available to the employee at the original annuity starting date under section 401(a)(9) of the Code and this section 4.10 of the plan.

(h) **Payments to a Surviving Child**.

(1) **Special rule**. For purposes of this section 4.10 of the plan, payments made to a participant's surviving child until the child reaches the age of majority (or dies, if earlier) shall be treated as if such payments were made to the surviving spouse to the extent the payments become payable to the surviving spouse upon cessation of the payments to the child.

(2) **Age of Majority**. For purposes of this section, a child shall be treated as having not reached the age of majority if the child has not completed a specified course of education and is under the age of 26. In addition, a child who is disabled within the meaning of Code section 72(m)(7) when the child reaches the age of majority shall be treated as having not reached the age of majority so long as the child continues to be disabled.

(i) **Definitions**

(1) **Actuarial gain**. The difference between an amount determined using the actuarial assumptions (i.e., investment return, mortality, expense, and other similar assumptions) used to calculate the initial payments before adjustment for any increases and the amount determined under the actual experience with respect to those factors. Actuarial gain also includes differences between the amount determined using actuarial assumptions when an annuity was purchased or commenced and such determined using actuarial assumptions used in calculating payments at the time the actuarial gain is determined.

(2) **Designated beneficiary**. The individual who is designated by the participant (or the participant's surviving spouse) as the beneficiary of the participant's interest under the plan and who is the designated beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9)-4 of the regulations.

(3) **Distribution calendar year**. A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to section (b)(2).

(4) **Eligible cost-of-living index**. An index described in paragraphs (b)(2), (b)(3) or (b)(4) of section 1.401(a)(9)-6, Q&A-14, of the regulations.

(5) **Life expectancy**. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9, Q&A-1, of the Treasury regulations.

(6) **Required Beginning Date**

(i) General Rule

The required beginning date of a participant is April 1 of the calendar year following the later of the calendar year in which the participant attains age 70½ or the calendar year in which the participant retires.

(j) **TEFRA Section 242 (b) (2) Elections**

(1) Notwithstanding the other requirements of this section 4.10 of the plan distribution on behalf of any employee who has made a designation under section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (a "section 242(b)(2) election") may be made in accordance with all of the following requirements (regardless of when such distribution commences):

(i) The distribution by the plan is one which would not have disqualified such plan under IRC section 401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984.

(ii) The distribution is in accordance with a method of distribution designated by the employee whose interest in the plan is being distributed or, if the employee is deceased, by a beneficiary of such employee.

(iii) Such designation was in writing, was signed by the employee or the beneficiary, and was made before January 1, 1984.

(iv) The employee had accrued a benefit under the plan as of December 31, 1983.

(v) The method of distribution designated by the employee or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the employee's death, the beneficiaries of the employee listed in order or priority.

(2) A distribution upon death will not be covered by this transitional rule unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the employee.

(3) For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the employee, or the beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in subsections (j)(l)(i) and (v).

(4) If a designation is revoked, any subsequent distribution must satisfy the requirements of IRC section 401(a)(9) of the Code and the regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy IRC section 401(a)(9) of the Code and the regulations thereunder, but for the IRC section 242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life).

(5) In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in IRS Reg. 1.401(a)(9) - 8, Q&A-14 and Q&A-15, shall apply.

(k) **Transition Rules**

(1) **2002**. Required minimum distributions for calendar year 2002 were made pursuant to the 2001 Proposed Regulations.

(2) **Alternative Compliance with Certain Annuity Requirements in 2003, 2004 and 2005.** F-3 and F-3A of section 1.401(a)(9)-1 of the 1987 proposed regulations, A-1 of section 1.401(a)(9)-6 of the 2001 proposed regulations, section 1.401(a)(9)-6T of the temporary regulations, or a reasonable and good faith interpretation of the requirements of section 1.401(a)(9) of the Code (as elected by the employer) apply in lieu of the requirements of sections (c), (d) and (i) for purposes of determining minimum required distributions for calendar years 2003, 2004, and 2005.

Section 4.10A - Minimum Distribution Requirements prior to January 1, 2003

(a) **General** - Notwithstanding any provision of the plan to the contrary, effective with distributions under the plan made for calendar years beginning on or after January 1, 2001 and continuing in effect until the end of the last calendar year beginning before the effective date of final regulations under Code Section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service, the plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the regulations under Code Section 401(a)(9) that were proposed on January 17, 2001. Except as noted in the immediately preceding sentence, the remaining provisions of this Section 4.10A shall apply. The timing and form of benefit payments under this plan are subject to Code requirements which preclude excessive deferral of income tax recognition of retirement plan benefits. Accordingly, all distributions under this plan are subject to the requirements of Code Section 401(a)(9) as well as the minimum distribution incidental benefit requirements of Income Tax Regulations Section 1.401(a)(9)-2. Accordingly, the entire interest of a participant must be distributed or begin to be distributed no

later than the participant's required beginning date. These requirements are identified in this Section 4.10A and shall take precedence over any otherwise inconsistent provisions of this plan.

(b) **Limits on Distribution Periods** - As of the first distribution calendar year, distributions, if not made in a single-sum, may only be made over one of the following periods (or a combination thereof):

(1) the life of the participant,

(2) the life of the participant and a designated beneficiary,

(3) a period certain not extending beyond the life expectancy of the participant, or

(4) a period certain not extending beyond the joint and last survivor expectancy of the participant and a designated beneficiary.

(c) **Minimum Distribution Amount**

(1) **Annuity Requirements** - If the participant's interest is to be paid in the form of annuity distributions under the plan, payments under the annuity shall satisfy the following requirements:

(A) the annuity distributions must be paid in periodic payments made at intervals not longer than one year;

(B) the distribution period must be over a life (or lives) or over a period certain not longer than a life expectancy (or joint life and last survivor expectancy) described in Code Section 401(a)(9)(A)(ii) or Code Section 401(a)(9)(B)(iii), whichever is applicable;

(C) the life expectancy (or joint life and last survivor expectancy) for purposes of determining the period certain shall be determined without recalculation of life expectancy;

(D) once payments have begun over a period certain, the period certain may not be lengthened even if the period certain is shorter than the maximum permitted;

(E) payments must either be nonincreasing or increase only with any percentage increase in a specified and generally recognized cost-of-living index; to the extent of the reduction to the amount of the participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Section 4.10A(b) dies and the payments continue otherwise in accordance with Section 4.10A(b) over the life of the participant; to provide cash refunds of employee contributions upon the participant's death; or because of an increase in benefits under the plan.

(F) If the annuity is a life annuity (or a life annuity with a period certain not exceeding 20 years), the amount which must be distributed on or before the participant's required beginning date [or, in the case of distributions after the death of the participant, the date distributions are required to begin pursuant to Section 4.10A(d)] shall be the payment which is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bimonthly, monthly, semi-annually, or annually.

(G) If the annuity is a period certain annuity without a life contingency (or is a life annuity with a period certain exceeding 20 years) periodic payments for each distribution calendar year shall be combined and treated as an annual amount. The amount which must be distributed by the participant's required beginning date [or, in the case of distributions after the death of the participant, the date distributions are required to begin pursuant to Section 4.10A(d)] is the annual amount for the first distribution calendar year. The annual amount for other distribution calendar years, including the annual amount for the calendar year in which the participant's required beginning date [or the date distributions are required to begin pursuant to Section 4.10A(d)] occurs, must be distributed on or before December 31 of the calendar year for which the distribution is required.

(2) **Post December 31, 1988 Annuities** - Annuities paid after December 31, 1988, are subject to the following additional conditions:

(A) Unless the participant's spouse is the designated beneficiary, if the participant's interest is being distributed in the form of a period certain annuity without a life contingency, the period certain as of the beginning of the first distribution calendar year may not exceed the applicable period determined using the table set forth in Q&A A-5 of Income Tax Regulations Section 1.401(a)(9)-2.

(B) If the participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary, annuity payments to be made on or after the participant's required beginning date to the designated beneficiary after the participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the participant using the table set forth in Q&A A-6 of Income Tax Regulations Section 1.401(a)(9)-2.

(3) **Transitional Rule** - If payments under an annuity which complies with Section 4.10A(c)(1) begin prior to January 1, 1989, the minimum distribution requirements in effect as of July 27, 1987, shall apply to distribution from this plan, regardless of whether the annuity form of payment is irrevocable. This transitional rule also applies to deferred annuity contracts distributed to or owned by the employee prior to January 1, 1989, unless additional contributions are made under the plan by the employer with respect to such contract.

(4) **Post-Required Beginning Date Accruals** - If the form of distribution is an annuity made in accordance with this Section 4.10A(c), any additional benefits accruing to the participant after his or her required beginning date shall be distributed as a separate and identifiable component of the annuity beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(5) **Individual Account** - Any part of the participant's interest which is in the form of an individual account shall be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and the regulations thereunder.

(d) **Death Distribution Provisions**

(1) **Distribution Beginning Before Death** - If the participant dies after distribution of his or her interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the participant's death.

(2) **Distribution Beginning After Death** - If the participant dies before distribution of his or her interest begins, distribution of the participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death except to the extent that an election is made to receive distributions in accordance with (A) or (B) below:

(A) if any portion of the participant's interest is payable to a designated beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the designated beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the participant died;

(B) if the designated beneficiary is the participant's surviving spouse, the date distributions are required to begin in accordance with (A) above shall not be earlier than the later of (1) December 31 of the calendar year immediately following the calendar year in which the participant died and (2) December 31 of the calendar year in which the participant would have attained age 70½.

If the participant has not made an election pursuant to this Section 4.10A(d)(2) by the time of his or her death, the participant's designated beneficiary must elect the method of distribution no later than the earlier of (1) December 31 of the calendar year in which distributions would be required to begin under this section, or (2) December 31 of the calendar year which contains the fifth anniversary of the date of death of the participant. If the participant has no designated beneficiary, or if the designated beneficiary does not elect a method of distribution, distribution of the participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(3) **Death of Spouse Before Payment** - For purposes of Section 4.10A(d)(2), if the surviving spouse dies after the participant, but before payments to such spouse begin, the provisions of Section 4.10A(d)(2), with the exception of paragraph (B) therein, shall be applied as if the surviving spouse were the participant.

(4) **Payments to Child** - For purposes of this Section 4.10A(d), any amount paid to a child of the participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.

(5) **Distribution Beginning Date** - For purposes of this Section 4.10A(d), distribution of a participant's interest is considered to begin on the participant's required beginning date [or, if Section 4.10A(d)(3) above is applicable, the date distribution is required to begin to the surviving spouse pursuant to Section 4.10A(d)(2) above]. If distribution in the form of an annuity described in Section 4.10A(c) irrevocably commences to the participant before the required beginning date, the date distribution is considered to begin is the date distribution actually commences.

(e) **Definitions Applicable to Section 4.10A**

(1) **Designated Beneficiary** - The individual who is designated as the beneficiary under the plan in accordance with Code Section 401(a)(9) and the regulations thereunder.

(2) **Distribution Calendar Year** - A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first

distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 4.10A(d) above.

(3) **Life Expectancy** - The life expectancy (or joint and last survivor expectancy) calculated using the attained age of the participant (or designated beneficiary) as of the participant's (or designated beneficiary's) birthday in the applicable calendar year. The applicable calendar year shall be the first distribution calendar year. If annuity payments commence before the required beginning date, the applicable calendar year is the year such payments commence. Life expectancy and joint and last survivor expectancy are computed by use of the expected return multiples in Tables V and VI of Section 1.72-9 of the Income Tax Regulations.

(4) **Required Beginning Date**

(A) **General Rule** - In general, effective with the later of January 1, 1997 or the adoption date of this plan restatement, the required beginning date of a participant is the later of the April 1 of the calendar year following the calendar year in which the participant attains age 70½ or retires.

Section 4.11 - Spousal Rights Requirements – Not applicable.

Section 4.12 - Eligible Rollover Distributions

(a) **General** - This section applies to distributions made after December 31, 2001. Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this Article 4, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution that is at least $500 paid directly to an eligible retirement plan specified by the distributee in a direct rollover. If an eligible rollover distribution is less than $500, a distributee may not make the election described in the preceding sentence to rollover a portion of the eligible rollover distribution.

(b) **Special Rules and Definitions**

(1) **Eligible Rollover Distribution** - An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

(A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

(B) any distribution to the extent such distribution is required under Code Section 401(a)(9);

(C) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities);

(D) any other distribution(s) that is reasonably expected to total less than $200 during a year; and

(E) any similar items designated by the Commissioner in revenue rulings, notices, and other guidance of general applicability.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includable in gross income. However, such portion may be transferred to (1) an individual retirement account or annuity described in Code section 408(a) or (b); (2) for taxable years beginning after December 31, 2001 and before January 1, 2007, to a qualified trust which is part of a defined contribution plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable; or (3) for taxable years beginning after December 31, 2006, to a qualified trust or to an annuity contract described in Code section 403(b), if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

(2) **Eligible Retirement Plan** - An eligible retirement plan is an (i) eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan, (ii) an individual retirement account described in Code section 408(a) and individual retirement annuity described in Code section 408(b), (iii) an annuity plan described in Code section 403(a), (iv) an annuity contract described in Code section 403(b), or (v) a qualified defined contribution plan described in Code section 401(a), that accepts the distributee's eligible rollover distribution.

Effective for distributions made after the execution of the restatement of this plan, an eligible retirement plan shall also include a Roth IRA, subject to the restrictions described under Code Section 408A(c)(3)(B) for distributions prior to January 1, 2010 and subject to restrictions described under Code Section 408A(e), as amended by the Pension Protection Act of 2006.

(3) **Distributee** - A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse. Effective April 1, 2007, a distributee also includes the participant's nonspouse designated beneficiary under section 4.06(c) of the plan. In the case of a nonspouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in Code section 408(a) or Code section 408(b) ("IRA") that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code section 402(c)(11). Also, in this case, the determination of any required minimum distribution under Code section 401(a)(9) that is ineligible for rollover shall be made in accordance with IRS Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395.

(4) **Direct Rollover** - A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

(c) **Mandatory Distribution Rollover Election Requirement** - In the event of a mandatory distribution greater than $1,000 made on or after March 28, 2005 in accordance with the provision of section 4.07(b) of the plan that is not being distributed to a surviving spouse, beneficiary or alternate payee under a QDRO, the amount shall not be distributed until the plan administrator receives specific participant direction to either: (i) pay the amount in a direct trustee-to-trustee transfer to an eligible plan identified by the participant, (ii) pay the amount (less applicable Federal Income Tax withholding) directly to the participant, or (iii) pay the amount based on a combination of (i) and (ii).

Section 4.13 - Transition Provisions – Not applicable, due to OBRA '93 Section 13212(d)(3).

ARTICLE 5

LIMITATIONS ON BENEFITS

Section 5.01 - General

The Internal Revenue Code requires qualified plans to contain specific benefit limitations. The benefits provided under this plan, therefore, shall be subject to the overall limitations identified in this Article 5.

Section 5.02 - Single Plan Participation

If a participant is not and has never been a participant in another qualified plan maintained by the employer, then the annual benefit otherwise payable to a participant under the plan at any time shall not exceed the Maximum Permissible Benefit. If the benefit that a participant would otherwise accrue in a limitation year would produce an annual benefit in excess of the Maximum Permissible Benefit the benefit shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

Notwithstanding anything else in this Article 5 to the contrary, the benefit otherwise accrued or payable to a participant under this plan shall be deemed not to exceed the defined benefit dollar limitation if:

(i) the retirement benefits payable for a plan year under any form of benefit with respect to such participant under this plan and under all other defined benefit plans (regardless of whether terminated) ever maintained by the employer do not exceed $10,000 multiplied by a fraction - the numerator of which is the participant's number of years (or part thereof, but less than one year) of service (not to exceed 10) with the employer, and the denominator of which is 10; and

(ii) the employer (or a predecessor employer) has not at any time maintained a defined contribution plan in which the participant participated (for this purpose, mandatory employee contributions under a defined benefit plan, individual medical accounts under Code section 401(h), and accounts for postretirement medical benefits established under Code section 419A(d)(1) are not considered a separate defined contribution plan).

Section 5.03 - Multiple Plan Participation

(a) **Additional Defined Benefit Plan** - If the participant is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the employer or a predecessor employer, the sum of the participant's annual benefits from all such plans may not exceed the Maximum Permissible Benefit. Where the participant's employer-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, the rate of accrual of such other defined benefit plans currently maintained shall be reduced proportionately so that the resulting annual benefits do not exceed the Maximum Permissible Benefit. If further reduction in the annual benefit is necessary, then the annual benefits from this plan shall be reduced as necessary.

(b) **Additional Defined Contribution Plan** - Reserved.

Section 5.04 - Preservation of Accrued Benefit

In the case of an individual who was a participant in one or more defined benefit plans of the employer as of the first day of the first limitation year beginning after December 31, 1994, the application of the limitations of this Article 5 shall not cause the maximum permissible amount for such individual under all such defined benefit plans to be less than the individual's Retirement Protection Act of 1994 (RPA '94) old law benefit. The preceding sentence applies only if such defined benefit plans met the requirements of Section 415 of the Internal Revenue Code on December 7, 1994.

For limitation years beginning on or after July 1, 2007, the application of the provisions of this Article 5 shall not cause the Maximum Permissible Benefit for any participant to be less than the participant's accrued benefit under all the defined benefit plans of the employer or a predecessor employer as of the end of the last limitation year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations, and other published guidance relating to Code section 415 in effect as of the end of the last limitation year beginning before July 1, 2007, as described in IRS Reg. 1.415(a)-1(g)(4).

Section 5.05 - Definitions Applicable to Section 5.02, 5.03 and 5.04

(a) **Annual Additions** - Reserved.

(b) **Annual Benefit** - A benefit that is payable annually in the form of a straight life annuity. Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit shall be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this Article. For a participant who has or will have distributions commencing at more than one annuity starting date, the annual benefit shall be determined as of each such annuity starting date (and shall satisfy the limitations of this Article as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to IRS Reg. 1.401(a)-20, Q&A 10(d), and with regard to IRS Reg. 1.415(b)-1(b)(1)(iii)(B) and (C).

No actuarial adjustment to the benefit shall be made for (i) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the participant's benefit were paid in another form; (ii) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits); or (iii) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Code section 417(e)(3) and would otherwise satisfy the limitations of this Article, and the plan provides that the amount payable under the form of benefit in any limitation year shall not exceed the limits of this Article applicable at the annuity starting date, as increased in subsequent years pursuant to Code section 415(d). For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the annual benefit shall take into account social security supplements described in Code section 411(a)(9) and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant IRS Reg. 1.411(d)-4 Q&A-3(c), but shall disregard benefits attributable to employee contributions or rollover contributions.

Effective for distributions in plan years beginning before January 1, 2004, the actuarially equivalent straight life annuity is equal to the greater of the annuity benefit computed using the interest rate and mortality table (or other tabular factor) specified in the plan for adjusting benefits in the same form, and the annuity benefit computed using a 5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan. In determining the actuarially equivalent straight life annuity for a benefit form other than a nondecreasing annuity payable for a period of not less than the life of the participant (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or decreases during the life of the participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the annual benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements of qualified disability payments (as defined in Section 401(a)(11)), "the applicable interest rate, as defined in Section 5.05(q) of the plan", will be substituted for "a 5 percent interest rate assumption" in the preceding sentence.

Effective for distributions in plan years beginning after December 31, 2003, the determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with Section (b)(1) or Section (b)(2).

(1) **Benefit Forms Not Subject to Code Section 417(e)(3)**: The straight life annuity that is actuarially equivalent to the participant's form of benefit shall be determined under this Section (b)(1) if the form of the participant's benefit is either (i) a nondecreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the participant (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or (ii) an annuity that decreases during the life of the participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in Code section 401(a)(11)).

(i) **Limitation Years beginning before July 1, 2007**. For limitation years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit computed using whichever of the following produces the greater annual amount: (a) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form; and (b) a 5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan for that annuity starting date.

(ii) **Limitation Years beginning on or after July 1, 2007.** For limitation years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of (a) the annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the participant's form of benefit; and (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using 5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan for that annuity starting date.

(2) **Benefit Forms Subject to Code Section 417(e)(3):** The straight life annuity that is actuarially equivalent to the participant's form of benefit shall be determined under this paragraph if the form of the participant's benefit is other than a benefit form described in section (b)(1). In this case, the actuarially equivalent straight life annuity shall be determined as follows:

(i) **Annuity Starting Date in Plan Years Beginning After 2005**. If the annuity starting date of the participant's form of benefit is in a plan year beginning after 2005, the actuarially equivalent straight life annuity is equal to the greatest of (a) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form; (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan; and (c) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the applicable interest rate defined in Section 5.05(q) of the plan and the applicable mortality table defined in Section 5.05(q) of the plan, divided by 1.05.

(ii) **Annuity Starting Date in Plan Years Beginning in 2004 or 2005**. If the annuity starting date of the participant's form of benefit is in a plan year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using whichever of the following produces the greater annual amount: (a) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form; and (b) a 5.5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan.

If the annuity starting date of the participant's benefit is on or after the first day of the first plan year beginning in 2004 and before December 31, 2004, the application of this section (b)(2)(ii) shall not cause the amount payable under the participant's form of benefit to be less than the benefit calculated under the plan, taking into account the limitations of this Article, except that the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using whichever of the following produces the greatest annual amount:

(A) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form;

(B) the applicable interest rate defined in Section 5.05(q) of the plan and the applicable mortality table defined in Section 5.05(q) of the plan; and

(C) the applicable interest rate defined in Section 5.05(q) of the plan (as in effect on the last day of the last plan year beginning before January 1, 2004, under

provisions of the plan then adopted and in effect) and the applicable mortality table defined in Section 5.05(q) of the plan.

(c) **Compensation** - For limitation years beginning before July 1, 2007, compensation shall be as defined in Section 1.06(a).

For limitation years beginning on or after July 1, 2007, compensation is defined as wages, within the meaning of Code section 3401(a), and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Code sections 6041(d), 6051(a)(3), and 6052 (wages, tips and other compensation as reported on Form W-2). Compensation shall be determined without regard to any rules under Code section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agriculture labor in Code section 3401(a)(2)). Compensation shall also include amounts that would otherwise be included in compensation but for an election under Code sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b).

For any self-employed individual, compensation shall mean earned income.

Except as provided herein, compensation for a limitation year is the compensation actually paid or made available during such limitation year. Compensation for a limitation year shall include amounts earned but not paid during the limitation year solely because of the timing of pay periods and pay dates, provided the amounts are paid during the first few weeks of the next limitation year, the amounts are included on a uniform and consistent basis with respect to all similarly situated employees, and no compensation is included in more than one limitation year.

Compensation for a limitation year shall also include compensation paid by the later of 2½ months after an employee's severance from employment with the employer maintaining the plan or the end of the limitation year that includes the date of the employee's severance from employment with the employer maintaining the plan, if:

(1) the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or,

(2) the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued; or

(3) the payment is received by the employee pursuant to a nonqualified, unfunded deferred compensation plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered compensation if paid after severance from employment, even if they are paid by the later of 2½ months after the date of severance from employment or the end of the limitation year that includes the date of severance from employment.

Back pay, within the meaning of IRS Reg. 1.415(c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

Compensation paid or made available during such limitation year shall include amounts that would otherwise be included in compensation but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b).

Compensation shall also include deemed Code section 125 compensation. Deemed Code section 125 compensation is an amount that is excludable under Code section 106 that is not available to a participant in cash in lieu of group health coverage under a Code section 125 arrangement solely because the participant is unable to certify that he or she has other health coverage. Amounts are deemed Code section 125 compensation only if the employer does not request or otherwise collect information regarding the participant's other health coverage as part of the enrollment process for the health plan.

Notwithstanding any provision of this plan to the contrary, for limitation years beginning after March 31, 2009, compensation for purposes of Article 5 shall specifically include any "differential wage payments" as defined in Code Section 3401(h)(2).

(d) **Defined Benefit Compensation Limitation** - 100 percent of a participant's high three-year average compensation, payable in the form of a straight life annuity.

In the case of a participant who is rehired after a severance from employment, the defined benefit compensation limitation is the greater of 100 percent of the participant's high three-year average compensation, as determined prior to the severance from employment (including any adjustments as applicable) or 100 percent of the participant's high three-year average compensation as determined after the severance from employment.

(e) **Defined Benefit Dollar Limitations** - $160,000. Effective on January 1, 2003, and each January 1st thereafter, the $160,000 limitation above shall be automatically adjusted under Code section 415(d) as published in the Internal Revenue Bulletin, and payable in the form of a straight life annuity. The new limitation shall apply to limitation years ending with or within the calendar year of the date of the adjustment, but a participant's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The automatic annual adjustment of the defined benefit dollar limitation under Code section 415(d) shall not apply to participants who have had a separation from employment.

(f) **Defined Benefit and Defined Contribution Fractions** - Reserved

(g) **Formerly Affiliated Plan of the Employer** - A plan that, immediately prior to the cessation of affiliation, was actually maintained by the employer and, immediately after the cessation of affiliation, is not actually maintained by the employer. For this purpose, cessation of affiliation means the event that causes an entity to no longer be considered the employer, such as the sale of a member controlled group of corporations, as defined in Code section 414(b), as modified by Code section 415(h), to an unrelated corporation, or that causes a plan to not actually be maintained by the employer, such as transfer of plan sponsorship outside a controlled group.

(h) **Employer** - For purposes of this Article 5, the employer that sponsors this plan, and all members of a controlled group of corporations [as defined in Code Section 414(b) as modified by

Code Section 415(h), all commonly controlled trades or businesses [as defined in Code Section 414(c) as modified by Code Section 415(h)], or affiliated service groups [as defined in Code Section 414(m)] of which the sponsoring employer is a part, and any other entity required to be aggregated with the employer pursuant to regulations under Code Section 414(o).

(i) **Highest Three -Year Average Compensation** - The average compensation for the three consecutive years of service (or, if the participant has less than three consecutive years of service, the participant's longest consecutive period of service, including fractions of years, but not less than one year) with the employer that produces the highest average. A year of service with the employer is the 12-consecutive month period defined in Section 2.05(f) of the plan. In the case of a participant who is rehired by the employer after a severance from employment, the participant's high three-year average compensation shall be calculated by excluding all years for which the participant performs no services for and receives no compensation from the employer (the break period) and by treating the years immediately preceding and following the break period as consecutive. A participant's compensation for a year of service shall not include compensation in excess of the limitation under Code section 401(a)(17) that is in effect for the calendar year in which such year of service begins.

(j) **Limitation Year** - A calendar year or such other 12-consecutive month period that may be specified in writing by the employer. All qualified plans maintained by the employer must use the same limitation year. If the limitation year is amended to a different 12-consecutive month period, the new limitation year must begin on a date within the limitation year in which the amendment is made.

(k) **Maximum Permissible Benefit**

(1) The lesser of the defined benefit dollar limitation or the defined benefit compensation limitation, except that the defined benefit compensation limitation shall not apply to a governmental plan as defined under Code section 414(d), a collectively bargained plan that is described in Code section 415(b)(7), or, effective for limitation years beginning after December 31, 2006, to a participant in a church plan (i.e., a plan maintained by an organization described in Code section 3121(w)(3)(A)) who has never been a highly compensated employee (within the meaning of Code section 414(q)) of the organization. The defined benefit compensation limitation shall be applied to a participant in a church plan who is a highly compensated employee in accordance with IRS Reg. 1.415(a)(7)(iv)(B).

(2) If the participant has less than 10 years of participation in the plan, the defined benefit dollar limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof) of participation in the plan, and (ii) the denominator of which is 10. In the case of a participant who has less than ten years of service with the employer, the defined benefit compensation limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof) of service with the employer, and (ii) the denominator of which is 10.

(3) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62 or after Age 65**. Effective for benefits commencing in limitation years ending after December 31, 2001, the defined benefit dollar limitation shall be adjusted if the annuity starting date of the participant's benefit is before age 62 or after age 65. If the annuity starting date is before age 62, the defined benefit dollar limitation shall be adjusted under Section (k)(4), as modified by Section (k)(6). If the annuity starting date is after age 65, the defined benefit dollar limitation shall be adjusted under Section (k)(5), as modified by Section (k)(6).

(4) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62**:

(A) **Limitation Years Beginning Before July 1, 2007.** If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning before July 1, 2007, the defined benefit dollar limitation for the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (i) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form; or (ii) a 5-percent interest rate assumption and the applicable mortality table as defined in Section 5.05(q) of the plan.

(B) **Limitation Years Beginning on or After July 1, 2007**.

(I) **Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement.** If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning on or after July 1, 2007, and the plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the defined benefit dollar limitation of the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table for the annuity starting date as defined in Section 5.05(q) of the plan (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(II) **Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement**. If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning on or after July 1, 2007, and the plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the defined benefit dollar limitation for the participant's annuity starting date is the lesser of the limitation determined under Section (k)(4)(B)(I) and the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the plan at age 62, both determined without applying the limitations of this Article.

(5) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement after age 65**:

(A) **Limitation Year Beginning Before July 1, 2007.** If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning before July 1, 2007, the defined benefit dollar limitation of the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the

participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (i) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in section 1.02(a) of the plan for adjusting benefits in the same form; or (ii) a 5 percent interest rate assumption and the applicable mortality table as defined in Section 5.05(q) of the plan.

(B) **Limitation Years Beginning on or After July 1, 2007.**

(I) **Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement**. If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning on or after July 1, 2007, and the plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the defined benefit dollar limitation at the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required), with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table for that annuity starting date as defined in Section 5.05(q) of the plan (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(II) **Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement**. If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning on or after July 1, 2007, and the plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the defined benefit dollar limitation at the participant's annuity starting date is the lesser of the limitation determined under Section (k)(5)(B)(I) and the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the plan at age 65, both determined without applying the limitations of this Article. For this purpose, the adjusted immediately commencing straight life annuity under the plan at the participant's annuity starting date is the annual amount of such annuity payable to the participant, computed disregarding the participant's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the plan at age 65 is the annual amount of such annuity that would be payable under the plan to a hypothetical participant who is age 65 and has the same accrued benefit as the participant.

(6) Notwithstanding the other requirements of Sections (k)(4) and (k)(5), in adjusting the defined benefit dollar limitation for the participant's annuity starting date under Section (k)(4)(A), (k)(4)(B)(I), (k)(5)(A) or (k)(5)(B)(I), no adjustment shall be made to the defined benefit dollar limitation to reflect the probability of a participant's death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the participant prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the participant's death if the plan

does not charge participants for providing a qualified preretirement survivor annuity, as defined in Code section 417(c), upon the participant's death.

(l) **Predecessor Employer** - If the employer maintains a plan that provides a benefit which the participant accrued while performing services for a former employer, the former employer is a predecessor employer with respect to the participant in the plan. A former entity that antedates the employer is also a predecessor employer with respect to a participant if, under the facts and circumstances, the employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(m) **Social Security Retirement Age** - Age 65 in the case of a participant attaining age 62 before January 1, 2000 (i.e., born before January 1, 1938), age 66 for a participant attaining age 62 after December 31, 1999, and before January 1, 2017 (i.e., born after December 31, 1937, but before January 1, 1955), and age 67 for a participant attaining age 62 after December 31, 2016 (i.e., born after December 31, 1954).

(n) **Severance from Employment** - An employee has a severance from employment when the employee ceases to be an employee of the employer maintaining the plan. An employee does not have a severance from employment if, in connection with a change of employment, the employee's new employer maintains the plan with respect to the employee.

(o) **Year of Participation** - The participant shall be credited with a year of participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (1) the participant is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the plan in order to accrue a benefit for the accrual computation period, and (2) the participant is included as a participant under the eligibility provisions of the plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a year of participation credited to the participant shall equal the amount of benefit accrual service credited to the participant for such accrual computation period. A participant who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for an accrual computation period shall receive a year of participation with respect to that period. In addition, for a participant to receive a year of participation (or part thereof) for an accrual computation period, the plan must be established no later than the last day of such accrual computation period. In no event will more than one year of participation be credited for any 12-month period.

(p) **Year of Service** - For purposes of Section 5.05(i), the participant shall be credited with a year of service (computed to fractional parts of a year) for each accrual computation period for which the participant is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the plan in order to accrue a benefit for the accrual computation period, taking into account only service with the employer or a predecessor employer.

(q) **Applicable Mortality Table and Applicable Interest Rates** – The applicable mortality table is set forth in Revenue Ruling 95-6, 1995-1 C.B.80 for annuity starting dates prior to December 31, 2002 and Revenue Ruling 2001-62 for annuity starting dates on or after December 31, 2002 (or any successor applicable mortality table specified by the Commissioner), and the applicable interest rate is the rate of interest on 30-year Treasury securities as specified by the Commissioner (or any successor applicable interest rate or rates specified by the Commissioner) for the lookback month for the stability period specified below. The lookback month applicable to

the stability period is the second calendar month preceding the first day of the stability period. The stability period is the successive period of one plan year that contains the annuity starting date for the distribution and for which the applicable interest rate remains constant. (For example, for a stability period equal to the calendar year and a lookback month equal to the second month preceding the stability period, the 30-year Treasury yield published for November preceding the calendar year is used).

Notwithstanding the above, a plan amendment that changes the date for determining the applicable interest rate (including an indirect change as a result of a change in plan year) shall not be given effect with respect to any distribution during the period commencing one year after the later of the amendment's effective date or adoption date, if, during such period and as a result of such amendment, the participant's distribution would be reduced.

Section 5.05A - Other Rules Applicable to Sections 5.02, 5.03, 5.04 and 5.05

(a) **Benefits Under Terminated Plans** - If a defined benefit plan maintained by the employer has terminated with sufficient assets for the payment of benefit liabilities of all plan participants and a participant in the plan has not yet commenced benefits under the plan, the benefits provided pursuant to the annuities purchased to provide the participant's benefits under the terminated plan at each possible annuity starting date shall be taken into account in applying the limitations of this Article. If there are not sufficient assets for the payment of all participants' benefit liabilities, the benefits taken into account shall be the benefits that are actually provided to the participant under the terminated plan.

(b) **Benefits Transferred From the Plan** - If a participant's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan maintained by the employer and the transfer is not a transfer of distributable benefits pursuant IRS Reg. 1.411(d)-4, Q&A-3(c), the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee plan). If a participant's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan that is not maintained by the employer and the transfer is not a transfer of distributable benefits pursuant to IRS Reg. 1.411(d)-4, Q&A-3(c), the transferred benefits are treated by the employer's plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the employer that terminated immediately prior to the transfer with sufficient assets to pay all participants' benefit liabilities under the plan. If a participant's benefit under a defined benefit plan maintained by the employer are transferred to another defined benefit plan in a transfer of distributable benefits pursuant IRS Reg. 1.411(d)-4, Q&A-3(c), the amount transferred is treated as a benefit paid from the transferor plan.

(c) **Formerly Affiliated Plans of the Employer** - A formerly affiliated plan of an employer shall be treated as a plan maintained by the employer, but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay participants' benefit liabilities under the plan and had purchased annuities to provide benefits.

(d) **Plans of a Predecessor Employer** - If the employer maintains a defined benefit plan that provides benefits accrued by a participant while performing services for a predecessor employer, the participant's benefits under a plan maintained by the predecessor employer shall be treated as provided under a plan maintained by the employer. However, for this purpose, the plan of the predecessor employer shall be treated as if it had terminated immediately prior to the event

giving rise to the predecessor employer relationship with sufficient assets to pay participants' benefit liabilities under the plan, and had purchased annuities to provide benefits; the employer and the predecessor employer shall be treated as if they were a single employer immediately prior to such event and as unrelated employers immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provided under the plan of the predecessor employer.

(e) **Special Rules** - The limitations of this article shall be determined and applied taking into account the rules in IRS Reg. 1.415(f)-1(d), (e) and (h).

(f) **Aggregation with Multiemployer Plans**.

(1) If the employer maintains a multiemployer plan, as defined in Code section 414(f), and the multiemployer plan so provides, only the benefits under the multiemployer plan that are provided by the employer shall be treated as benefits provided under a plan maintained by the employer for purposes of this Article.

(2) Effective for limitation years ending after December 31, 2001, a multiemployer plan shall be disregarded for purposes of applying the compensation limitation of sections 5.05(d) and 5.05(k)(2) to a plan which is not a multiemployer plan.

Section 5.06 - Early Plan Termination Limitations – Not applicable.

ARTICLE 6

TOP HEAVY PROVISIONS

Section 6.01 - **General Application** – Not applicable.

Section 6.02 - **Top Heavy Definitions** – Not applicable.

Section 6.03 - **Provisions of Top Heavy Plans** – Not applicable.

Section 6.04 - **Collective Bargaining Agreements** – Not applicable.

ARTICLE 7

ADMINISTRATION

Section 7.01 - Powers and Duties of the Plan Administrator

The plan administrator shall have responsibility for the general supervision and administration of the plan and its assets and shall have all powers necessary to accomplish such duties. The plan administrator shall be a fiduciary of the plan. The plan administrator shall discharge its duties solely in the interest of all participants and beneficiaries. The plan administrator shall have the right, power and authority to:

(a) make rules and regulations for the administration of the plan which are not inconsistent with the terms and provisions hereof;

(b) construe all terms, provisions, conditions and limitations of the plan, and any construction thereof made by it in good faith shall be final and conclusive on all parties at interest;

(c) correct any defect or supply any omission or reconcile any inconsistency that may appear in the plan in such manner and to such extent as it shall deem expedient to carry the plan into effect for the greatest benefit of all interested parties, and its judgement of such expedience shall be final and conclusive on all parties at interest;

(d) select, employ and compensate from time to time such investment consultants, actuaries, accountants, investment managers, attorneys and other agents and employees as it may deem necessary or advisable in the proper and efficient administration of the plan. Any agent or employee so selected by the plan administrator may be a person or a firm then, theretofore or thereafter servicing the employer in any capacity;

(e) select from time to time the issuing company or companies from which insurance or annuity contracts, if any, may be purchased and to determine the form, type and kind of such contracts;

(f) determine all questions relating to the eligibility of employees to become participants and to determine the benefits which each may be entitled to receive and the time of payment thereof;

(g) determine all questions relating to the administration of the plan when differences of opinion arise between interested parties, whenever it is deemed advisable, to determine such questions in order to promote the uniform administration of the plan for the greatest benefit of all parties concerned;

(h) authorize and direct payment from the plan assets all benefits provided for hereunder;

(i) exercise such authority and responsibility as it deems appropriate in order to comply with ERISA and applicable governmental regulations issued thereunder relating to records of service, accrual of benefits and the nonforfeitability of such under the plan; required notifications; annual registration with the Internal Revenue Service; annual reports to the Department of Labor and reports and premium payments to the PBGC as may be applicable;

(j) establish and carry out a funding policy consistent with the purposes of the plan and the requirements of applicable law, as may be appropriate from time to time. As part of such funding policy, the plan administrator shall direct the trustee, investment counsel, custodian, investment manager, insurance company or other persons having authority and discretion to manage and control the assets of the plan to exercise its investment discretion so as to provide sufficient cash assets to meet the liquidity requirements of the plan. The discretion of the trustee, investment counsel, custodian, investment manager, insurance company or other persons having authority and discretion to manage and control the assets of the plan in investing and reinvesting the principal and income of the plan shall be subject to the funding policy, and any changes thereof from time to time, as the plan administrator may adopt and communicate to the trustee, investment counsel, custodian, investment manager, insurance company or other above referenced persons in writing. It shall be the duty of the trustee, investment counsel, custodian, investment manager, insurance company or other such persons to act strictly in accordance with such funding policy, and any changes therein, as so communicated from time to time in writing;

(k) delegate any part of its authority and duties as it deems expedient; and

(l) serve as agent for service of legal process in matters related to the plan.

Section 7.02 - Action of the Plan Administrator Committee

If a committee, a majority of the members of the committee comprising the plan administrator shall constitute a quorum for the transaction of business and shall have full power to act hereunder. Any written memorandum signed by the secretary or any member of the committee who has been authorized to act on behalf of the committee shall have the same force and effect as a formal resolution adopted in open meeting. Minutes of all meetings of any committee and a record of any action taken by the plan administrator shall be kept in written form. The plan administrator shall give to a trustee, insurance company or other entity any order, direction, consent or advice required under the terms of the plan, and such trustee, insurance company or other entity shall be entitled to rely on any instrument duly signed and delivered to it as evidencing the action of the plan administrator.

A member of any committee comprising the plan administrator may not vote or decide upon any matter relating solely to himself or vote in any case in which his individual right or claim to any benefit under the plan is particularly involved. If in any case in which an individual member of such committee is so disqualified to act and the remaining members cannot agree, the employer will appoint a temporary substitute member to exercise all of the powers of a qualified member concerning the matter in which the disqualified member is not qualified to act.

Section 7.03 - Indemnity and Limitations on Liability

(a) **Indemnity** - The employer shall indemnify and defend the plan administrator and any of its employees against any and all claims, loss, damages, expenses (including reasonable attorneys fees), and liability arising in connection with the administration of the plan, except when the same is judicially determined to be due to the gross negligence or willful misconduct of such individual.

(b) **Limitations on Liability** - Notwithstanding any of the preceding provisions of the plan, none of the trustee(s), the employer, the plan administrator and each individual acting as an employee or agent of any of them shall be liable to any participant, former participant, spouse or

beneficiary for any claim, loss, liability or expense incurred in connection with the plan, except when the same shall have been judicially determined to be due to the gross negligence or willful misconduct of such person.

(c) **Insurance** - The employer shall purchase insurance as is deemed appropriate to provide indemnification for the plan administrator and any other individuals against liability or losses occurring by reason of act or omission in their capacity as fiduciaries for the plan.

Section 7.04 - Expenses of Administration

The plan administrator shall be compensated for its service as plan administrator in accordance with the written agreement approved by the Trustees. Reasonable and necessary expenses and costs incurred by the plan administrator in supervising the administration of the plan and its assets shall be paid by the employer as directed by the plan administrator. Any of such expenses and costs not paid by the employer shall be paid from plan assets as directed by the plan administrator.

Section 7.05 - Bonding of the Plan Administrator

The plan administrator or any other person handling funds or other property of the plan shall be bonded as may be required by law and the expense of providing such bond shall be paid by the employer or from plan assets.

Section 7.06 - Participants to Furnish Required Information

Each participant will furnish to the plan administrator such information as the plan administrator considers necessary or desirable for the purposes of administering the plan, and the provisions of the plan respecting any payments thereunder are conditioned upon the participant's furnishing promptly such true, full and complete information as the plan administrator may request.

Any notice or information which, according to the terms of the plan or the rules of the plan administrator, must be filed with the plan administrator shall be deemed so filed at the time that the information is actually received by the plan administrator.

The employer, the plan administrator and any person or persons involved in the administration of the plan shall be entitled to rely upon any certification, statement or representation made or evidence furnished by a participant with respect to his age or other facts required to be determined under any of the provisions of the plan and shall not be liable on account of the payment of any monies or the doing of any act or failure to act in reliance thereon. Any such certification, statement, representation or evidence, upon being duly made or furnished, shall be conclusively binding upon the person furnishing same; but it shall not be binding upon the employer, the plan administrator or any other person or persons involved in the administration of the plan, and nothing herein contained shall be construed to prevent any of such parties from contesting any such certification, statement, representation or evidence or to relieve the participant from the duty of submitting satisfactory proof of such fact.

Section 7.07 - Claims Procedure

(a) Effective for periods prior to January 1, 2002, claims for benefits under the plan shall be filed on forms supplied by the plan administrator. Written notice of the disposition of a claim shall be furnished the claimant within thirty (30) days after the application therefore is filed. In the

event the claim is denied, the reasons for the denial shall be specifically set forth, pertinent provisions of the plan shall be cited and, where appropriate, an explanation as to how the claimant can perfect the claim will be provided. Such notice shall be written to the best of the plan administrator's ability in a manner that may be understood without legal or actuarial counsel.

Any claimant who has been denied a benefit or feels aggrieved by any other action of the employer or the plan administrator shall be entitled to receive, upon request to the plan administrator, a full and clear statement of the reasons for the action together with a written notice of such action, if such notice has not already been given to such claimant. If the claimant wishes further consideration of his position, he may obtain a form from the plan administrator on which to request a hearing. Such form, together with a written statement of the claimant's position, shall be filed with the plan administrator no later than ninety (90) days after receipt of the written notification provided for above or in the foregoing paragraph. The plan administrator shall schedule an opportunity for a full and fair hearing of the issue within the next thirty (30) days. The decision following such hearing shall be made within thirty (30) days and shall be communicated in writing to the claimant.

(b) Effective for periods on or after January 1, 2002, the following provisions shall apply:

(1) **Method of Making Claim**. Claims for benefits under the plan may be filed with the plan administrator on forms supplied by the employer. An authorized representative of a claimant may act on behalf of a claimant, provided that the representative is appointed in a writing that is signed by the claimant and supplied to the plan administrator. The term "claimant," when used in this procedure and in the claims review procedure below, shall include a duly appointed representative.

(2) **Time and Manner of Giving Notice of Adverse Benefit Determination**. If a claim is wholly or partially denied, the plan administrator shall notify the claimant of the adverse benefit determination no later than 90 days (45 days in the case of a disability benefit determination) after the claim was received by the plan. This period begins when a claim is received by the plan, whether or not the claim contains all information necessary to make a benefit determination. (In the case of a disability benefit determination, however, if a period is extended as described immediately below due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.)

If the plan administrator determines that special circumstances require more time to process a claim, this period may be extended up to a maximum of 90 additional days. If such an extension is required, the plan administrator shall give written notice no later than 90 days after the claim was received by the plan. The written notice shall describe the special circumstances requiring the extension and the expected date by which the benefit determination will be made.

In the case of a disability benefit determination, however, the foregoing paragraph shall not apply, and the following rules shall apply: The period may be extended by an additional 30 days if the plan administrator both determines that such an extension is necessary due to matters beyond the plan's control and notifies the claimant before the end of the 45-day period of the circumstances requiring the extension and the date by which the plan expects to render a decision. This period may be extended by an additional 30 days if during the first 30-day extension period the plan administrator both determines that a decision cannot be rendered within that extension period

due to matters beyond the plan's control and notifies the claimant before the end of the first 30-day period of the circumstances requiring the extension and the date by which the plan expects to render a decision. In the case of any initial or additional 30-day extension, the notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve the issues. In addition, the claimant shall be given at least 45 days to provide the specified information.

In its consideration of the claim, the plan administrator shall consult the documents and instruments constituting the plan and all other documents that may have a bearing on its interpretation, including past interpretations or claims of the same general type. The plan Administrator shall also, where appropriate, consult the Internal Revenue Service, Department of Labor, or other governmental or private publications or authorities which may assist the plan administrator to interpret plan language or administrative procedures.

Notice of adverse benefit determination described in this section shall be given in writing.

(3) **Content of Notice of Adverse Benefit Determination**. Notice of adverse benefit determination described in this section must set forth in a manner calculated to be understood by the claimant:

(i) the specific reason(s) for the adverse determination;

(ii) specific plan provisions upon which the determination is based;

(iii) a description and explanation of any additional material or information needed for the claimant to perfect the claim;

(iv) a description of the plan's review procedures and applicable time limits;

(v) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review; and

(vi) solely in the case of a disability benefit determination, if any internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either:

(A) a copy of such internal rule guideline, protocol, or other similar criterion; or

(B) a statement that such internal rule, guideline, protocol, or other similar criterion was relied upon and that a copy is available to the claimant at no charge upon request.

(4) **Claims Review Procedure**. If the plan administrator makes an adverse benefit decision as described above, a claimant may request that the plan administrator review the claim and the adverse benefit determination. The claimant must make this request no later than 60 days (180 days for disability benefit determinations) after receiving the written notice provided for above. This period begins when a request for review is filed in accordance with the plan's reasonable procedures, whether or not the request for review contains all information necessary to make a benefit determination.

A claimant may submit written comments, documents, records, or other information relating to the claim for consideration in the review. The review shall take into account all such information submitted by the claimant, regardless of whether it was submitted or considered in the initial benefit determination. For disability benefit determinations, on review, no deference shall be given to the initial adverse benefit determination. The review shall be conducted by the employer (hereafter, "Disability Appeal Fiduciary"). If in connection with the adverse disability benefit determination the plan obtained on its behalf the advice of any other medical or vocational experts, such expert(s) shall be identified, whether or not their advice was relied upon in making the adverse benefit determination. If the adverse disability benefit decision was based in whole or part on a medical judgement, in conducting the review the Disability Appeal Fiduciary shall consult with a health care professional with appropriate training and experience in the field of medicine involved in the medical judgement. This health care professional shall not be a person or a subordinate of a person who was consulted in connection with the adverse benefit determination.

Upon request, the claimant shall have reasonable access to and free copies of all documents, records, and other information that is relevant to the claim. A document, record or other information shall be considered to be relevant to a claim if it:

(i) was relied upon, submitted, considered or generated in the course of making the benefit determination; or

(ii) demonstrates compliance with the administrative processes and safeguards required in the making of the benefit determination; or

(iii) in the case of a disability benefit determination, constitutes a statement of policy or guidance with respect to the plan concerning the benefit denied for the claimant's diagnosis, whether or not such advice or statement was relied upon in making the benefit determination.

The plan administrator shall notify the claimant of the determination on the review not later than 60 days (45 days for disability benefit determinations) after the receipt of the claimant's request for review. If the plan administrator determines that special circumstances require more time to process the review of a claim, this period may be extended up to a maximum of 60 (45 for disability benefit determinations) additional days. Is such an extension is required, the plan administrator shall give written notice no later than 60 days (45 days for disability benefit determinations) after the receipt of the request for review. The written notice shall describe the special circumstances requiring the extension and the expected date by which the review determination will be made. If the plan administrator extends the review period due to a claimant's failure to submit information necessary to decide a claim, the deadline by which the plan administrator must make its determination on review shall be suspended from the date on which it notifies the claimant of the extension until the date the claimant responds to the request for additional information.

(5) **Notice of Decision on Review**. The plan administrator shall notify a claimant in writing of the benefit determination on review. If the benefit determination is adverse, the notification shall set forth in a manner calculated to be understood by the claimant:

(i) the specific reason(s) for the adverse determination;

(ii) specific plan provisions upon which the determination is based;

(iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant (as defined above) to the claim for benefits;

(iv) a statement describing any voluntary appeal procedures offered by the plan;

(v) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA; and

(vi) for disability benefit determinations, if any internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either;

(A) a copy of such internal rule, guideline, protocol, or other similar criterion; or

(B) a statement that such internal rule, guideline, protocol, or other similar criterion was relied upon and that a copy is available to the claimant at no charge upon request; and

(vii) the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your State insurance regulatory agency."

This claims procedure is designed so as not to contain any provision and unduly inhibits or hampers the initiation or processing of claims for benefits, nor shall it be administered in such a manner. Specifically, no fee shall be charged as a prerequisite to making a claim or appealing an adverse benefit decision. Furthermore, in the case of disability benefit determinations, there is no requirement that a claimant must file more than two appeals on an adverse benefit determination prior to bringing a civil action under Section 502(a) of ERISA, nor is there any requirement that adverse benefit determinations must be submitted to binding arbitration.

Section 7.08 - Benefits Payable to Minors and Incompetents

If any person entitled to payments under the plan shall be a minor or is, in the judgement of the plan administrator, otherwise legally incapable of personally receiving and giving a valid receipt for any payment due under the plan, the plan administrator may, unless and until claims shall have been made by a duly appointed guardian of such person, make such payment or any part thereof to such person's spouse, children or other person deemed by the plan administrator to have incurred or assumed responsibility for the expenses of such person, except that with regard to a participant or beneficiary declared to be incompetent, his or her benefit may only be paid to an individual with a valid power of attorney or a court appointed guardian. Any such payment will be a complete discharge of any liability under the plan for such payment.

Section 7.09 - Payments to Participants

Any payment to any participant, beneficiary, or legal representative, in accordance with the terms and provisions of the plan, shall to the extent thereof be in full satisfaction of all claims hereunder against the plan; and any such participant or beneficiary or legal representative, as a condition precedent to such payment, may be required to execute a receipt and release therefor in such form as shall be determined by the plan administrator.

Section 7.10 - Abandonment of Benefits

Each participant and other person entitled to benefits hereunder shall file with the plan administrator from time to time, in writing, his address and each change of address and any check representing payment hereunder and any communication addressed to such person hereunder at his last address filed with the plan administrator (or, if no such address has been filed, then at his last address as indicated on the records of the employer) shall be binding on such person for all purposes of the plan, and the plan administrator shall not be obliged to search for or ascertain the location of any such person.

If the plan administrator, for any reason, is in doubt as to whether benefit payments are being received by the person entitled thereto, it may, by registered mail addressed to the person concerned at his address last known to the plan administrator, notify such person that all unmailed and future benefit payments shall be henceforth withheld until he provides the plan administrator with evidence of his continued life and his proper mailing address.

If a benefit is abandoned or otherwise forfeited because the participant or beneficiary cannot be found, such benefit will be reinstated if a subsequent claim is made by the located participant or beneficiary. Furthermore, upon plan termination a participant or beneficiary may not be considered lost until the plan can force a distribution (is no longer immediately distributable); if considered lost, the benefits should be protected outside the plan (e.g., via the purchase of an annuity or the creation of an IRA, etc.)

Section 7.11 - Required Notification

Whenever a distribution is made from the plan which is a qualifying rollover distribution, the plan administrator shall give to the recipient a written explanation of (a) the provisions under which such a distribution can be transferred without current tax to an eligible retirement plan, and (b) the applicable Code provisions describing the possible current taxation treatment of such distribution if it is not transferred to an eligible retirement plan.

Section 7.12 - Failure to Designate Beneficiary

If a participant fails to designate a beneficiary, if such designation is for any reason illegal or ineffective, or if no beneficiary survives the participant, his death benefits otherwise payable under this plan shall be paid:

(a) to his surviving spouse;

(b) if there is no surviving spouse, to the duly appointed and qualified executor or other personal representative of the participant to be distributed in accordance with the participant's will or applicable intestacy law;

(c) if no such representative is duly appointed and qualified within six months after the date of death of such deceased participant, then to such persons as, at the date of his death, would be entitled to share in the distribution of such deceased participant's personal estate under the provisions of the applicable statute then in force governing the descent of intestate property, in the proportions specified in such statute; or

(d) absent any of the above actions, as may be directed by any court of jurisdiction.

ARTICLE 8

AMENDMENT AND TERMINATION

Section 8.01 - Amendment to Plan

(a) **Right To Amend** - Subject to the restrictions enumerated below, the employer may amend this plan at any time in any manner deemed advisable to the lawful extent possible.

(b) **Method of Amendment** - Every amendment shall be in writing and duly executed by an authorized officer or other authorized person acting on behalf of the employer.

(c) **Restrictions to Amendment** - No amendment to the plan (including a change in the actuarial basis for determining optional or early retirement benefits) shall be effective to the extent that it has the effect of decreasing a participant's accrued benefit. For purposes of this paragraph, a plan amendment that has the effect of (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a participant who satisfies (before the amendment) the pre-amendment conditions of the subsidy. Notwithstanding the preceding sentences, a participant's accrued benefit, early retirement benefit, retirement-type subsidy, or optional form of benefit may be reduced to the extent permitted under Code section 412(c)(8) (for plan years beginning on or before December 31, 2007) or Code section 412(d)(2) (for plan years beginning after December 31, 2007).

For purposes of this Section 8.01(c) of the plan, a plan amendment that raises the normal retirement age under the plan to comply with IRS Reg. 1.401(a)-1(b)(2) will not be treated as an amendment that decreases a participant's accrued benefit merely because the amendment eliminates a right the participant may have had to receive a distribution prior to severance from employment on attainment of the normal retirement age under the terms of the plan prior to such amendment. The preceding sentence applies only in the case of a plan amendment that is adopted after May 22, 2007 and on or before the last day of the applicable remedial amendment period under IRS Reg. 1.401(b)-1 with respect to the requirements of IRS Reg. 1.401(a)-1(b)(2) and (3). A participant who became or would have become eligible for payment of benefits at the normal retirement age under the terms of the plan prior to such amendment, and who has severed employment with the employer or employers maintaining the plan, continues to be eligible for payment at the same age and in at least the same amount as under the terms of the plan prior to such amendment with respect to benefits accrued prior to the applicable amendment effective date.

Furthermore no amendment to the plan shall have the effect of decreasing a participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted or the date it becomes effective.

Section 8.01A - Limitations on Plan Amendments Increasing Benefit Liabilities – Not applicable.

Section 8.01B - Amendment by Practitioner

Effective as of the date of the advisory letter issued by the Internal Revenue Service on behalf of this Volume Submitter (VS) plan, the VS practitioner will amend the plan on behalf of all adopting

employers, including those employers who have adopted the plan prior to this restatement, for changes in the Code, regulations, revenue rulings, other statements published by the Internal Revenue Service, including model, sample or other required good faith amendments, but only if their adoption will not cause such plan to be individually designed, and for corrections of prior approved plans. These amendments will be applied to all employers who have adopted the plan.

The VS practitioner will no longer have the authority to amend the plan on behalf of any adopting employer as of either: (1) the date the Service requires the employer to file Form 5300 as an individually designed plan as a result of an employer amendment to the plan to incorporate a type of plan not allowable in the Volume Submitter program, as described in Rev. Proc. 2005-16, or (2) as of the date the plan is otherwise considered an individually designed plan due to the nature and extent of the amendments. If the employer is required to obtain a determination letter for any reason in order to maintain reliance on the advisory letter, the VS practitioner's authority to amend the plan on behalf of the adopting employer is conditioned on the plan receiving a favorable determination letter.

The VS practitioner will maintain, or have maintained on its behalf, a record of the employers that have adopted the plan, and the VS practitioner will make reasonable and diligent efforts to ensure that adopting employers have actually received and are aware of all plan amendments and that such employers adopt new documents when necessary. This section supersedes other provisions of the plan to the extent those other provisions are inconsistent with this section.

With respect to this document, VS practitioner shall mean Rudd and Wisdom, Inc.

Section 8.02 - Termination of the Plan

(a) **Right to Terminate** - Although it is the expectation of the employer that it will continue this plan and make contributions hereunder, the continuance of this plan and contributions hereunder is not assumed as a contractual obligation; and the employer expressly reserves the right at any time to terminate contributions to the plan or terminate the plan itself.

(b) **Method of Termination** - The plan shall terminate upon the occurrence of any of the following events:

(1) dissolution or liquidation of the employer;

(2) legal adjudication of the employer as bankrupt;

(3) the preparation and execution of a written instrument by the employer reciting its intention to terminate the plan as of a stated date.

(c) **Effect of Termination** - Upon termination or partial termination of the plan, the rights of each participant or other person so affected to benefits accrued to the date of such termination or partial termination (to the extent funded as of such date) shall immediately become nonforfeitable. The payment of such benefits or portions thereof shall be in accordance with Section 9.04.

Section 8.03 - Continuance With Successor Employers

Unless the plan has previously been terminated, a successor to the business of the employer, by whatever form or manner resulting, may continue the plan without the necessity of executing a supplemental plan and such successor shall ipso facto succeed to all applicable rights, powers and duties of the employer hereunder. The employment of any employee who is continued in the employ of such successor shall not be deemed to have been terminated or severed for any purpose hereunder.

Section 8.04 - Plan Merger

In the event of a merger or consolidation with or a transfer of assets or liabilities to any other plan, each participant will receive a benefit immediately after such merger, consolidation or transfer (if the plan had then terminated) which is at least equal to the benefit the participant was entitled to immediately before such merger, consolidation or transfer (if the plan had terminated).

ARTICLE 9

TRUST AND TRUSTEE

Section 9.01 - Trustee

The term trustee means the corporate trustee or individual trustees appointed by the employer to administer the trust maintained for the purposes of the plan and such duly appointed and qualified successor trustee as the employer may designate from time to time.

Section 9.02 - Purpose of Trust and Trust Agreement

A trust shall be maintained for the purposes of the plan and the monies thereof shall be invested in accordance with the terms of the trust agreement which forms a part of this plan. All contributions will be paid into the trust and all benefits under the plan will be paid from the assets of the trust. The responsibility, power and duties of the trustee and the provisions of the trust are as identified in the separate trust agreement, attached hereto as Exhibit A.

Section 9.03 - Benefits Supported Only By Trust

Any person having any claim under the plan will look solely to the assets of the trust for satisfaction. Except to the extent provided by ERISA, nothing contained in this plan or trust shall constitute a guarantee by the employer, plan administrator or trustee that the assets of the trust will be sufficient to pay any benefit to any person.

Section 9.04 - Distribution of Plan Assets Upon Termination Of The Plan

Upon termination of the plan and subject to prior approval of the Internal Revenue Service as evidenced by the issuance of a determination letter (if the employer elects to file an application for such letter), the plan assets shall be apportioned and distributed in accordance with the following procedure:

(a) The plan administrator shall determine the date of distribution and the asset value to be distributed, after taking into account the expenses of such distribution;

(b) The plan administrator shall determine the method of distribution of the asset value (that is, whether distribution shall be by payment in cash, by the maintenance of another or substitute trust fund, or in kind based on the then fair market value) for each participant and other persons entitled to benefits under the plan;

(c) The plan administrator shall allocate the asset value as of the date of distribution of the assets in the manner set forth below, on the basis that the amount required to provide any given benefit shall mean the actuarially equivalent single sum value of the accrued benefit on the date of the termination of the plan, or if the method of distribution involves the purchase of an insured annuity equal to the accrued benefit on the date of termination of the plan, the amount required to provide the benefit shall mean the single premium payable to the life insurance company for such annuity. Any actuarially equivalent value shall be calculated in a manner consistent with Plan Section 1.02. The plan administrator shall allocate the asset value among the participants on the

basis of benefits included in and in the manner and order set forth in the following priority categories:

(1) voluntary participant contributions, if any; (2) mandatory participant contributions, if any; (3) benefits to retired participants or beneficiaries who began receiving benefits at least three (3) years before the termination date of the plan [including those benefits which would have been received for at least three (3) years by participants had they retired at their normal retirement ages] based on the plan provisions in effect during the five (5) year period ending on the termination date of the plan under which such benefits would have been the least; (4) all other nonforfeitable benefits under the plan; and (5) all other benefits under the plan.

If assets available for allocation under any of the priority categories, other than (4) and (5), are insufficient to provide full benefit for all persons in such category, the benefit otherwise payable to such persons shall be reduced proportionately. No person shall receive an allocation based on a benefit in a lower category if he is entitled to an allocation based on that same benefit in a higher category. If, after such allocation has been made, any residual assets remain, such assets shall be returned to the employer. Alternatively, if excess assets remain, the employer may amend the plan at termination to increase benefits in a nondiscriminatory manner so that all plan assets are applied to provide benefits.

Section 9.05 - Loans to Participants and Beneficiaries

Loans to participants and beneficiaries are not permitted under the plan.

ARTICLE 10

MISCELLANEOUS AND EXECUTION

Section 10.01 - No Right to Employment

Participation in this plan shall not give any participant the right to be retained in the employment of the employer or any other right or interest not specified herein.

Section 10.02 - Inalienability of Benefits

No benefit or interest available hereunder will be subject to assignment or alienation, either voluntarily or involuntarily. This section does not preclude, however, the trustee or any insurance company from complying with a qualified domestic relations order as that term is defined in Code Section 414(p).

Effective for judgments, orders and decrees issued, and settlement agreements entered into, on or after the effective date of this plan restatement, the Plan's prohibition against assignment or alienation shall not apply to any offset of a participant's benefits against an amount that the participant is ordered or required to pay to the plan if:

(i) the order or requirement to pay arises:

(I) under a judgment of conviction for a crime involving such plan,

(II) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of Part 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, or

(III) pursuant to a settlement agreement between the Secretary of Labor and the participant in connection with a violation (or alleged violation) of Part 4 of such Subtitle by a fiduciary or any other person, and

(ii) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the plan against the participant's benefits provided under the plan.

A plan shall not be treated as failing to meet the requirements of Code Sections 401(a), 401(k), 403(b), or 409(d) solely by reason of an offset described in this plan Section 10.02.

Section 10.03 - Aggregation of Employers – Not applicable.

Section 10.04 - Conflict with Insurance Contract

In the event of any conflict between the terms of this plan and the terms of any insurance contract issued hereunder, the plan provisions shall control. In particular, the payment of any benefits attributable to insurance or annuity contracts are part of the plan's total benefit and will be subject to all distribution conditions and requirements of Article 4.

Section 10.05 - Application of Insurance Dividends and Credits

Any payments by an insurer on account of credits such as dividends, experience rating credits, or surrender or cancellation credits shall be applied, within the taxable year of the employer in which received or within the next succeeding taxable year, toward the next premiums due before any further employer contributions are so applied.

Section 10.06 - Owner-employees of Controlled Trades or Businesses

If this plan provides contributions or benefits for one or more owner-employees who control both the business for which this plan is established and one or more other trades or businesses, this plan and the plan established for other trades or businesses must, when looked at as a single plan, satisfy Code Section 401(a) and (d) for the employees of this and all other trades or businesses.

If the plan provides contributions or benefits for one or more owner-employees who control one or more other trades or businesses, the employees of the other trades or businesses must be included in a plan which satisfies Code Section 401(a) and (d) and which provides contributions and benefits not less favorable than provided for owner-employees under this plan.

If an individual is covered as an owner-employee under the plans of two or more trades or businesses which are not controlled and the individual controls a trade or business, then the contributions or benefits of the employees under the plan of the trade or business which are controlled must be as favorable as those provided for him under the most favorable plan of the trade or business which is not controlled.

For purposes of the preceding paragraphs, an owner-employee, or two or more owner-employees, will be considered to control a trade or business if the owner-employee, or two or more owner-employees together:

(a) own the entire interest in an unincorporated trade or business; or

(b) in the case of a partnership, own more than 50% of either the capital interest or the profits interest in the partnership.

For purposes of the preceding sentence, an owner-employee, or two or more owner-employees, shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by a partnership which such owner-employee, or such two or more owner-employees, are considered to control within the meaning of the preceding sentence.

For purposes of this Section 10.06, owner-employee means an individual who is a sole proprietor, or who is a partner owning more than 10% of either the capital or profits interests of the partnership.

Section 10.07 - Construction and Action by Employer

This plan shall be construed in accordance with the laws of the State of Texas. Words used in the singular shall include the plural, the masculine gender shall include the feminine, and vice versa whenever appropriate. Whenever, under the terms of the plan, the employer is required or permitted to take some action, such may be taken by any officer who has been duly authorized by the board of directors of the employer.

IN WITNESS WHEREOF, NTMC North Texas Medical Center has caused this instrument, the Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center to be executed and attested hereto on this the 23 day of April, 2012

GAINESVILLE HOSPITAL DISTRICT d/b/a NTMC NORTH TEXAS MEDICAL CENTER

By: Gloria J Parrish

Name: Gloria Parrish

Title: President

ATTEST:

By: Diana Eichenberger

Name: Diana Eichenberger

TEXAS HOSPITAL ASSOCIATION
RETIREMENT PLAN FOR
NTMC NORTH TEXAS MEDICAL CENTER

EMPLOYEE BOOKLET

Participant Category: Active Employees Hired on or Before June 1, 2014

INTRODUCTION

The Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center was originally established on April 1, 1973 to provide Participants an additional monthly income for their comfort and financial security during their advanced years. The plan operates for the exclusive benefit of the participants and beneficiaries.

The Plan Document and Trust Agreement are complicated legal documents. To make the plan more understandable, we have prepared this summary in the form of a question and answer booklet. It contains answers to the questions most frequently asked. Copies of the Plan and Trust instrument are on file in the Hospital's Administration offices if you want to make a more detailed study of them. In the event of any discrepancy between this summary and the actual plan document, the provisions of the plan document and any amendments to the plan document shall govern.

> All previous Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center booklets that have been distributed are hereby declared null and void and are replaced with this revised (March 2014) booklet.

As a result of a plan amendment adopted in March 2014, no employee hired after June 1, 2014 is eligible to participate in this plan and no employee hired on or before June 1, 2014 may enter or re-enter this plan after June 1, 2014. Benefits for participants who entered the plan on or before June 1, 2014 are otherwise unaffected by this amendment.

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TEXAS HOSPITAL ASSOCIATION
RETIREMENT PLAN FOR
NTMC NORTH TEXAS MEDICAL CENTER

BASIC PLAN PROVISIONS

ELIGIBILITY:

COVERED EMPLOYEES:	All common law employees, except those customarily working less than thirty three hours per week or less than 12 months per year
MINIMUM AGE:	25 years, up to April 1, 2014. No minimum age needed to join on June 1, 2014.
MAXIMUM AGE AT HIRE:	None
WAITING PERIOD:	Three years as a covered employee, up to April 1, 2014. All covered employees are eligible to join on June 1, 2014.
ENTRY DATES:	Each April 1 through April 1, 2014 and a Final Entry Date of June 1, 2014
EARLY RETIREMENT DATE:	Age 55 with 10 years of vesting service
NORMAL RETIREMENT AGE:	The later of age 65 or 5 years of vesting service
NORMAL RETIREMENT BENEFIT:	1.6% of average monthly compensation times years of benefit service
MINIMUM MONTHLY NORMAL RETIREMENT BENEFIT:	$25 per month payable starting at normal retirement date
EMPLOYEE CONTRIBUTIONS:	Participants contribute 3% of their compensation to the plan
EMPLOYER CONTRIBUTIONS:	The employer contributes all additional funds needed to provide the employees' benefits at retirement, based upon recommendations made by an independent Actuary.
VESTING SCHEDULE:	Effective July 1, 2007:

Years of Vesting Service	Vesting Percentage
0	0%
1	20
2	40
3	60
4	80
5 or more	100%

A participant shall always be 100% vested in his required employee contributions and upon the attainment of normal retirement age.

IMPORTANT DATA

NAME OF PLAN:	Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center
TYPE OF PLAN:	Defined Benefit Pension Plan
EMPLOYER:	NTMC North Texas Medical Center 1900 Hospital Blvd. Gainesville, Texas 76240
PLAN YEAR:	April 1 through March 31
PLAN ADMINISTRATOR:	HealthSHARE 1108 Lavaca, Suite 700 Austin, Texas 78701-2180 Phone: (512) 465-1000
INDIVIDUAL TRUSTEES:	Successor Trustees Texas Hospital Association Retirement Plan for Member Hospitals 1108 Lavaca, Suite 700 Austin, Texas 78701-2180
PLAN SPONSOR:	HealthSHARE 1108 Lavaca, Suite 700 Austin, Texas 78701-2180 Phone: (512) 465-1000
AGENT FOR SERVICE OF LEGAL PROCESS:	Plan administrator

PLAN DEFINITIONS

The following definitions are to help you to better understand the plan terminology and plan benefits:

Accrued Benefits: The amount of retirement benefit that the participant has earned to date to be received at the participant's normal retirement date, calculated using the "benefit formula", based on average monthly compensation and service as of the date of calculation.

Average Monthly Compensation: To determine your average compensation, list your last 10 calendar years of compensation. Pick the five consecutive calendar years in which your compensation was highest. Add the compensation for the five-year period. Divide the total by five. The figure you get will be your average annual compensation. Divide this figure by 12 (months) for your average monthly compensation.

Beneficiary: The person or persons named by the participant to receive the death benefits, if any, from the plan on his behalf.

Benefit Formula: The basis for determining the amount of benefit to be received by the participant from the plan. Both average monthly compensation and years of benefit service are used in computing benefit amounts.

Defined Benefit Plan: A retirement plan (or pension plan) which states the benefits to be received by participants at their normal retirement date. It also states the method of determining such benefits (which is called the "benefit formula").

Eligibility Requirements: The rules that determine which employees may enter into the retirement plan.

Normal Retirement Age: The later of age 65 or 5 years of vesting service.

Normal Retirement Benefit: The benefit payable to the participant upon reaching normal retirement age.

Normal Retirement Date: The first of the month coincident with or next following attainment of normal retirement age.

Service: The years of employment of a participant. Service is defined for purposes of eligibility, for vesting and in the benefit formula, as outlined in the explanations in this plan summary.

Vesting: Refers to the right of the participant to receive the benefit called for in the benefit formula. Vested status is determined by reference to a vesting schedule which is based on years of vesting service. A participant who is 0% vested has no right to receive any of the "accrued benefit", while a participant who is 100% vested at the time of termination of employment has the right to receive all of the "accrued benefit".

ELIGIBILITY, PARTICIPATION AND YEARS OF SERVICE

When may I join the Retirement Plan?

If you are a covered employee (see page 1), up through April 1, 2014 you had an opportunity to join the plan on the April 1 after you have reached age 25 if you had at least three years of covered employment with the Hospital. On June 1, 2014 all covered employees have a one-time final opportunity to join the plan, if they were not already actively contributing participants. For this one-time final opportunity, no age or service requirement applies. You simply have to have been hired on or before June 1, 2014. Participants are required to contribute 3% of their compensation in order to become and remain participants of the plan. No one hired after June 1, 2014 will be able to join the plan.

Do I have to join the Plan?

No. Plan participation is voluntary and not a condition of employment. You may waive your right to participation in the plan if you choose. However, your credited years of service will disregard any years that you declined to participate. Also, if you are not yet participating as of June 1, 2014 and decline the opportunity to join on June 1, 2014, you will not ever have another opportunity to join. Also, after June 1, 2014 if you drop out of the plan (i.e., cease your contributions), cease to be a covered employee or terminate employment, you will not be able to re-enter the plan after June 1, 2014.

How do I count Years of Benefit Service?

Provided you join the plan when you are first eligible and begin your 3% participant contributions, your years of benefit service begin the day you begin working in covered employment for the Hospital. If effect, by joining at first eligibility you are gaining service credits for three years or more for which no contributions were required (or for the period of your shorter waiting period if June 1, 2014 is your first opportunity and you join on that date). However, if you decline to join when you are first eligible, but join at some later date on or before June 1, 2014, you will only receive credit for those years when you make contributions. If you terminate employment and are rehired, you will be treated as a new employee when you are rehired. No one rehired after June 1, 2014 will be able to re-join the plan. Approved leaves of absence are also counted as service and are not considered to be a break in service if you return to work at the end of your approved leave.

Do I have to contribute money while I am on Leave of Absence*?*

No. Leaves of Absence are usually for short periods of time except in the case of required military service. The additional cost is provided by the hospital. Just be sure your absence is **approved by the hospital** in a written form. **Be sure you return to work at the hospital when your leave time is up.** Otherwise, if you return to work prior to June 1, 2014 your service credits will begin over again when you are rehired and (except for the one-time final entry date on June 1, 2014) you will also have to wait three years to re-enter the plan just as if you were a new employee. If you return to work after June 1, 2014, you will not be able to re-join and your service credits cease at the beginning of your Leave of Absence.

What if I get out of the Plan but continue to work; how does that affect my service if I want to

rejoin?

If you discontinue your contributions, you will not receive credited service for the time you do not contribute; furthermore, (except for the one-time final entry date on June 1, 2014) you will have to wait at least one year before you can re-enter the plan on the April 1st following your one-year wait. If you rejoin the plan on or before June 1, 2014, you can start earning credited service again but you will never be able to count the time during which you did not make your contributions. If you discontinue your contributions after June 1, 2014 you cannot re-join the plan and your service credits cease when you stop contributing.

If, however, you withdraw your contributions from the plan, you lose all your vested and nonvested interest in your service credits up to a point of withdrawal. If you later re-enter the plan following a one-year or more wait period (e.g., on an April 1, on or before April 1, 2014) or on June 1, 2014, your service credits will only count the years after your re-participation. You cannot re-join the plan after June 1, 2014.

NORMAL RETIREMENT BENEFITS

How are my Retirement Benefits calculated?

The normal retirement benefit payable to you at your normal retirement date is based on your average monthly compensation and your years of benefit service as follows:

Effective July 1, 2007:

1.6% times average monthly compensation times years of benefit service

For example, if your average monthly compensation were $4,000 per month and you retired with 40 years of credited benefit service, your monthly pension would be:

1.6% x $4,000 x 40 = $2,560 per month

This benefit would be payable at your normal retirement date in addition to any Social Security benefits to which you are entitled.

What if I quit work before my Normal Retirement Date?

You will get less, because your years of service would be lower than at normal retirement age. As you participate in the plan, you earn a right to a certain vested interest in the benefit provided by employer contributions. This is called "vesting." If you quit work before you are "vested," you will not be entitled to any benefit from the plan, except for the return of your employee contributions plus interest at the rate of 5% (4% prior to July 1, 2007) credited at the end of each year on your beginning of year balance.

What is the Vesting Schedule?

Vesting is based on years of service as shown in the table below. Your years of vesting service will include only those years in which you actually participate; however, if you join the plan when first eligible, you will receive credit for the years of covered employment during your 3 year "waiting period" (or during your shorter waiting period if June 1, 2014 is your first opportunity and you join on that date).

Effective July 1, 2007:

Years of Vesting Service	Vesting Percentage
0	0%
1	20
2	40
3	60
4	80
5 or more	100%

A participant shall always be 100% vested in his required employee contributions and upon the attainment of normal retirement age.

What is my Accrued Benefit?

To compute your accrued benefit, apply the benefit formula to your average monthly compensation and your years of benefit service up to the date of calculation.

When do my retirement benefits begin?

You are eligible to receive your normal retirement benefits beginning on your normal retirement date (as defined). You may be eligible to elect to receive early retirement benefits in reduced amounts as discussed in the next section.

What choices do I have on how my benefits will be paid?

You may choose any of the options available in the plan. All options are calculated to be actuarially equivalent (equal in value) to one another.

If you do not choose how your benefit is to be paid, the automatic benefit is the "Life Only" benefit. This benefit provides for a monthly income as long as you live.

You may also choose:

Joint and Survivor benefit. You may choose a benefit for your lifetime with an amount equal to 50%, 66 2/3%, 75% or 100% of your amount being paid after your death for the remaining lifetime of your named survivor (this could be your spouse or other individual).

Life Income, guaranteed for a certain period of time. You may choose a reduced benefit which provides a guaranteed period of time for payment of five, ten, fifteen or twenty years but no longer than your life expectancy based on IRS tables. If you should die before the guaranteed number of years, your beneficiary would receive your benefit until the guaranteed time expired. If you live longer than the guaranteed time, you would continue to receive your benefit as long as you live.

Guaranteed Period benefit. You may choose a benefit which provides a guaranteed period of payment for five, ten, fifteen or twenty years but not longer than your life expectancy based on IRS tables.

Lump Sum benefit. You will automatically receive a single lump sum payment if the present value of your accrued benefit is less than $5,000. If the value of your accrued benefit is $10,000 or more, you may elect to receive the value of your accumulated employee contributions and accept a lower pension based solely upon your employer provided benefits. If the value of your accrued benefit is less than $10,000, you may elect to receive the entire value in a single payment.

You may also choose a payment form with combined features from all the available options.

When do I have to make the choice?

Prior to your Normal (or Early) Retirement Date, you may request a written explanation of the terms and conditions of the forms of pension payments. You will be requested to complete a form indicating how you wish to receive your pension payments. Before your pension payments begin, you may revoke any form of pension payment you have elected. However, once your pension payments have commenced, you may not change the form of your payments.

EARLY RETIREMENT

May I take an Early Retirement?

Yes. To take an early retirement you must complete 10 years of vesting service and attain age 55.

When will early retirement payments begin?

When you choose early retirement, you may elect to have the payments begin on the first of any month after you retire.

How much will my early retirement benefits be?

If you elect early retirement, you will receive the benefits that you have earned (called your accrued benefit) as of your early retirement date payable on your normal retirement date. If you choose to have benefits begin earlier, then your normal retirement date benefit amounts are reduced because of early payout according to the following schedule:

Early Retirement Age	Number of Years Early	Percentage of Vested Accrued Benefits Payable At Early Retirement Age
64	1	93.33%
63	2	86.66
62	3	80.00
61	4	73.33
60	5	66.66
59	6	63.33
58	7	60.00
57	8	56.66
56	9	53.33
55	10	50.00

These reduction factors are for exact early retirement ages. If you elect early retirement benefit commencement between two whole ages, the reduction factor will be between two of the factors listed above.

Your early retirement monthly income is obtained by multiplying your accrued benefit by two factors based on:

1. your attained age on the date you are to receive your first monthly payment, and

2. how you choose to receive your benefit; such as Joint and 50% Survivor or Life with 10 Years Certain.

LATE RETIREMENT

What if I continue to work AFTER my normal retirement date?

If you commence benefits after your normal retirement date, you are entitled to the greater of:

a. the benefit calculated using the benefit formula with benefit service and compensation considered up to your later retirement date, or

b. the benefit calculated using the benefit formula with benefit service and compensation considered up to your normal retirement date and then increased actuarially to reflect the delayed payout.

DISABILITY RETIREMENT

Are disability benefits provided?

Yes. If you are totally disabled as defined by the Plan, you are entitled to receive a disability benefit. Totally disabled means that in the opinion of the Plan Administrator you will be incapable for a long and indefinite period of time of being gainfully employed considering your age, work experience and education.

What are my disability benefits?

If you are disabled, you will receive a benefit actuarially equivalent to the present value of your vested accrued retirement benefit.

DEATH BENEFITS

What if I die before my normal retirement date?

The beneficiary you choose will receive the present value of your vested accrued benefit at your death.

What benefits are paid if I die shortly after retirement?

That depends on the option you selected. If you are receiving monthly retirement benefits under the Life Only option, payments cease at your death. If you are receiving monthly benefits under a Joint and Survivor benefit, your named survivor will continue to receive benefits for the remainder of his/her life. As another example, if you have elected a 10 year Certain and Life benefit and die after receiving only two years of benefit payments, your beneficiary will continue to receive the same monthly benefit for another eight years.

PLAN ADMINISTRATION

Who pays for the plan?

The participant is required to contribute 3% of compensation to the plan. The employer pays the entire remaining cost of the plan. The total contributions are determined each year by an independent Actuary.

How does the plan operate?

The Plan Administrator performs the administrative duties of the plan. A Trust Fund has been established for the purpose of accumulating assets to pay plan benefits.

What are the plan duties of the Employer?

The employer makes the recommended contributions on behalf of eligible employee participants in order to fund the Plan, furnishes records of plan participants and reviews the performance of the Plan Administrator and Trustee.

What are the plan duties of the Plan Administrator?

The Plan Administrator maintains records of participants, receives claims for benefits, determines eligibility for benefits, makes determinations on appeals of claim denials, authorizes payment of benefits, interprets and administers the plan document, maintains accounting records, and employs an actuary, accountant, attorney or other specialist at their discretion.

Can the employer ever recover the money contributed on my behalf to the pension plan?

The employer can never recover any monies from the pension plan unless the plan were terminated and all accrued benefits of the plan were fully provided for on behalf of eligible participants. While it is operating, the plan must be maintained for the exclusive benefit of plan participants and beneficiaries.

Will I receive a statement of my benefits?

Yes. Each year after the close of the Plan Year, you will receive a statement showing what benefits you have earned, your vested interest, and your estimated benefit at retirement.

May I withdraw money from the Plan?

Withdrawals of employer provided benefits are not permitted as long as you are employed. You may withdraw your own employee contributions, but you will forfeit all benefits for any prior service (including vested benefits) if you withdraw your contributions prior to severance from employment. You will also not be eligible to re-enter the plan until the April 1st which is at least 12 months after your date of withdrawal and in no event will you be able to re-enter the plan after June 1, 2014.

May I borrow money from the Plan?

No. Loans are not permitted.

May I assign or pledge any part of my benefit?

No.

May the plan be changed or terminated?

Yes. Your employer reserves the right to change the plan or to terminate it. However, in no event can the benefits accrued prior to the day of any change in the plan be taken away, except as may be allowed under the law.

What about income taxes?

Tax laws are constantly changing, but under the rules in effect when this booklet was written, our attorneys tell us that your employer provided benefit is taxable when received. Your employee contributions are returned as nontaxable distributions. However, the IRS considers each payment from the plan to be comprised of both employer and employee components, so a portion of each payment will be taxable. Lump sum payments may have alternative tax treatment in limited circumstances. Consult your personal tax advisor.

REPORTING AND DISCLOSURE

Will the Plan Administrator give plan information to me or to my beneficiaries?

Yes. The Plan Administrator may furnish:

- a plan description (employee booklet);
- a description of any change in the plan;
- a statement of your accrued benefit and your vested benefit upon termination of employment;
- an explanation, if a claim is denied;
- a written explanation, before your retirement starting date, of the terms and conditions of any option you choose.

The Plan Administrator will make available at your employer's office:

- the latest annual report of trust assets;
- any documents under which the plan was established or is operated.

If you would like personal copies of these documents made for you, you should make your request in writing. A reasonable charge will be made for the copies.

CLAIMS PROCEDURE

Do I, or my beneficiary, have to do anything to start getting benefits when I retire or die?

Yes. Payment of benefits may be subject to selecting what benefits you want. You or your beneficiary may apply to your employer for payment under one or more optional methods under the Plan, so you will need to sign some election forms.

What should be done if I, or my beneficiary, think a benefit should be paid and none is paid?

A claim should be filed with the Plan Administrator.

How can a claim be filed?

To file a claim for a benefit for which you think you are eligible, mail a letter to:

HealthSHARE
1108 Lavaca, Suite 700
Austin, Texas 78701-2180

Your letter should state:

a. the type of benefit you believe you are entitled to, e.g., retirement, disability, etc.;

b. your estimation of the amount of the benefit; and

c. the form of payment you wish to elect, e.g., life annuity, 10 year certain and life, etc.

If you believe that you have become entitled to a benefit, you should contact the plan administrator for the necessary forms needed to process your benefit.

What if my claim is denied?

You will receive written notice within 90 days of a denial or the Plan Administrator will let you know within 90 days when a final decision is expected to be made. The notice of denial from the Plan Administrator will state the reasons for denial, applicable references to the plan and means, if any, for you to perfect your claim and why any additional information is needed. The notice of denial will also tell you that you can, by written application, request a review of your claims by the Plan Administrator, review pertinent plan documents and submit comments in writing to the Plan Administrator.

How can I appeal a claim denial?

You can request an appeal by making written notice to the Plan Administrator within 60 days after your receipt of the denial notice. If you do not appeal within the 60 day period, the decision of the Plan Administrator will be final and binding.

If you do appeal in writing within the 60 day period the Plan Administrator will review and re-examine all facts and issues and will notify you in writing of its final decision within 60 days of your appeal. If special circumstances require more than 60 days for a final decision to be made, you will be notified of the delay within 60 days of your appeal. In no event will a final decision be made later than 120 days after your appeal.

MISCELLANEOUS

What are my obligations as a Plan Participant?

As a Plan Participant, you will be required:

- to sign appropriate beneficiary forms as required;
- to make the required contributions;
- to submit in writing a claim for any denied benefit to the Plan Administrator;
- to elect the income option to be effective at your retirement, and give reasonable notice of the election to your employer;
- to provide satisfactory evidence of any disability when you are requesting a disability benefit;
- to keep your beneficiary designation current;
- to keep your employer informed of your residential address.

Under what circumstances may the benefits to my beneficiaries or myself be reduced?

The following circumstances may result in either a reduction or loss of your benefits:

- if you do not make the participant contributions for all periods of time you are eligible to do so or if you withdraw your participant contributions that you have previously made;
- if you terminate employment prior to the years of service required for full vesting;
- if you die after retirement and have elected a life annuity income option.

Your accrued benefit and normal retirement benefit calculations are based on your years of service and your average monthly compensation. Any stoppage or reduction in employment or compensation which keeps your service or average monthly compensation from reaching its highest value will keep your accrued benefit and normal retirement benefit from reaching their highest values.

Benefits Are Not Insured By The PBGC

Benefits under this plan are not insured by the Pension Benefit Guaranty Corporation (PBGC) if the plan terminates. The PBGC does not insure pension benefits provided by governmental employers like NTMC North Texas Medical Center.

IRS Qualified Plan Requirements

The plan has been designed to be an IRS approved "qualified" retirement program which has special requirements and conditions too numerous to be outlined in this summary. These special conditions affect, for example, maximum allowable benefits and limitations on maximum periods over which benefits can be paid.

EXHIBIT A - TRUST AGREEMENT

TEXAS HOSPITAL ASSOCIATION
RETIREMENT MASTER TRUST
FOR MEMBER HOSPITALS

Restatement Effective Date: January 1, 2003

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TEXAS HOSPITAL ASSOCIATION
RETIREMENT MASTER TRUST
FOR MEMBER HOSPITALS

INTRODUCTION

WHEREAS, Texas Hospital Association (THA) maintains a Master Retirement Trust which serves as a funding medium for eligible employee benefit plans of Texas Hospital Association and its members and affiliates;

WHEREAS, the purpose of the Master Trust (hereafter "trust") is to fund the benefits payable to participants and their beneficiaries of each participating plan and to permit the collective investment of said plans' assets as provided herein;

WHEREAS, the funding mechanism of each participating plan is a separate trust agreement between THA and the trustee entitled Texas Hospital Association Retirement Master Trust for Member Hospitals (hereinafter referred to as the trust agreement); and

WHEREAS, THA desires to amend and restate the master trust provided for in each participating plan to implement and carry out the provisions thereof and this trust agreement is designed for that purpose and has been designated as a part of the plan intended to meet the applicable requirements of the Internal Revenue Code of 1986 related to qualified employees' trusts for those participating plans which are intended to be qualified plans under IRC Section 401(a) and to exclusive benefit trusts for those governmental IRC Section 457 plans which are subject to the requirements of IRC Section 457(g), and to Individual Retirement Accounts for those accounts which are subject to Section 408 of the Code; and

WHEREAS, THA desires the trustee to act as trustee of the trust and the trustee is willing to so act pursuant to the terms of this trust agreement;

NOW, THEREFORE, the parties hereto do hereby agree that said trust agreement is to read as follows:

ARTICLE 1

Continuation of Trust

1. The parties hereby amend, restate and continue without interruption the trust fund as provided for in each participating plan (hereafter, "the plan"). Said trust fund and such sums of money and other property acceptable to the trustee as shall from time to time hereafter be transferred, paid or delivered to the trustee in trust under the terms of the plan, together with the investments and reinvestments thereof and the proceeds derived therefrom and all earnings and profits thereon, less the distributions which, at any particular time of reference, shall have been made by the trustee as authorized herein, are referred to herein as the trust.

2. The funds and assets shall be held by the trustee in trust and dealt with in accordance with the provisions of this agreement. At no time shall any part of the corpus or income of the trust fund be used for or diverted to purposes other than expressly provided for in the participating plan.

ARTICLE 2

Plan Administration

1. The plan administrator of each participating plan shall have full authority to supervise and direct the administration of the plan for which it serves as plan administrator.

2. It shall be the duty of the trustee (a) to hold, to invest and to reinvest the assets of the trust, and (b) upon the order of the plan administrator, to make distributions out of the equitable share of a participating plan to participants and their beneficiaries as provided in the participating plan and to pay reasonable costs incurred by the plan administrator in the administration of the plan. Such orders need not specify the application to be made of monies so directed to be paid and the trustee shall not be responsible in any way respecting such application or for the administration of the plan.

3. The plan administrator shall furnish the trustee with all the necessary factual information required by it to perform its duties as trustee hereunder, and the trustee shall not be required to verify the facts so furnished by the plan administrator. The trustee, in following the directions of the plan administrator, is authorized to act upon instructions of the plan administrator that it shall designate in writing, and shall not be liable for its acts with respect to payments from the trust when following such instructions or directions or for failure to act in the absence of such instructions or directions. The trustee shall not be liable or responsible for any payment made by it in good faith and in the exercise of reasonable care without knowledge of the changed conditions or status of the payee.

4. The employer may retain the right under each participating plan to appoint the plan administrator. However, in order to participate in the Master Trust, the employer must appoint the entity designated by the Trustees to be plan administrator. At the time of the adoption of this restated Master Trust Agreement, the plan administrator is HealthShare, Inc., dba HealthShare/THA.

ARTICLE 3

Funding Policy

1. The plan administrator shall establish and carry out a funding policy consistent with the purposes of the plan and the requirements of applicable law, as may be appropriate from time to time. As part of such funding policy, the plan administrator shall direct the trustee or other person having authority and discretion to manage and control the assets of the plan to exercise its investment discretion so as to provide sufficient cash assets to meet the liquidity requirements for the administration of the plan.

2. The discretion of the trustee or other person having authority and discretion to manage and control the assets of the plan in investing and reinvesting the principal and income of the trust shall be subject to the funding policy, and any changes thereof from time to time, as the plan administrator may adopt and communicate to the trustee or other above-referenced person in writing. It shall be the duty of the trustee or other person to act strictly in accordance with such funding policy, and any changes therein, as so communicated to the trustee or other person from time to time in writing.

3. The funding policy will identify the short run financial needs (e.g., liquidity to pay benefits and expenses) and long run financial needs (e.g., investment growth). The funding policy will also identify the sources of plan contributions (e.g., employees and/or the employer) in accordance with the terms of the participating plan.

ARTICLE 4

Investment of the Trust

1. The trustee shall invest and reinvest the principal and accumulated income of the trust paid, transferred or otherwise delivered to such trustee with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims (and to the extent practicable, consistently with the most recent statement of a funding policy adopted by the plan administrator), without limitation by any statute, rule or law or regulation of any governmental body prescribing or limiting the investment of funds by corporate or individual trustees in or to certain kinds, types or classes of investments or limiting the value or proportions of the trust assets which may be invested in any one property, type, kind or class of investment. In extension, and without limiting the generality of the foregoing, the trustee may invest and reinvest principal and income of the trust in preferred and common stock and stocks of any other kind or class of any corporation; voting trust certificates; interests in investment trusts; shares of a mutual fund; interests in a common fund, limited partnership interests, loans to participants pursuant to specific and applicable provisions (if any) of the plan document, savings accounts or certificates of deposit with any bank or savings institution; bonds, notes and debentures, secured or unsecured; group or individual annuity contracts or other guaranteed interest contracts issued by an insurance company; mortgages on real or personal property; conditional sales contracts; managed futures accounts; personal property, real estate and leases. The trustee may also hold uninvested reasonable amounts of cash whenever it deems it advisable to do so and may deposit the same in bank or savings accounts, at a reasonable rate of interest, and in the banking department of any bank or trust company or savings institution (including those, if applicable, of the trustee itself).

2. In addition to all powers and authorities hereunder and under common law and statutory authority, including the Employee Retirement Income Security Act of 1974, the trustee is further authorized and empowered to engage in any transaction with (a) a common or collective trust fund or pooled investment fund which is authorized and permitted to receive investments from the trust even if such fund is maintained by any "party-in-interest", within the meaning of ERISA Section 3(14), which is a bank or trust company supervised by a state or federal agency including, where otherwise permissible under the applicable laws and regulations, any such fund as maintained by the trustee, its affiliates, any investment manager appointed hereunder, any affiliate of such investment manager or another fiduciary hereunder [provided such other fiduciary qualified as an investment manager under ERISA Section 3(38)], the provisions of which as they may now or hereafter exist are hereby incorporated by reference, or (b) a pooled investment fund of an insurance company qualified to do business, provided such fund is authorized and permitted to receive investments from the trust, if (i) the transaction is a sale or purchase of an interest in such fund, and (ii) the bank, trust company or insurance company receives not more than reasonable compensation. This provision constitutes the express permission required by ERISA Section 408(b)(8).

3. Without limiting the other provisions herein, the trustee is further expressly authorized and empowered to invest and reinvest all or such part of the trust funds as the trustee may deem advisable in a group, common, collective, or pooled trust which has been or may hereafter be established and maintained by the trustee hereunder or any other fiduciary but which is not tax exempt.

ARTICLE 5

Investment Managers

THA reserves to the trustee the power to appoint from time to time one or more investment managers to direct the trustee or to assume the duties of trustee in the investment of all or any portion of the trust. An investment manager may be any person or firm which is (1) registered as an investment adviser under the Investment Advisers Act of 1940, (2) a bank, or (3) an insurance company which is qualified to perform the services of an investment manager under the laws of more than one state. An investment manager shall have such rights and responsibilities only with regard to that portion of the trust designated by the trustee. Said trustee may by resolutions adopted by it remove any such investment manager and shall have power to appoint a successor or successors from time to time in succession to any investment manager who shall be removed, die, resign or otherwise cease to serve hereunder. The trustee shall follow and comply with all investment directions given to the trustee by such investment manager with respect to the designated portion of the trust, and the trustee shall be released and exonerated of and from all liability to anyone for or on account of any action taken, or thing done or omitted to be done by such investment manager or by the trustee in the investment or reinvestment of the trust pursuant to and in accordance with the directions of the investment manager. The reasonable fees and expenses of the investment manager, as agreed upon in writing by the trustee and the investment manager, shall be charged against the trust and the income derived therefrom, and shall be paid therefrom by the trustee in such shares as between income and principal as the trustee deems reasonable and proper. The appointment of an investment manager, original or successor, by the trustee shall be made by resolution. Each such appointment shall become effective upon delivery to the plan administrator of a certified copy of such resolution and a written acceptance of such appointment signed by the investment manager, acknowledging that it is a fiduciary with respect to the plan, within the meaning of the Employee Retirement Income Security Act of 1974. Such resolutions shall state what portion of the trust shall be the investment responsibility of the investment manager. The removal of an investment manager shall be and become effective upon receipt by the plan administrator of a certified copy of the resolution of the trustee removing such investment manager, accompanied by a written statement signed by the trustee that notice of such removal has been given to such investment manager. The resignation of an investment manager shall be effective upon receipt by the trustee of such resignation in writing signed by the investment manager (if not by its terms made effective at a later date), and unless such resignation states on its face that notice thereof has been given to the plan administrator, the trustee shall notify the plan administrator in writing forthwith of such resignation. Whenever and for as long as there shall be no investment manager appointed or acting hereunder, the powers of the investment manager shall be exercised independently by the trustee. The powers of an investment manager shall be exercised by the trustee with respect to any portion of the trust over which an investment manager has not been given investment authority. No investment manager at any time serving hereunder shall be or become liable for the acts or defaults of another investment manager who has investment responsibility for a separate portion of the trust, or for the acts or defaults of the trustee. Neither any participating employer nor its officers nor the plan administrator shall be or become liable for the acts or omissions of any investment manager appointed pursuant to this Article.

ARTICLE 6

Powers of the Trustee

The trustee, in extension and not in limitation of the power and authority generally possessed or enjoyed by trustees or otherwise conferred upon the trustee by this agreement, is authorized and empowered:

(a) to sell, exchange, convey, transfer or otherwise dispose of any property of the trust by private contract or at public auction, whether for cash or other property or on credit or any combination of the foregoing as the trustee shall deem advisable, and no person dealing with the trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;

(b) to grant an option or options for the sale or other disposition of a trust asset, including the issuance of options for the purchase of common stock of the trust in return for the receipt of a premium from the optionee (it being expressly intended that said options may be in form in terms to permit their being freely traded on an option exchange) and including the repurchase of any such option granted or in lieu thereof, the repurchase of an option identical in terms to the one issued;

(c) to vote on any stocks, bonds or other securities held in the trust which have voting power; to give general or special proxies or powers of attorney with or without power of substitution with respect thereto; to exercise any conversion privileges, subscription rights or other options with respect thereto, and to make payments incidental thereto; to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate stocks, bonds, or securities and to delegate discretionary powers and to pay any assessments or changes in connection therewith; and, generally, to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property held in the trust;

(d) to make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(e) to register any investment held in the trust in the name of the trustee, without trust designation, or in the name of a nominee or nominees, and to hold any investment in bearer form, but the books and records of the trustee shall at all times show that all such investments are part of the trust and the trustee shall be as responsible for any act or default of any such nominee as for its own;

(f) to segregate any part or portion of the trust for the purpose of administration or distribution thereof and, in its sole discretion, to hold the trust fund uninvested whenever and for so long as, in the trustee's discretion, the same is likely to be required for the payment in cash of benefits normally expected to be payable in the near future, or whenever, and for as long as market conditions are uncertain or for any other reason which, in the trustee's discretion, requires such action or makes such action advisable;

(g) to retain and employ such attorneys, agents and servants as may be necessary or desirable, in the opinion of the trustee, in the administration of the trust, and with the prior consent of the plan administrator to pay them such reasonable compensation for their services as may be agreed upon as an expense of administration of the trust;

(h) to determine the fair market value of the trust and of each asset thereof from time to time in such manner and by such methods and means as the trustee, in its sole discretion, deems reasonable and proper, including power to select and appoint an appraiser or appraisers for such purpose, and to pay the costs, fees and expenses of such appraisal as a cost of administering the trust, and to accept and adopt the appraisal so made as the value of the trust or of the particular asset or assets thereof so appraised;

(i) to commingle the assets of this trust with the assets of any other qualified retirement plan trust funds, or any common, collective or group fund or trust (the provisions of such group trust being hereby by reference incorporated herein) maintained for the investment of assets of plans qualified within the meaning of Code Sections 401(a) and 501(a) and/or of any exclusive benefit trust within the meaning of Code Section 457(g), or any Individual Retirement Account within the meaning of Section 408 of the Code; provided, however, that the relative interests of all participating plans and funds are clearly recorded on the books and records of the trustee at all times;

(j) to institute, prosecute and maintain, or to defend, any proceeding at law or in equity concerning the plan or trust or the assets thereof or any claims thereto, or the interest of participants and beneficiaries hereunder at the sole cost and expense of the trust and/or at the sole cost and expense of the participant's interest herein that may be concerned therein or that may be affected thereby as, in the trustee's opinion, shall be fair and equitable in each case, and to compromise, settle and adjust all claims and liabilities asserted by or against the plan or trust or asserted by or against the trustee, on such terms as the trustee, in each such case, shall deem reasonable and proper, but the trustee shall be under no duty or obligation to institute, prosecute, maintain or defend any suit, action or other legal proceeding unless it shall be indemnified to its satisfaction against all expenses and liabilities which it may sustain or anticipate by reason thereof;

(k) to institute, participate and join in any plan or reorganization, readjustment, merger or consolidation with respect to the issuer of any securities held by the trustee hereunder, to use any other means of protecting and dealing with any of the assets of the trust which it believes reasonably necessary or proper, to consent to any contract, lease, mortgage, purchase, sale or other action by any corporation pursuant to such plan or reorganization and, in general, to exercise each and every other power or right with respect to each asset or investment held by it hereunder as individuals generally have and enjoy with respect to their own assets and investments, including power to vote upon any securities or other assets having voting power which it may hold from time to time, and to give proxies with respect thereto, with or without power of substitution or revocation, and to deposit assets or investments with any protective committee, or with trustees or depositories designated by any such committee or by any such trustees or any court;

(l) in any matter of doubt affecting the meaning, purpose or intent of any provisions of this agreement, to determine such meaning, purpose or intent; and the determination of the trustee in any such respect shall be binding and conclusive upon all persons interested or who may become interested in the trust;

(m) to require, as a condition to distribution of any benefits, proof of identity or of authority of the person entitled to receive the same, including power to require reasonable indemnification on that account as a condition precedent to its obligation to make distribution hereunder;

(n) to collect, receive, provide receipt and give quittance for all payments that may be or become due and payable on account of any asset in trust hereunder which has not, by act of the trustee taken pursuant thereto, been made payable to others, and payment thereof by the company issuing the same, or by the party obligated thereon, as the case may be, when made to the trustee hereunder or to any person or persons designated by the trustee, shall acquit, release and discharge such company or obligated party from any and all liability on account thereof;

(o) to receive and retain contributions in a form other than cash in the form in which the same are received until such time as the trustee, in its sole discretion, deems it advisable to sell or otherwise dispose of such assets;

(p) to retain, manage, operate, repair and improve and to mortgage or lease for any period any real estate held by it;

(q) to require, as a condition to the making of a distribution, that the person or persons entitled to receive the same, furnish the trustee with proof of payment of all income, inheritance, estate, transfer, legacy and/or succession taxes, and all other taxes of any different type or kind that may be imposed under or by virtue of any state or Federal statute or law upon the payment, transfer, descent or distribution of such benefit and for the payment of which the trustee may, in its judgement, be directly or indirectly liable and in lieu of the foregoing, the trustee may deduct, withhold and transmit to the proper taxing authorities any such tax which it may be permitted or required to deduct and withhold and the benefit to be distributed in such case shall be correspondingly reduced;

(r) to execute and deliver oil, gas and other mineral leases, containing such unitization, pooling and recycling agreements and other provisions as may be considered advisable; to execute mineral and royalty conveyances; to purchase leases, royalties and any type of mineral interests; and to execute and deliver drilling or operating contracts and other instruments which may be considered necessary or desirable in connection with exploration or development of oil, gas or other mining interests. All such instruments may be executed and delivered for such consideration as may be deemed fair and reasonable;

(s) to purchase, at the direction of the plan administrator, insurance, endowment and annuity contracts of any kind on the lives of the participants (subject, however, to all limitations imposed on any such purchase by the Internal Revenue Code or regulations or rulings issued thereunder), naming as beneficiary or beneficiaries of such policies either the trustee or such other person or persons as may be required or permitted by the Internal Revenue Code or regulations or ruling issued thereunder;

(t) to exercise all other powers presently granted to trustees under the laws of the State of Texas, and not in conflict with the provisions hereof, subject, however, to the duties and responsibilities imposed upon trustees thereby; and

(u) to have and to exercise such other and additional powers as may be advisable or proper, in its opinion, for the effective and economical administration of the trust herein maintained.

ARTICLE 7

Fiduciary Responsibility

1. The trustee and each other fiduciary under the plan and this agreement, in the exercise of each and every power or discretion vested in them by the provisions of this agreement, shall be governed by the principle that no discrimination in favor of officers, owners or highly compensated employees who are participants from time to time under the plan shall result and shall (subject to the applicable provisions of the Employee Retirement Income Security Act of 1974) discharge their duties with respect to the equitable share of each participating plan solely in the interest of the participants and beneficiaries of said participating plan and --

(a) for the exclusive purpose of:

(1) providing benefits to participants and their beneficiaries of said participating plan; and

(2) defraying reasonable expenses of administering said participating plan;

(b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) by diversifying the investments of the plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) in accordance with the documents and instruments governing the plan, insofar as such documents and instruments are consistent with the provisions of Title I of the Employee Retirement Income Security Act of 1974.

2. Notwithstanding anything in this agreement or the plan to the contrary, any provision hereof which purports to relieve a fiduciary from responsibility or liability for any responsibility, obligation or duty under Part 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974 shall, to the extent the same is inconsistent with said Part 4, be deemed void.

3. Except as may be expressly permitted by law, no trustee or other fiduciary hereunder shall permit any participating plan to engage, directly or indirectly, in any of the following transactions with a person who is a disqualified person (as defined in Code Section 4975) or a party in interest [as defined in Section 3(14) of the Employee Retirement Income Security Act of 1974]:

(a) sale, exchange or leasing of any property between the plan and such person;

(b) lending of money or other extension of credit between the plan and such person;

(c) furnishing of goods, services or facilities between the plan and such person;

(d) transfer to, or use by or for the benefit of, such person of the income or assets of the plan;

(e) act by such person who is a fiduciary whereby he deals with the income or assets of the plan in his own interest or for his own account; or

(f) receipt of any consideration for his own personal account by such person who is a fiduciary from any party dealing with the plan in connection with a transaction involving the income or assets of the plan.

4. No provision herein designed to provide for the pooling of assets of participating plans for investment purposes shall be deemed or construed to authorize the utilization of the assets of any participating plan to discharge the obligations and liabilities of any other plan.

ARTICLE 8

Administrative Provisions

1. The trustee shall be reimbursed for the expenses it incurs in the administration of the trust. The trustee - other than an individual who is in service to any participating employer as an employee, partner or otherwise - shall also be compensated for its services as trustee in such amount as is agreed upon from time to time by the trustee and THA. All taxes of any and all kinds whatsoever which may be levied or assessed under existing or future laws upon or in respect to the trust or its income shall be paid solely from the trust.

2. The trustee shall have no authority or duty to determine the existence, nature or extent of any individual's rights in the trust or under the plan or question any determination made by the employer or plan administrator regarding the same. Except to the extent imposed by the Employee Retirement Income Security Act of 1974, no fiduciary shall have the duty to question whether any other fiduciary is fulfilling all of the responsibilities imposed upon such other fiduciary by the Act, as the same may be amended from time to time, or by any regulations or rulings issued thereunder. Nor shall the trustee be responsible in any way for the manner in which the employer or plan administrator carries out its respective responsibilities under this agreement or, more generally, under any participating plan, including specifically those employer and plan administrator responsibilities related to the adequacy, sufficiency or timeliness of contributions made under the plan.

3. The trustee shall keep accurate and detailed accounts of all of its investments, receipts, disbursements and other transactions hereunder, and all accounts, books and records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the plan administrator. Within ninety (90) days following the close of the plan year or within ninety (90) days after the removal or resignation of the trustee, such trustee shall render to THA a written account and report with respect to the trust fund, the contributions added thereto, the investments thereof, the net annual income accumulated and transferred to principal, the closing value thereof and all other receipts, disbursements and other transactions with respect to the trust fund occurring during such plan year or during the period from the close of the preceding plan year to the date of such removal or resignation. The trustee shall also render such further reports and accounts from time to time to THA or the plan administrator as may be requested by THA or the plan administrator, including such monthly reports as to the financial position of its portion of the trust fund as may be requested for purposes of administering any participating plan.

4. No person, firm or corporation dealing with the trustees shall be required to take cognizance of the provisions of any participating plan or this agreement or be required to make inquiry as to the authority of the trustee to do any act which the trustee shall do hereunder. Any such person, firm or corporation shall be entitled to assume conclusively that the trustee is properly authorized to do any act which it shall do hereunder, and any such person, firm or corporation shall be under no liability to anyone whomsoever for any act done hereunder pursuant to the written direction of the trustee. Any such person, firm or corporation may conclusively assume that the trustee has full power and authority to receive and receipt for any money or property becoming due and payable to the trustee. No such person shall be bound to inquire as to the disposition or application of any money or property paid to the trustee or paid in accordance with the written directions of the trustee. No person, firm or corporation dealing with the trustee shall be required to

see either to the administration of the plan or trust or to the faithful performance by the trustee of its duties hereunder (except to the extent otherwise provided by the Employee Retirement Income Security Act of 1974).

5. Any action by the plan administrator which is required or made necessary or deemed advisable pursuant to the provisions of the plan or this agreement shall be evidenced by a written instrument which may be signed in the name of the plan administrator by any agent who has been authorized to make such a writing by the plan administrator or by any individual member if the plan administrator is a committee of individuals; and, when so signed, and upon delivery to the trustee, it may be relied and acted upon by the trustee as authorized, valid and complete in form and in substance and as made with the authority of such person shall be given in writing by the plan administrator. Any instrument, certification of fact or written notice required, necessary or advisable to be made or given by the trustee may be signed by any individual trustee, or by any authorized officer or employee of the trustee (in the case of a corporate trustee).

6. The trustee shall maintain a separate account and such sub-accounts as it and the plan administrator shall deem advisable to reflect the equitable share of each participating plan, or part thereof, in the master retirement fund and in any investment fund, as the case may be. The named fiduciary shall provide the trustee with current information in order that the trustee may determine such equitable shares. An investment fund may be divided into such one or more sub-funds or accounts or described in a different manner on any books kept or reports rendered by the trustee without in any way affecting the duties or responsibilities of the trustee under the provisions of this agreement; provided, however, the books and records of the trustee shall at all times be maintained so that the interest of each participating plan in the master retirement fund or in any investment fund may be determined.

7. Any employee benefit plan established by THA, or a member or an affiliate of THA, may be funded, in whole or in part, through the Trust if (i) the plan is qualified under Section 401(a) of the Code or is an exclusive benefit trust as described in Code Section 457(g), or is an Individual Retirement Account under Section 408 of the Code, (ii) the Trust is exempt from taxation under Section 501(a) or 457(g) of the Code, or Section 408 of the Code, and (iii) this Agreement has been duly adopted as the trust under the plan by the board of directors of THA or by the board of directors (or board of governors or board of trustees or other similar governing authority of a member or affiliate of THA and, in the case of such member or affiliate, the trustees have consented thereto.

8. When this Master Retirement Trust has been adopted by any member or affiliate of THA, such member or affiliate shall be bound by the decisions, instructions, actions and directions of THA or the Named Fiduciary under or affecting this Agreement, and the Trustee shall be fully protected by THA and such member or affiliate in relying upon the decisions, instructions, actions and directions of THA, the plan administrator or the Named Fiduciary. Except as may be hereafter specifically provided, the Trustee shall not be required to give notice to or to obtain the consent of any member or affiliate with respect to any action to be taken by the Trustee pursuant to this Agreement, and THA shall have the sole authority to enforce this Agreement on behalf of any member or affiliate.

9. Where used in this Trust Agreement, unless the context otherwise requires or unless otherwise expressly provided:

(a) "Accounting Period" shall mean either the twelve consecutive month period coincident with the calendar year or, if different, the common fiscal year of the Participating Plans or the shorter period in any year in which the Trustee accepts appointment as Trustee hereunder or, with respect to any Participating Plan or Plans, ceases to act as Trustee for any reason.

(b) "Equitable Share" shall mean any of the interest of any Participating Plan in any Investment Fund.

(c) "Investment Fund" shall mean each pool of assets in the Trust in which one or more Participating Plans has an interest during an Accounting Period. The term shall also include for purposes hereof any sub-fund or account into which an Investment Fund shall be divided from time to time at the direction of the Named Fiduciary.

(d) "Master Retirement Fund" shall mean all cash and other property contributed, paid or delivered to the Trustee hereunder, all investments made therewith and proceeds thereof and all earnings and profits thereon, less payments, transfers or other distributions which, at the time of reference, shall have been made by the Trustee, as authorized herein. The Master Retirement Fund shall include all evidences of ownership, interest or participation in an Investment Vehicle, but shall not, solely by reason of the Master Retirement Fund's investment therein, be deemed to include any assets of such Investment Vehicle.

(e) "Named Fiduciary" shall mean the Person or its designee with respect to a Participating Plan, who, within the meaning of Section 402(a)(2), 402(c)(3) or 403(a)(1) of ERISA, has the authority to perform the separate functions allocated to that "Named Fiduciary" under this Agreement. Unless otherwise specifically provided to the contrary, the Named Fiduciary shall mean the Plan Administrator appointed pursuant to the Participating Plans.

(f) "Participating Plan" shall mean any employee benefit plan which meets the requirements for eligibility specified in Article 8(7). All Participating Plans are listed on Appendix A attached hereto, as it may be amended from time to time.

(g) "Valuation Date" shall mean the last day of the Accounting Period, calendar month or any more frequent date for reporting and/or investment purposes agreed to by the Trustee.

(h) "Participating Employer" shall mean THA, its member or affiliate, which adopts and/or sponsors a participating plan.

10. Unless the Participating Plans are merged in accordance with the terms of the Participating Plans, the Trustee shall maintain a separate accounting within the Master Retirement Fund with respect to each participating plan. Such separate accounting shall allocate to each participating plan all contributions, distributions and expenses as are directly attributable to such participating plan, plus an allocable share of the investment returns of the Master Retirement Fund. The Named Fiduciary shall designate those contributions, distributions and expenses that are made with respect to each participating plan.

11. Any tax or expense paid from the Master Retirement Fund hereunder which is determined by the named fiduciary to be specifically allocable to one or more investment funds or participating plans shall be charged against such investment fund or the equitable share of such Participating plan or plans. Any expense which is allocable to all of the investment funds or all of the participating plans shall be charged against the Master Retirement Fund as a whole, in such proportions as the named fiduciary shall direct the trustee.

ARTICLE 9

Substitution of Trustee

The individual trustees or corporate trustee acting hereunder as trustee may be removed by THA at any time upon written notice given to such individual or corporation. An individual trustee or corporate trustee may resign at any time upon written notice given toTHA. Upon such removal or resignation, THA shall have the power to appoint a successor trustee, which shall have the same powers and duties as those conferred upon the trustee hereunder. Upon the resignation or removal of the trustee, such trustee shall assign, transfer and pay over to the successor trustee the funds, records and properties then constituting the portion of the trust which are in its possession or under its control. Any resigned or removed trustee may, as a condition to the transfer of assets to a successor trustee, require reasonable proof of the proper appointment of and acceptance by such successor trustee.

ARTICLE 10

Amendment and Termination

1. THA shall have the right at any time and from time to time, to amend or terminate, in whole or in part, prospectively or retroactively, any or all of the provisions of this agreement, by notice thereof in writing, delivered to the trustee, provided that no such amendment or power of termination so exercised which affects the rights, duties or responsibilities of the trustee may be made without its consent.

2. In the event of the termination of any participating plan as provided therein, the trustee shall dispose of the trust in accordance with the written order of the plan administrator made pursuant to the provision and purposes of the plan. To the extent that Title IV of the Employee Retirement Income Security Act of 1974 is applicable to the plan, the trustee shall not be required to make any distribution or payment of trust assets until it has received a copy of the notice of sufficiency from the Pension Benefit Guaranty Corporation, if applicable, or, in case distribution is to be made to a court appointed trustee, a copy of the court's order by which such trustee was appointed; nor shall the trustee be required to distribute any assets of the trust upon termination prior to the receipt of any approval by the Internal Revenue Service or the Labor Department which the trustee may, in its sole discretion, require. Furthermore, the trustee shall not be required to make any payments hereunder in excess of the net realizable value of the assets of the trust at the time of such payment. The trustee shall not be required to make any payments in cash unless there shall be in the trust at the time an amount of cash sufficient for the purpose. In case of such deficiency in cash, the trustee shall take such action as to the disposition of securities or other property forming a part of the trust as will provide the amount of cash necessary for such payment. Upon termination of the trust and plan, the obligations of the employer shall be limited to the participating plan's equitable share of assets then held in the trust.

ARTICLE 11

Withdrawal of Participating Plans

1. "Event of Withdrawal" Upon receipt of notice from the plan administrator of the termination (including any partial termination) and distribution of the assets of a participating plan or of the withdrawal of any participating plan, or part thereof, from the trust, the trustee shall, in accordance with and at the time stated in directions by THA, or its subsidiary, HealthShare/THA, segregate the share of the assets of the master retirement fund allocable to such participating plan, or part thereof, and shall dispose of such assets in accordance with the directions of THA, or its subsidiary, HealthShare/THA.

2. "Disposition of Withdrawn Assets" (a) On Account of Plan Termination. Subject to Article 7, in the event of withdrawal on account of termination of any participating plan, THA, or its subsidiary HealthShare/THA, shall direct the trustee to distribute the equitable share of the participating plan to the affected participants or to an insurance company to purchase annuity contracts to discharge the liabilities of the participating plan to such participants. Except as provided in the participating plan, no amount from the equitable share of the participating plan shall be payable to THA, in accordance with and at the time stated in directions by THA, or its subsidiary, HealthShare/THA, or its member or affiliate establishing such plan.

(b) For Any Other Reason. In the event of withdrawal for any other reason, THA, or its subsidiary HealthShare/THA, shall direct the Trustee to pay over such assets to the trustee of another qualified plan assuming the obligations of the participating plan.

3. "Partial Withdrawals" If fewer than all of the participants of a participating plan are affected by the event of withdrawal, the plan administrator shall certify to the trustee that portion of the equitable share of such participating plan attributable to the participants and their beneficiaries on whose account such assets are to be segregated. Such assets shall then be disposed of in accordance with Article 11(2).

4. "Disqualification" THA, or its member or affiliate, as applicable, shall promptly notify the trustee if any participating plan has been or, in the reasonable judgment of THA, or its member or affiliate, is likely to be disqualified under Section 401 of the Code or be treated as not constituting a valid trust under Code Section 457(g), or Section 408 of the Code.

5. "Approval of Appropriate Agencies" The trustee may reasonably condition delivery, transfer or distribution of any assets withdrawn from the master retirement fund under this Article 11 upon the trustee's receiving satisfactory assurances that any notice which may be required to be given under ERISA or the Code to any person, the Department of Labor, the Internal Revenue Service or the Pension Benefit Guaranty Corporation has been given, that any filings required to be made under ERISA or the Code have been made, where required, that no notice of noncompliance has been issued by the Pension Benefit Guaranty Corporation pursuant to Section 4041 of ERISA and the time to issue such notice of noncompliance has expired, that a termination has not affected the qualification of a participating plan, and that any plan to which such assets are to be transferred is a qualified plan under Section 401(a) of the Code or an exclusive benefit trust under Code Section 457(g), or an Individual Retirement Account or Annuity, as applicable. Except as expressly required herein, the trustee shall not be responsible under any participating plan to give or apply for any such notice or make any such filings or

maintain any records required under ERISA or the Code, all of which, for purposes of this Agreement, shall, except as otherwise provided herein, be the responsibility of the participating employer.

6. "Reserve for Expenses" The Trustee is authorized to reserve such amount as to it may deem advisable for payments of its reasonable fees and expenses in connection with the settlement of its account or otherwise, and any balance of such reserve remaining after the payment of such fees and expenses shall be paid over in accordance with the directions of THA, or its subsidiary, HealthShare/THA, under this Article. The Trustee is authorized to invest such reserve in any investment authorized under the terms of this Agreement appropriate for the temporary investment of cash reserves of trusts.

7. Unless the participating plan has previously been terminated, a successor to the business of the employer, by whatever form or manner resulting, may continue the plan without the necessity of executing a supplemental plan and such successor shall ipso facto succeed to all applicable rights, powers and duties of the employer hereunder.

ARTICLE 12

Miscellaneous and Execution

1. By designating a corporate trustee, original or successor, hereunder, there is included in such designation and as a part thereof any other corporation possessing trust powers and authorized by law to accept the plan and trust into which or with which the designated corporate trustee, original or successor, shall be converted, consolidated or merged shall continue to be the corporate trustee of the plan and trust.

2. Beneficial interests in the trust of participants or their beneficiaries shall not be assignable, alienable nor subject to attachment or receivership, nor shall they pass to any trustee in bankruptcy or be reached or applied by any legal process for the payment of any obligations of any such person, except as otherwise expressly permitted by the terms of the participating plan.

3. In case it becomes impossible for THA, the trustee or the plan administrator to perform any act under the plan and this agreement, that act shall be performed which in the sole discretion and judgement of THA will most nearly carry out the intent and purpose of the plan and this agreement. All parties to this agreement or in any way interested in the plan and trust shall be bound by any acts performed under such condition. The trustee shall not be subject to any liability or other damages on account of any such decision by THA.

4. This agreement may be executed in any number of counterparts and each fully executed counterpart shall be deemed an original without the production of the others.

5. This agreement shall be administered, construed and enforced according to the laws of the State of Texas, except to the extent that Federal law is controlling.

6. This agreement shall be effective upon execution by the trustee and THA. In the case of individual Trustees, execution by any individual Trustee who is duly authorized by collection action of a quorum of the individual Trustees shall constitute execution by each of the trustees.

7. This agreement, and any future amendments hereto, shall form a part of each participating plan, and any amendments thereto, in the same manner as if all terms and provisions hereof were copied in the plan document in detail; the terms and provisions of each participating plan document, and any future amendments thereto, shall form a part of the trust, as from time to time it may be amended, in the same manner as if the same were copied here in detail.

8. The parties hereto have caused this agreement to be executed and attested hereto on this the 7th day of June, 2005.

TEXAS HOSPITAL ASSOCIATION ("THA")

By: _____

Name and Title: Richard Bettis, President & CEO

ATTEST:

By: _____

Name: Fred Hamilton

TRUSTEES

By: _____

Name and Title: Jon Hilsabeck, Vice Chairman

On Behalf of all the Trustees

ATTEST:

By: _____

Name: Fred Hamilton

TEXAS HOSPITAL ASSOCIATION
RETIREMENT MASTER TRUST
FOR MEMBER HOSPITALS

APPENDIX A

The Trust Fund established pursuant to this agreement shall apply to the following plans as of its effective date, and such other plans as may be added from time to time:

1. Texas Hospital Association Retirement Plan for Anson General Hospital
2. Texas Hospital Association Retirement Plan for Baptist Hospital of Southeast Texas, Inc.
3. Texas Hospital Association Retirement Plan for Citizens Medical Center
4. Dimmit County Memorial Hospital Employees Profit Sharing Plan
5. Texas Hospital Association Retirement Plan for East Texas Medical Center Athens
6. Texas Hospital Association Retirement Plan for East Texas Medical Center Carthage
7. Texas Hospital Association Retirement Plan for East Texas Medical Center Carthage (Plan 002)
8. Texas Hospital Association Retirement Plan for East Texas Medical Center Clarksville (Pending)
9. Texas Hospital Association Retirement Plan for East Texas Medical Center Crockett
10. Texas Hospital Association Retirement Plan for East Texas Medical Center Fairfield
11. Texas Hospital Association Retirement Plan for East Texas Medical Center Jacksonville
12. Texas Hospital Association Retirement Plan for East Texas Medical Center Mt. Vernon
13. Texas Hospital Association Retirement Plan for East Texas Medical Center Mt. Vernon (Plan 002)
14. Texas Hospital Association Retirement Plan for East Texas Medical Center Pittsburg
15. Texas Hospital Association Retirement Plan for East Texas Medical Center Pittsburg (Plan 002)
16. Texas Hospital Association Retirement Plan for East Texas Medical Center Quitman
17. Texas Hospital Association Retirement Plan for East Texas Medical Center Trinity
18. Texas Hospital Association Retirement Plan for East Texas Medical Center
19. Texas Hospital Association Retirement Plan for Gainesville Memorial Hospital
20. Texas Hospital Association Section 457 Plan (Deferred Compensation Plan) for Gainesville Memorial Hospital
21. Georgetown Healthcare System Employees 401(k) Profit Sharing Plan
22. Texas Hospital Association Retirement Plan for Guadalupe Valley Hospital
23. Texas Hospital Association Section 457 Plan (Deferred Compensation Plan) for Guadalupe Valley Hospital
24. Heart of Texas Memorial Hospital Money Purchase Pension Plan
25. Hospital Receivables Service, Inc. Money Purchase Pension Plan
26. Texas Hospital Association Retirement Plan for Huntsville Memorial Hospital
27. Texas Hospital Association Retirement Plan for King's Daughters Hospital
28. Limestone Medical Center Money Purchase Pension Plan
29. Texas Hospital Association Section 457 Plan (Deferred Compensation Agreement) for Limestone Medical Center
30. McCamey County Hospital District Money Purchase Pension Plan
31. Texas Hospital Association Retirement Plan for Midland Memorial Hospital
32. Mother Frances Hospital Defined Benefit Pension Plan
33. Retirement Plan for Employees of Memorial Hospital (Nacogdoches)
34. Palo Pinto General Hospital Money Purchase Pension Plan
35. Texas Hospital Association Section 457 Plan (Deferred Compensation Plan) for Palo Pinto County Hospital District dba Palo Pinto General Hospital
36. Paramedics Plus, L.L.C. 401(k) Plan
37. Richards Memorial Hospital Money Purchase Pension Plan
38. Texas Hospital Association Section 457 Plan (Deferred Compensation Plan) for Richards Memorial Hospital
39. Starr County Memorial Hospital Money Purchase Pension Plan
40. Texas Hospital Association Section 457 Plan (Deferred Compensation Plan) for Sweeny Community Hospital
40. Texas Hospital Association Retirement Plan for Sweeny Community Hospital
41. Texas Hospital Association Retirement Plan for Tarrant County Hospital District
42. Texas Hospital Association Defined Benefit Retirement Plan
43. Texas Hospital Association Employees 401(k) Plan
44. Val Verde Hospital Money Purchase Pension Plan

IRS Department of the Treasury
Internal Revenue Service
P.O. BOX 2508
CINCINNATI OH 45201

In reply refer to: 9999999999
July 06, 2012 LTR 4577C SO
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BODC: TE

NTMC NORTH TEXAS MEDICAL CENTER
RUDD AND WISDOM INC
MICHAEL J MUTH
PO BOX 204209
AUSTIN TX 78720-4209

013822

Employer Identification Number:	75-1091664
Document Locator Number:	17007-123-08002-2
Person to Contact:	Joyce Heinbuch ID#: 31004
Contact Telephone Number:	(513)263-3575
Plan Name:	THA RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER
Plan Number:	001

Dear Applicant:

We have made a favorable determination on the plan identified above based on the information you have supplied. Please keep this letter, the application forms submitted to request this letter and all correspondence with the Internal Revenue Service regarding your application for a determination letter in your permanent records. You must retain this information to preserve your reliance on this letter.

Continued qualification of the plan under its present form will depend on its effect in operation. See section 1.401-1(b)(3) of the Income Tax Regulations. We may review the status of the plan in operation periodically.

Publication 794, Favorable Determination Letter, explains the significance and the scope of reliance provided by a favorable determination letter including the effect of any elective determination request as indicated on your application materials. Publication 794 is available on the Internet at www.irs.gov listed under Forms and Publications. To receive a copy of this publication, please contact the toll free number 1-800-TAX-FORM (1-800-829-3676). This publication describes the information that must be retained to have reliance on this favorable determination letter. The publication also provides examples of the effect of a plan's operation on its qualified status and discusses the reporting requirements for qualified plans. Please read Publication 794.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal, state or local law.

This determination letter gives no reliance for any qualification change that becomes effective, any guidance published, or any statutes enacted, after the issuance of the Cumulative List (unless the item has been identified in the Cumulative List) for the cycle under which

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NTMC NORTH TEXAS MEDICAL CENTER
RUDD AND WISDOM INC
MICHAEL J MUTH
PO BOX 204209
AUSTIN TX 78720-4209

this application was submitted.

This letter considered the 2006 Cumulative List of Changes in Plan Qualification Requirements.

This letter expires on the earlier of the date of the employer's next determination letter or the end of the subsequent two-year period announced by the Service and which comprises part of the next six-year remedial amendment/approval cycle applicable to adopting employers of pre-approved defined benefit plans.

This determination letter considered the amendments that were submitted with your application and referenced on line 3 of the Form 5307.

If you submitted any proposed amendments or a proposed restated plan with your application, those amendments must be adopted no later than the time prescribed under Code section 401(b) in order to retain reliance on this determination letter.

If a Form 2848, Power of Attorney, or Form 8821, Tax Information Authorization, was submitted with your application, a copy of this letter will be provided to your authorized representative or appointee.

If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Andrew E. Zuckerman
Director, EP Rulings & Agreement

RESOLUTION AUTHORIZING THE AMENDMENT OF THE THA RETIREMENT PLAN FOR NORTH TEXAS MEDICAL CENTER

WHEREAS, Gainesville Hospital District (d/b/a North Texas Medical Center) (the employer) has maintained a qualified defined benefit pension plan for eligible employees continuously from an original effective date of April 1, 1973;

WHEREAS, the employer now desires to close the plan to all new entrants effective June 2, 2014;

WHEREAS, prior to such closing, the employer desires to provide a one-time and final opportunity to join the plan on June 1, 2014 to: (a) covered employees who are currently eligible, but not participating and (b) covered employees who are not yet eligible (i.e., in the 3-year eligibility waiting period);

WHEREAS, it is now the desire of the employer to amend without interruption such plan in order to reflect these changes and to provide such one-time final opportunity on June 1, 2014 and that thereafter no current or future employee shall enter or re-enter the plan;

BE IT RESOLVED, that the amendment of the plan as presented is hereby approved and that the officers of the employer are authorized and directed to execute such document and to take any other actions necessary to secure IRS approval of the plan's and related assets' qualified status as amended under the appropriate sections of the Internal Revenue Code (including the addition of any further amendments identified by the IRS as necessary to secure a favorable determination letter).

IN WITNESS THEREOF, I do hereby certify that the foregoing is a true and correct copy of an original resolution passed by the Board of Directors of Gainesville Hospital District (d/b/a North Texas Medical Center) at a meeting held on the 24th day of March 2014.

By: Derrell L Comer

Name and Title: Derrell L. Comer - President

Date: 3-24-14

ATTEST:

By: Gloria J. Parrish

Name and Title: Gloria Parrish - Secretary

Date: 3-24-14

RESOLUTION AUTHORIZING THE AMENDMENT AND RESTATEMENT OF THE THA RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER

WHEREAS, Gainesville Hospital District (d/b/a/ NTMC North Texas Medical Center) (the employer) has maintained a qualified defined benefit pension plan for eligible employees continuously from an original effective date of April 1, 1973;

WHEREAS, it is now the desire of the employer to amend and to restate without interruption such plan in order to maintain favorable qualification under the Internal Revenue Code by incorporating previously adopted amendments addressing EGTRRA, HEART Act, IRC Section 415 regulations and other required changes into a single continuous working copy of the plan and to authorize future amendments required by legislative and/or regulatory changes over which employers have no choice;

BE IT RESOLVED, that the amendment and restatement of the plan as presented is hereby approved and that the officers of the employer are authorized and directed to execute such document and to take any other actions necessary to secure IRS approval of the plan's and related assets' qualified status as amended under the appropriate sections of the Internal Revenue Code (including the addition of any further amendments identified by the IRS as necessary to secure a favorable determination letter).

IN WITNESS THEREOF, I do hereby certify that the foregoing is a true and correct copy of an original resolution passed by the Board of Directors of Gainesville Hospital District (d/b/a/ NTMC North Texas Medical Center) at a meeting held on the 23 day of April, 2012.

GAINESVILLE HOSPITAL DISTRICT d/b/a/
NTMC NORTH TEXAS MEDICAL CENTER

By: Gloria J. Parrish
Name and Title: Gloria Parrish, Board of Director President
Date: 4-23-2012

ATTEST:

By: Diana Eichenberger
Name and Title: Diana Eichenberger, Board of Director Secretary
Date: 4-23-2012

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AMENDMENT TO THE THA RETIREMENT PLAN FOR NORTH TEXAS MEDICAL CENTER

The THA Retirement Plan for North Texas Medical Center is hereby amended effective June 1, 2014 as follows:

1. Plan Sections 2.01, 2.02 and 2.03 are amended in their entirety to read as follows:

"**Section 2.01 - Eligibility Requirements**

(a) The provisions of this Section 2.01(a) apply prior to April 2, 2014. Prior to April 2, 2014, an employee who is a covered employee (as defined in Section 1.08) is eligible to become a participant of the plan upon the satisfaction of the following requirements:

(1) he completes three (3) years of eligibility service as a covered employee;

(2) he attains age 25; and

(3) he agrees to make the employee contributions to the plan required by Section 3.02.

(b) The provisions of this Section 2.01(b) apply on and after April 2, 2014. An employee who is a covered employee (as defined in Section 1.08) on June 1, 2014 is eligible to become a participant of the plan on the special June 1, 2014 entry date described in Section 2.02(b) if he agrees to make the employee contributions to the plan required by Section 3.02.

After June 1, 2014 no current or future employee shall be eligible to enter or re-enter the plan.

Section 2.02 - Participation Entry Date

(a) The provisions of this Section 2.02(a) apply prior to April 2, 2014. An employee who met the requirements of Section 2.01(a) prior to April 2, 2014 shall become a participant on the entry date coincident with or first following his satisfaction of such requirements.

The entry date for the plan shall be each April 1 prior to April 2, 2014. There shall be no entry date after April 1, 2014 under this Section 2.02(a).

Any employee who was a participant of the prior plan shall continue automatically as a participant of this plan subject to the continued payment of required employee contributions pursuant to Section 3.02.

(b) The provisions of this Section 2.02(b) apply on or after April 2, 2014. As of June 1, 2014, an employee who meets the requirements of Section 2.01(b) on June 1, 2014 shall become a participant on June 1, 2014.

The June 1, 2014 entry date shall be a special final entry date (i.e., a one-time final opportunity to enter the plan) for any covered employee who was employed on June 1, 2014 and was not an active participant as of May 31, 2014.

Any employee who was a participant of the prior plan shall continue automatically as a participant of this plan subject to the continued payment of required employee contributions pursuant to Section 3.02.

After June 1, 2014 no current or future employee shall enter or re-enter the plan.

Section 2.03 - Reemployment and Reparticipation Entry Date

(a) The provisions of this Section 2.03(a) apply prior to April 2, 2014. Any former employee shall become an active participant of the plan on the entry date described in Section 2.02(a) after he satisfies the requirements of Section 2.01(a) based upon service performed after his reemployment and prior to April 2, 2014.

Any actively employed former participant who previously withdrew from plan participation (because he was paid an in-service distribution of employee contributions or stopped making required employee contributions) shall become an active participant of the plan on the entry date, as described in Section 2.02(a), that is after he completes one (1) year of eligibility service following his date of withdrawal and prior to April 2, 2014.

Such participation, however, shall be conditioned upon the employee agreeing to make the required employee contributions pursuant to Section 3.02.

(b) The provisions of this Section 2.03(b) apply between April 2, 2014 and June 1, 2014 (inclusive).

Any actively employed former participant who previously withdrew from plan participation (because he was paid an in-service distribution of employee contributions or stopped making required employee contributions) who is employed on June 1, 2014 and any former employee who is employed on June 1, 2014 may become an active participant of the plan on June 1, 2014 if he is employed as a covered employee on that date.

Such participation, however, shall be conditioned upon the employee agreeing to make the required employee contributions pursuant to Section 3.02.

(c) The provisions of this Section 2.03(c) apply after June 1, 2014. Any former employee who is reemployed after June 1, 2014 shall not ever become an active participant of the plan after June 1, 2014.

Any actively employed former participant who previously withdrew or withdraws from plan participation (because he was paid an in-service distribution of employee contributions or stopped making required employee contributions) shall not ever again become an active participant of the plan after June 1, 2014."

IN WITNESS WHEREOF, North Texas Medical Center has caused this Amendment to be executed in their name and on their behalf by their duly authorized signature this 24th day of March 2014.

NTMC NORTH TEXAS MEDICAL CENTER

By: Derrell L Comer

Name: Derrell L. Comer

Title: President

ATTEST:

By: Gloria J Parrish

Name: Gloria Parrish

TEXAS HOSPITAL ASSOCIATION RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER

Original Effective Date: April 1, 1973
Most Recent Restatement Effective Date: April 1, 2002

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EXHIBIT A - TRUST AGREEMENT

TEXAS HOSPITAL ASSOCIATION RETIREMENT MASTER TRUST FOR MEMBER HOSPITALS

TEXAS HOSPITAL ASSOCIATION RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER

INTRODUCTION

NTMC North Texas Medical Center, the employer, has prepared this plan document to set forth the provisions of the Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center as amended and restated effective April 1, 2002. The plan shall be administered by the plan administrator. The funds accumulated for the purpose of providing benefits specified by the plan shall be held in a trust administered by the trustee in accordance with the written trust agreement, Texas Hospital Association Retirement Master Trust for Member Hospitals which is attached hereto as Exhibit A.

The purpose of the plan is to provide a retirement program for the exclusive benefit of the eligible employees of the employer. Neither the employer, the plan administrator nor the trustee shall apply or interpret the terms of the plan in any manner that permits discrimination in favor of individuals who are officers, owners or highly compensated. All benefits payable by the plan shall be determined in accordance with the provisions of the plan document applied uniformly to all eligible individuals.

The employer intends that the plan and the related plan assets comply with the applicable provisions of the Internal Revenue Code relating to qualified employee retirement plans. It is further intended that the plan comply with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). So far as is possible, the plan shall be administered in a manner consistent with the intent of qualifying under the Code and complying with ERISA, as it applies to governmental plans within the meaning of ERISA §3(32).

The amendment and restatement of the plan effective April 1, 2002 shall have no effect on benefits accrued or paid under the prior plan on behalf of any individual who does not become an active participant on or after April 1, 2002 other than as is expressly stated herein.

ARTICLE 1

DEFINITIONS

As used herein, unless otherwise defined or required by the context, the following terms shall have the meanings indicated. Some of the terms used in the plan are not defined in this Article 1, but, for convenience, are defined as they are introduced in the text.

Section 1.01 - Accrued Benefit

A participant's accrued benefit is the monthly benefit payable in the normal form at normal retirement age determined at any point in time prior to his normal retirement age. Notwithstanding any provision of this plan to the contrary, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

The amount of a participant's accrued benefit shall be calculated in the same manner as his normal retirement benefit pursuant to Section 4.01(c) using in the calculation years of benefit accrual service and compensation earned as of the determination date of the accrued benefit.

The accrued benefit is comprised of an employee derived accrued benefit and an employer derived accrued benefit.

At normal retirement age, a participant's accrued benefit is the normal retirement benefit pursuant to Section 4.01. Subsequent to normal retirement age, a participant's accrued benefit is the late retirement benefit pursuant to Section 4.02 as of the accrued benefit determination date.

The amount of a participant's accrued benefit shall be subject to the applicable provisions of Section 4.13.

Section 1.02 - Actuarially Equivalent

The term actuarially equivalent shall mean equality in value of the aggregate amounts expected to be received under different forms of payments and/or at different times determined under various situations and specifications as follows:

(a) **For Converting Payment Form Into Lifetime Monthly Payments and Certain Monthly Payments of 5 or More Years**

1984 Unisex Pensioner Mortality Table with a 3 year setback for all payees and interest at an effective annual rate of 8%.

(b) **For Converting Payment Form Into Single Payments and Certain Monthly Payments of Less Than 5 Years**

1984 Unisex Pensioner Mortality Table with a 3 year setback for all payees and interest at an effective annual rate of 8%.

(c) **For Converting Normal Retirement Benefit Into Late Retirement Benefit**

1984 Unisex Pensioner Mortality Table with a 3 year setback for all payees and interest at an effective annual rate of 8%.

(d) **For Converting Accrued Benefit Into Early Retirement Benefit**

1/180 reduction for each month early retirement payment commencement precedes normal retirement date up to 60 months and 1/360 reduction for each additional such month

(e) **Code Section 417 Minimum Requirements** – Not applicable.

(f) **Required Observation of Article 5 Limitations** - The preceding paragraphs of Section 1.02 shall not be applied to the extent such application would violate the benefit limitations of Article 5.

(g) **Preservation of Actuarial Equivalent Upon Plan Amendment** - Not applicable.

Section 1.03 - Average Monthly Compensation

A participant's average monthly compensation shall be the result of dividing his aggregate compensation during the 5 consecutive calendar years by 60. The consecutive calendar years chosen shall be the ones producing the largest average monthly compensation out of the last 10 calendar years while employed as a covered employee. If a participant does not have 5 calendar years of employment as a covered employee, his average monthly compensation shall be determined from the available number of such years.

Section 1.04 - Beneficiary

A beneficiary shall be any person, persons, trust or other entity, duly and properly designated to receive the benefits which may become payable upon the death of a participant or other person. The plan administrator shall provide forms so that necessary primary and contingent beneficiaries can be designated.

Section 1.05 - Code

The term Code shall mean the Internal Revenue Code, as it may be amended from time to time and regulations issued thereunder. Reference to a section of the Code shall include that section and any comparable section or sections of future legislation that amends, supplements or supersedes such section and any regulations issued thereunder.

Section 1.06 - Compensation And Compensation Limitation

(a) **Compensation** The term compensation for a given calendar year shall mean all of each participant's W-2 earnings which is actually paid to the participant during the calendar year ending with or within the plan year. W-2 earnings are wages within the meaning of Code Section 3401(a) and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Code Sections 6041(d), 6051(a)(3), and 6052. Compensation must be determined

without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)). Compensation shall also specifically include amounts that would have been included in compensation except for the effect of any compensation reduction election made pursuant to Code Sections 125, 402(e)(3), 402(h)(1)(B), 457, 403(b) or Code Section 132(f)(4).

Notwithstanding any provision of this plan to the contrary, for plan years beginning after March 31, 2009, compensation shall specifically exclude any "differential wage payments" as defined in Code Section 3401(h)(2).

(b) **Compensation Limitation** The limitation of this Section 1.06(b) shall apply for all participants except those to whom the transition rules set forth in Section 13212(d)(3) of the Omnibus Budget Reconciliation Act of 1993 apply. For years beginning after December 31, 1988, and up through the last plan year beginning prior to January 1, 1994, the annual compensation of each participant taken into account under the plan for any year shall not exceed $200,000. This limitation shall be adjusted at the same time and in the same manner as under Code Section 415(d) except that the dollar increase in effect on January 1 of any calendar year is effective for years beginning in such calendar year and the first adjustment to the $200,000 limitation is effective on January 1, 1990. If the plan determines compensation on a period of time that contains fewer than 12 calendar months, then the annual compensation limit is an amount equal to the annual compensation limit for the calendar year in which the compensation period begins multiplied by the ratio obtained by dividing the number of full months in the period by 12. If compensation for any prior year is taken into account in determining a participant's contributions or benefits for the current year, the compensation for such prior year is subject to the applicable annual compensation limit in effect for that prior year. For this purpose, for years beginning before January 1, 1990, the applicable annual compensation limit is $200,000.

For plan years beginning on or after January 1, 1994 and before January 1, 2002, the annual compensation of each employee taken into account under the plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is $150,000, as adjusted by the Commissioner of the Internal Revenue Service for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12. For plan years beginning on or after January 1, 1994, any reference in this plan to the limitation under Code Section 401(a)(17) shall mean the OBRA '93 annual compensation limit set forth in this provision. If compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current plan year, the compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first plan year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit is $150,000.

For plan years beginning after December 31, 2001, the annual compensation of each participant taken into account in determining benefits shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. Annual compensation means compensation during the plan year or such other consecutive 12-month period over which

compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the plan determines compensation on a period of time that contains fewer than 12 calendar months, then the annual compensation limit is an amount equal to the annual compensation limit for the calendar year in which the compensation period begins multiplied by the ratio obtained by dividing the number of full months in the period by 12. If compensation for any prior year is taken into account in determining a participant's contributions or benefits for the current year, the compensation for such prior year is subject to the applicable annual compensation limit in effect for that prior year.

Notwithstanding the above, in determining benefits in plan years beginning on or after January 1, 2002, the annual compensation limit in effect for determination periods beginning before that date is $200,000.

Section 1.07 - Disability

Disability shall mean the inability to engage in any substantial gainful activity by reason of any physical or mental impairment. The plan administrator shall determine the existence of a disability. In making its determination, the plan administrator may seek the professional opinion of a qualified physician or may rely on other sources of information deemed appropriate. The disabled participant shall cooperate with the plan administrator in any reasonable requests of ongoing verification of continued disability.

Disability, however, shall not include disability attributable to:

(a) excessive and habitual use by the participant of drugs, intoxicants or narcotics;

(b) injury or disease sustained by the participant while willfully and illegally participating in fights, riots, civil insurrections or while committing a felony;

(c) injury or disease sustained by the participant while serving in any armed forces;

(d) injury or disease sustained by the participant diagnosed or discovered subsequent to the date his service has terminated;

(e) injury or disease sustained by the participant while working for anyone other than the employer and arising out of such employment; or

(f) injury or disease sustained by the participant as a result of an act of war, whether or not such act arises from a formally declared state of war.

Section 1.08 – Employee and Covered Employee

The term employee shall mean any individual employed as a common law employee by the employer. A covered employee shall be any common law employee who receives or, except for an authorized leave of absence, would be receiving remuneration for personal services rendered to the employer, excluding employees who are customarily employed by the employer for less than thirty-three (33) hours per week or less than twelve (12) months per year.

Notwithstanding any provision of this plan to the contrary, for remuneration made after March 31, 2009, any individual receiving "differential wage payments" as defined in Code Section 3401(h)(2) shall be treated as an employee of the employer making the payment. Provided, however, that service for vesting and benefit or contribution accrual purposes shall be credited only to the extent explicitly provided in Section 2.05(a) and 4.06(a). Differential wage payments shall be considered as compensation only to the extent explicitly provided in Section 1.06(a) or 5.05(c).

Section 1.08A - Employee Derived Accrued Benefit

The employee derived accrued benefit is that portion of a participant's accrued benefit which is attributable to any required employee contributions made by the participant to the extent that the required employee contributions (plus applicable interest) have not been refunded to the participant. The amount of the employee derived accrued benefit as of a given determination date shall be determined as follows:

(a) first, determine as of the determination date the current balance of the required employee contributions reflecting interest credited thereon pursuant to Section 3.02;

(b) next, determine the present value of the participant's total accrued benefit using the assumptions set forth in Section 1.02(b);

(c) finally, the ratio of the amount determined in step (a) to the amount determined in step (b) above (not larger than one) is multiplied by the participant's total accrued benefit to produce the employee derived accrued benefit.

The lump sum, single payment actuarially equivalent value of any employee derived accrued benefit shall be the current balance of the required employee contributions with credited interest.

A participant shall be 100% vested at all times in his employee derived accrued benefit. Except as noted in the following sentence, the payment of all or part of a participant's employee derived accrued benefit will not result in any reduction or forfeiture of such participant's employer derived accrued benefit. The in-service withdrawal of any required employee contributions shall result in the forfeiture of service for eligibility, vesting and benefit calculation purposes and the forfeiture of all rights to associated employer derived accrued benefits for service prior to such withdrawal.

Section 1.09 - Employer

Employer shall mean Gainesville Hospital District, d/b/a/ NTMC North Texas Medical Center or, for periods prior to July 1, 2004, Gainesville Memorial Hospital.

Section 1.09A - Employer Derived Accrued Benefit

The employer derived accrued benefit in all years shall equal the excess, if any, of the accrued benefit over the employee derived accrued benefit.

The in-service withdrawal of any required employee contributions will result in the forfeiture of all rights to employer derived accrued benefits attributable to service (benefit accrual and vesting) performed prior to such withdrawal.

Section 1.10 - Entry Date

The term entry date shall mean the date specified in Section 2.02 on which an eligible employee becomes a participant of this plan.

Section 1.11 - ERISA

ERISA shall mean Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, as may be amended from time to time and regulations issued thereunder. Reference to a section of ERISA shall include that section and any comparable section or sections of any future legislation that amends, supplements or supersedes such section and regulations issued thereunder.

Section 1.12 - Highly Compensated Employee – Not applicable

Section 1.13 - Hour of Service

Hour of service shall mean:

(a) Each hour for which an employee is paid, or entitled to payment, for the performance of duties for the employer. These hours will be credited to the employee for the computation period in which the duties are performed; and

(b) Each hour for which an employee is paid, or entitled to payment, by the employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability),layoff, jury duty, military duty or leave of absence. No more than 501 hours of service will be credited under this paragraph for a single computation period (whether or not the period occurs in a single computation period). Hours under this paragraph will be calculated and credited pursuant to section 2530.200b-2 of the Department of Labor Regulations which are incorporated herein by this reference; and

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the employer. The same hours of service will not be credited both under paragraph (a) or paragraph (b), as the case may be, and under this paragraph (c). These hours will be credited to the employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement, or payment is made.

Hours of service will be credited for employment with other members of an affiliated service group [under Code Section 414(m)], a controlled group of corporations [under Code Section 414(b)], or a group of trades or businesses under common control [under Code Section 414(c)], of which the employer is a member and any other entity required to be aggregated with the employer pursuant to Code Section 414(o). Hours of service will also be credited for any individual considered an employee under Code Sections 414(n) or 414(o).

Hours of service will be determined on the basis of actual hours for which an employee is paid or entitled to payment.

Section 1.14 - Integration Level

A participant's monthly integration level shall be $400. Effective for participants who are active participants on or after July 1, 2007, this is not applicable.

Section 1.15 - Normal Form

Normal form shall mean the anticipated and ordinary form of monthly retirement benefit payments made from the plan as specified in Section 4.01(b).

Section 1.16 - Normal Retirement Age

Normal retirement age shall mean the time at which a participant is eligible to receive his normal retirement benefit from the plan as specified in Section 4.01(a).

Section 1.17 - Optional Payment Form

An optional payment form shall be any form of payment identified in Section 4.07(a) which is allowed under the plan and is actuarially equivalent to the otherwise available payment form.

Section 1.18 - Participant

Participant shall mean any employee who has satisfied the conditions for participation under this plan and who has become a participant hereunder. An active participant shall mean any participant who is currently employed by the employer as a covered employee and who is making the required employee contributions of Section 3.02. A vested terminated participant shall mean any former employee or former active participant who was an active participant and who is entitled to future or contingent benefits under the plan. A retired participant is any former employee to whom benefit payments hereunder have commenced.

Section 1.19 – PBGC – Not applicable

Section 1.20 - Plan

Plan shall mean the Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center as described herein and as may be hereafter amended. For periods prior to July 1, 2004, plan shall mean the Texas Hospital Association Retirement Plan for Gainesville Memorial Hospital.

Section 1.21 - Plan Administrator

Plan administrator shall be HealthShare/THA prior to October 9, 2008 and HealthSHARE thereafter, with any officer of the Plan Administrator authorized to act on behalf of the plan administrator. Via Board of Directors resolution, the employer may alternatively appoint an individual or committee to serve as plan administrator. Further, the Successor Trustees may appoint a replacement plan administrator pursuant to the Master Trust Agreement.

Section 1.22 - Plan Year

The plan year for the plan shall be the 12-consecutive month period ending each March 31.

Section 1.23 - Prior Plan

The prior plan shall mean the Texas Hospital Association Retirement Plan for Gainesville Memorial Hospital as it existed March 31, 2002 prior to its amendment, continuation and restatement via this plan.

Section 1.24 - Trustee

The term trustee shall refer to the individual trustees or corporate trustee which is appointed by the employer and agrees to serve as trustee to the plan assets.

Section 1.25 - Trust, Trust Fund

The term trust or trust fund shall mean the assets held and invested by the trustee for the purpose of providing the benefits specified in the plan.

Section 1.26 - Vested Accrued Benefit

The term vested accrued benefit is the portion of the accrued benefit which, as of a given point in time, has become nonforfeitable.

Section 1.27 - Vested Percentage, Vesting Percentage

The term vested percentage or vesting percentage means the percentage (based on the vesting schedule and a participant's years of vesting service) that is applied to the participant's employer derived accrued benefit in determining his nonforfeitable interest in such accrued benefit.

Section 1.28 - Vesting Schedule

Prior to July 1, 2007, the vesting schedule shall be as follows:

Years of Vesting Service	Vesting Percentage
less than 5	0%
5 or more	100

Effective for participants who are active participants on or after July 1, 2007, the vesting schedule shall be as follows:

Years of Vesting Service	Vesting Percentage
0	0%
1	20
2	40
3	60
4	80
5 or more	100

A participant's vesting percentage shall always be 100% vested upon the attainment of his normal retirement age.

A participant shall always be 100% vested in his required employee contributions made under this plan.

ARTICLE 2

ELIGIBILITY, PARTICIPATION AND SERVICE

Section 2.01 - Eligibility Requirements

An employee who is a covered employee (as defined in Section 1.08) is eligible to become a participant of the plan upon the satisfaction of the following requirements:

(a) he completes three (3) years of eligibility service as a covered employee;

(b) he attains age 25; and

(c) he agrees to make the employee contributions to the plan required by Section 3.02.

Section 2.02 - Participation Entry Date

An employee who has met the requirements of Section 2.01 shall become a participant on the entry date coincident with or first following his satisfaction of such requirements.

The entry date for the plan shall be each April 1.

Any employee who was a participant of the prior plan shall continue automatically as a participant of this plan subject to the continued payment of required employee contributions pursuant to Section 3.02.

Section 2.03 - Reemployment and Reparticipation Entry Date

Any former employee shall become an active participant of the plan on the entry date described in Section 2.02 after he satisfies the requirements of Section 2.01 based upon service performed after his reemployment.

Any actively employed former participant who previously withdrew from plan participation (because he was paid an in-service distribution of employee contributions or stopped making required employee contributions) shall become an active participant of the plan on the entry date described in Section 2.02 after he completes one (1) year of eligibility service after his date of withdrawal.

Such participation, however, shall be conditioned upon the employee agreeing to make the required employee contributions pursuant to Section 3.02.

Section 2.04 - Waiver of Participation

An employee who is otherwise eligible to become a participant of this plan may voluntarily elect to not become a participant when first eligible or, after becoming a participant, may elect to withdraw from active participation. Such election shall be communicated to the plan administrator in writing. Such an employee may elect to subsequently participate in the plan as of a future entry date by communicating in writing to the plan administrator such election but shall not have the period of time covered by his nonparticipation recognized in any subsequent benefit determined on his behalf.

Section 2.05 - Service

(a) **Service** - Service shall mean any period of time during which an employee is employed by the employer or predecessor employer, if any. Notwithstanding any provision of this plan to the contrary, effective December 12, 1994, service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

(b) **Leave of Absence** - Leave of absence shall mean a specific and predetermined period of time without pay granted to an employee by the employer due to illness, injury, temporary reduction in work force, educational leave or other appropriate cause or any period of time granted during which the employee's reemployment rights are protected by law, provided (i) the employee returns to the service of the employer on or prior to the expiration of such leave or within the time his reemployment rights are protected by law, and (ii) all leaves of absence are granted or denied by the employer in a uniform and nondiscriminatory manner, treating employees in a similar circumstance in a like manner. A leave of absence granted under this paragraph shall be credited as employment service for all purposes of this plan.

(c) **Special Maternity or Paternity Absence** - Not applicable.

(d) **Break in Service** - A break in service shall be a period of severance of any duration. A period of severance is a continuous period of time during which the employee is not employed by the employer. Such period begins on the date the employee retires, quits or is discharged, or if earlier, the 12 month anniversary of the date on which the employee was otherwise first absent from service.

(e) **Year of Eligibility Service** - For determining an employee's eligibility to become a participant, a year of eligibility service is an aggregation of service totaling to 12 months (365 days) where the employee will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of covered employment (or reemployment) and ending on the date that a break in service begins. The first day of covered employment (or reemployment) is the first day the employee performs one hour of service as a covered employee. Fractional periods of a year will be expressed in terms of days.

(f) **Year of Vesting Service** - For determining a participant's vested percentage, a year of vesting service is an aggregation of service totaling to 12 months (365 days) where, if the participant joins the plan at the first eligibility, the participant will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of covered employment (or reemployment) and ending on the earlier of the date he ceases making required employee contributions or the date that a break in service begins. If the participant joins the plan at a date later than his first eligibility, the participant will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of participation in the plan and ending on the earlier of the date he ceases making required employee contributions or the date that a break in service begins. The first day of covered employment (or reemployment) is the first day the employee performs an hour of service as a covered employee. Fractional periods of a year will be expressed in terms of days.

(g) **Year of Benefit Accrual Service** - For determining a participant's accrued benefit, a year of benefit accrual service is an aggregation of service totaling to 12 months (365 days) where, if the participant joins the plan at first eligibility, the participant will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of covered employment

or reemployment with the employer and ending on the earlier of the date on which he severs employment with the employer or the date he ceases making required employee contributions. If the participant joins the plan at a date later than his first eligibility, the participant will receive credit for the aggregate of all time period(s) as a covered employee commencing with his first day of participation in the plan and ending on the earlier of the date on which he severs employment with the employer or the date he ceases making required employee contributions. The first day of covered employment (or reemployment) is the first day the employee performs one hour of service as a covered employee. Fractional periods of a year will be expressed in terms of days.

(h) **Reemployment or Continued Employment after a Break-in-Service** - If any former employee is reemployed after a Break in Service has occurred, Years of Service prior to his Break in Service shall not be included for purposes of determining years of service for eligibility, vesting and benefit accrual after such Break in Service.

(i) **Special Provisions Relating to Eligibility and Vesting Service** – For an employee first employed or re-employed by Gainesville Memorial Hospital during the period beginning April 1, 2001 and ending December 31, 2002, such employee's most recent period of continuous service with Muenster Memorial Hospital shall be deemed service with the employer for the purpose of determining eligibility and vesting service, provided such service would have qualified as service as a covered employee if such service had been performed for Gainesville Memorial Hospital.

ARTICLE 3

CONTRIBUTIONS

Section 3.01 - Contributions by Employer

Subject to the right of the employer to terminate the plan, the employer intends to contribute such amounts to the plan as are required to maintain the benefits provided herein.

All contributions made by the employer to the plan (including investment earnings thereon) may not be diverted to, or used for, purposes other than the exclusive benefit of the participants or their beneficiaries. Such exclusive benefit requirement shall not prevent (1) the application of plan assets to pay necessary and reasonable administrative expenses of the plan, (2) the return of excess assets to the employer determined upon the termination of the plan as specified in Section 9.04, (3) the return of a contribution made by the employer because of a mistake of fact where the return is made within one year of the contribution, and (4) the return of a contribution made incident to the initial qualification application where the Commissioner of Internal Revenue determines that the plan is not initially qualified under the Code and where the contribution is returned within one year of the date the initial qualification is denied.

Forfeitures arising because of severance of employment before an employee becomes eligible for a benefit or forfeitures arising from any other reason shall be applied to reduce the costs of this plan and shall not be used to increase the benefits otherwise payable hereunder.

Section 3.02 - Required Contributions by Employees

As a condition to participate in this plan, an employee shall be required to contribute an amount payable each pay period of the employer equal to three percent (3%) of the employee's compensation. However, no deductible or nondeductible voluntary employee contributions are permitted to be made hereunder. Such required employee contributions shall be paid throughout an employee's active participation in the plan.

The plan administrator shall maintain an accounting for the required employee contributions made to the plan and shall prepare an accounting of the value of such required employee contribution accounts at the end of each plan year. The value of such accounts shall be a tabulation of the actual employee contributions plus an interest credit. The interest credit shall be 4% per annum for periods prior to July 1, 2007. Effective July 1, 2007, the interest credit shall be 5% per annum.

The employee contributions made under this plan are always 100% vested and determine a participant's employee derived accrued benefit. A participant may receive a distribution (in-service withdrawal) of any mandatory employee contributions with credited interest while still employed. However, such in-service withdrawals of employee contributions result in the forfeiture of all rights to employer derived benefits attributable to service performed prior to the withdrawal (including the forfeiture of otherwise vested amounts) and the participant must satisfy the requirements of Section 2.03 prior to reentering the plan.

Section 3.03 - Rollover or Transfer Contributions

An employee may not make a rollover contribution or request a direct plan to plan transfer contribution to the plan.

ARTICLE 4

BENEFITS AND PAYMENT OF BENEFITS

Section 4.01 - Normal Retirement Benefit

When a participant reaches his normal retirement age he shall be entitled to retire and to receive his normal retirement benefit payable in the normal form determined in accordance with the provisions set forth in this Section 4.01.

(a) **Normal Retirement Age** - A participant's normal retirement age shall be age 65 but not earlier than the date he completes 5 years of vesting service.

(b) **Normal Form** - The normal form of payment is a monthly annuity payable for the lifetime of the participant.

(c) **Normal Retirement Benefit** - A participant's normal retirement benefit shall be the monthly benefit payable in the normal form commencing on the first of the month coincident with or first following normal retirement age. The amount of a participant's normal retirement benefit shall be determined by the following formulas:

Prior to July 1, 2007, 0.75% of average monthly compensation multiplied by the participant's years of benefit accrual service plus 0.65% of average monthly compensation which is in excess of the participant's integration level multiplied by the participant's years of benefit accrual service up to a maximum of 35 years.

Effective for participants who are active participants on or after July 1, 2007, 1.6% of average monthly compensation multiplied by the participant's years of benefit accrual service.

In no event, however, shall the amount of a participant's normal retirement benefit be less than the amount of his accrued benefit determined as of his normal retirement age nor shall the amount be less than the amount of any early retirement benefit that may have been available to the participant prior to his normal retirement age. Notwithstanding any provision of this plan to the contrary, effective December 12, 1994, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

(d) **Minimum Normal Retirement Benefit** - A participant's normal retirement benefit shall be subject to a minimum for each participant. Such minimum normal retirement benefit shall be $25 per month.

Section 4.01A - Limitations on Benefit Accruals – Not applicable.

Section 4.02 - Late Retirement Benefit

If a participant continues his service with the employer beyond his normal retirement age, he shall be entitled to retire and to receive a late retirement benefit. His late retirement benefit shall be a monthly benefit payable in the normal form in an amount which is the greater of (a) or (b) where (a) is his accrued monthly benefit determined in the same manner as his normal retirement benefit

pursuant to the formula in Section 4.01 and (b) is the monthly benefit which is actuarially equivalent to his normal retirement benefit determined at his normal retirement age.

Section 4.03 - Early Retirement Benefit

If a participant attains age 55 and has also completed 10 years of vesting service with the employer, he shall be entitled to retire and to receive an early retirement benefit. His early retirement benefit shall be a monthly benefit payable in the normal form which is actuarially equivalent to his accrued benefit determined as of his date of early retirement.

Section 4.04 - Deferred Vested Retirement Benefit

If a participant's employment is terminated prior to early, normal or late retirement for causes other than his death or his disability, he shall be entitled to receive a deferred monthly benefit equal to the sum of (a) the product of his vested percentage and his employer derived accrued benefit determined as of the time of his termination and (b) his employee derived accrued benefit determined at the time of his termination with such vested deferred monthly benefit payable in the normal form at the participant's normal retirement age. In the event that the terminated participant satisfies the conditions required for early retirement subsequent to his termination of employment but prior to attaining his normal retirement age, he may elect at such subsequent time to receive an early retirement monthly benefit payable in the normal form which is actuarially equivalent to his vested accrued benefit.

A terminated participant with deferred vested benefits under this paragraph may elect an immediate actuarially equivalent lump sum payment in lieu of deferred payment of his vested accrued benefits, subject to automatic payment of Section 4.07(b) and lump sum availability of Section 4.07(a). No other optional form of payment is allowed under this paragraph prior to satisfaction of early or normal retirement eligibility.

Section 4.05 - Disability Benefit

If a participant who has completed 5 years of vesting service with the employer has his employment terminated due to his disability, he shall be entitled to receive a disability benefit.

Such disability benefit shall be a monthly benefit commencing on the first of the month coincident with or first following the date of disability and shall be payable in the normal form in an amount equal to the participant's vested accrued benefit as of the date of disability, reduced actuarially to reflect commencement earlier than normal retirement date.

Section 4.06 - Death Benefit

(a) **Pre-retirement Death Benefit**

Notwithstanding any provision of this plan to the contrary, in the case of a death occurring on or after January 1, 2007, if a participant dies while performing qualified military service (as defined in Code Section 414(u)), the survivors of the participant are entitled to any additional benefits (other than benefit accruals, as applicable, relating to the period of qualified military service) that would have been provided under this plan had the participant resumed employment and then terminated employment on account of death, as described under Code Section 401(a)(37). Without limiting the foregoing, vesting and eligibility service credits shall be granted

for such qualified military service to the extent required by Code Section 401(a)(37) and IRS Notice 2010-15.

(1) **Active Participant** - In the event of the death of an active participant prior to the commencement of payment of any retirement benefits hereunder, a benefit which is actuarially equivalent to his accrued benefit shall be paid to his beneficiary.

(2) **Vested Terminated Participant** - In the event of the death of a vested terminated participant prior to the commencement of payment of any retirement benefit hereunder, a benefit which is actuarially equivalent to his vested accrued benefit shall be paid to his beneficiary.

(3) **Pre-retirement Surviving Spouse Annuity** – Not applicable.

(4) **Form of Payment** - The form of payment made to a beneficiary shall be a monthly payment in the normal form or any available optional form listed in Section 4.07(a) as may be requested by the beneficiary. Such amount and form of payment, however, shall be actuarially equivalent to the death benefit otherwise payable under this Section 4.06(a).

(b) **Post-retirement Death Benefit** - In the event of the death of a participant to whom benefit payments have commenced, the payment of continuing benefits to any surviving spouse or other beneficiary shall be in accordance with the form of benefit payment under which the retired participant was receiving benefits at the time of his death.

(c) **Designation of Beneficiary** - Each participant or other recipient of payments hereunder shall be given the opportunity to designate a beneficiary or beneficiaries and from time to time the participant may file with the plan administrator a new or revised designation on such form as the plan administrator shall provide.

Section 4.06A - Shutdown or Other Unpredictable Contingent Event Benefits – Not applicable.

Section 4.07 - Actuarially Equivalent Optional Forms of Payment

In lieu of the payment of the benefits hereunder being made in the normal form of payment, a participant or beneficiary may elect to receive an optional form of payment which is actuarially equivalent to the anticipated normal form in accordance with the following provisions and subject to the provisions of Section 4.10.

(a) **Optional Forms of Payment**

(1) **Option 1** - Monthly income payable throughout the lifetime of the participant with or without a specified guaranteed number of monthly payments with such guaranteed number, if any, being a multiple of 60.

(2) **Option 2** - Monthly income payable throughout the lifetime of the participant with 50%, $66^{2}/_{3}$%, 75% or 100% of such monthly income continuing after the death for the remaining lifetime, if any, of his joint pensioner.

(3) **Option 3** - Monthly income payable for a specified guaranteed number of months (not to exceed the joint life expectancy of the participant and his beneficiary) equal to a multiple of 12 for a minimum of 60 payments.

(4) **Option 4** - A combination of Option 3 with Option 2.

(5) **Option 5** - A single, lump sum payment if the total present value of the participant's vested accrued benefit (employer and employee derived) is less than $10,000. If the total present value of vested accrued benefits is greater than $10,000, only the lump sum payment of the employee derived accrued benefits shall be permitted..

(b) **Automatic Lump Sum Payment** - When an employee terminates service and the actuarial equivalent present value of the employee's vested accrued benefit derived from employer and employee contributions is not greater than $5,000, the employee will receive a distribution of the present value of the entire vested portion of such accrued benefit and the nonvested portion will be treated as a forfeiture. For purposes of this section, if the present value of an employee's vested accrued benefit is zero, the employee shall be deemed to have received a distribution of such vested accrued benefit.

(c) **Determination of Present Value** - For purposes of determining the present value of payment made under Sections 4.07(b) and 4.07(a)(6), the present values shall be calculated as of the date of distribution pursuant to the applicable paragraphs of Section 1.02.

(d) **Minimum Monthly Payment** - Whenever the monthly benefits payable under this plan are less than $50 the plan administrator may convert the monthly benefit to an actuarially equivalent payment form with a less frequent payment mode so that the resulting payment amounts are at least equal to $50.

(e) **Nontransferable Annuity** - The payment of any monthly annuity hereunder in the form of an annuity contract purchased by the plan and distributed to a participant shall require that the annuity contract be nontransferable. Furthermore, the terms of such annuity contract purchased and distributed to a participant shall comply with all requirements of this plan.

Section 4.07A - Limitations on Prohibited Payments - Not applicable.

Section 4.08 - Automatic Joint and Survivor Annuity – Not applicable.

Section 4.08A - Qualified Optional Survivor Annuity – Not applicable.

Section 4.09 - Conditions of Payments

(a) **Events Causing Payments** - No benefits attributable to employer contributions will be paid from this plan prior to a participant's termination of employment, death or disability or upon the plan's termination.

(b) **Commencement of Payment** - Unless a participant elects otherwise in writing, commencement of payment will begin no later than the 60th day after the latest of the close of the plan year in which:

(1) the participant attains normal retirement age,

(2) occurs the 10th anniversary of the year in which the participant commenced participation in the plan, or

(3) the participant terminates service with the employer.

(c) **Restrictions on Immediate Distributions** – Not applicable.

Section 4.10 – Minimum Distribution Requirements after December 31, 2002

(a) **General Rules.**

(1) **Precedence and Effective Date**. The requirements of this article shall apply to any distribution of a participant's interest and will take precedence over any inconsistent provisions of this plan. Unless otherwise specified, the provisions of this article apply to calendar years beginning after December 31, 2002.

(2) **Requirements of Regulations Incorporated**. All distributions required under this article shall be determined and made in accordance with the regulations under § 401(a)(9) and the minimum distribution incidental benefit requirement of § 401(a)(9)(G) of the Code.

(3) **Limits on Distribution Periods**. As of the first distribution calendar year, distributions to a participant, if not made in a single-sum, may only be made over one of the following periods:

(i) the life of the participant,

(ii) the joint lives of the participant and a designated beneficiary,

(iii) a period certain not extending beyond the life expectancy of the participant, or

(iv) a period certain not extending beyond the joint life and last survivor expectancy of the participant and a designated beneficiary.

(b) **Time and Manner of Distribution**

(1) **Required Beginning Date**. The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date.

(2) **Death of Participant Before Distributions Begin**. If the participant dies before distributions begin, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the participant's surviving spouse is the participant's sole designated beneficiary, then, except as provided in the plan, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70½, if later.

(ii) If the participant's surviving spouse is not the participant's sole designated beneficiary, then, except as provided in the plan, distributions to the designated

beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the participant's death, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(iv) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this section (b)(2), other than section (b)(2)(i), will apply as if the surviving spouse were the participant.

For purposes of this section (b)(2) and section (e), distributions are considered to begin on the participant's required beginning date (or, if section (b)(2)(iv) applies, the date distributions are required to begin to the surviving spouse under section (b)(2)(i)). If annuity payments irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under section (b)(2)(i)), the date distributions are considered to begin is the date distributions actually commence.

(3) **Forms of Distribution**. Unless the participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with sections (c), (d) and (e). If the participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations. Any part of the participant's interest which is in the form of an individual account described in section 414(k) of the Code will be distributed in a manner satisfying the requirements of section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

(c) **Determination of Amount to be Distributed Each Year**

(1) **General Annuity Requirements**. If the participant's interest is paid in the form of annuity distributions under the plan, payments under the annuity will satisfy the following requirements:

(i) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(ii) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in section (d) or (e);

(iii) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(iv) payments will either be nonincreasing or increase only as follows:

(A) by an annual percentage increase that does not exceed the percentage increase in an eligible cost-of-living index for a 12-month period ending in the year during which the increase occurs or a prior year;

(B) by a percentage increase that occurs at specified times and does not exceed the cumulative total of annual percentage increases in an eligible cost-of-living index since the annuity starting date, or if later, the date of the most recent percentage increase;

(C) by a constant percentage of less than 5 percent per year, applied not less frequently than annually;

(D) as a result of dividend or other payments that result from actuarial gains, provided:

(I) actuarial gain is measured not less frequently than annually,

(II) the resulting dividend or other payments are either paid no later than the year following the year for which the actuarial experience is measured or paid in the same form as the payment of the annuity over the remaining period of the annuity (beginning no later than the year following the year for which the actuarial experience is measured),

(III) the actuarial gain taken into account is limited to actuarial gain from investment experience,

(IV) the assumed interest rate used to calculate such actuarial gains is not less than 3 percent, and

(V) the annuity payments are not increased by a constant percentage as described in (C) of this section (c)(2)(iv)

(E) to the extent of the reduction in the amount of the participant's payments to provide for a survivor benefit, but only if there is no longer a survivor benefit because the beneficiary whose life was being used to determine the distribution period described in section (d) dies or is no longer the participant's beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;

(F) to provide a final payment upon the participant's death not greater than the excess of the actuarial present value of the participant's accrued benefit calculated as of the annuity starting date using the applicable interest rate and applicable mortality table defined in section 1.02(a) of the plan (or, if greater, the total amount of employee contributions) over the total payments before the participant's death;

(G) to allow a beneficiary to convert the survivor portion of a joint and survivor annuity into a single sum distribution upon the participant's death; or

(H) to pay increased benefits that result from a plan amendment.

(2) **Amount Required to be Distributed by Required Beginning Date and Later Payment Intervals**. The amount that must be distributed on or before the participant's required beginning date (or, if the participant dies before distributions begin, the date distributions are required to begin under section 2.2(b)(2)(i) or (ii)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval

even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the participant's required beginning date.

(3) **Additional Accruals After First Distribution Calendar Year**. Any additional benefits accruing to the participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(d) **Requirements for Annuity Distributions that Commence During Participant's Lifetime**

(1) **Joint Life Annuities Where the Beneficiary Is Not the Participant's Spouse**. If the participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary, annuity payments to be made on or after the participant's required beginning date to the designated beneficiary after the participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the participant using the table set forth in section 1.401(a)(9)-6, Q&A 2(c)(2), in the manner described in Q&A 2(c)(1), of the regulations, to determine the applicable percentage. If the form of distribution combines a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(2) **Period Certain Annuities**. Unless the participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the participant's lifetime may not exceed the applicable distribution period for the participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9, Q&A-2, of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the participant reaches age 70, the applicable distribution period for the participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9, Q&A-2, of the Treasury regulations plus the excess of 70 over the age of the participant as of the participant's birthday in the year that contains the annuity starting date. If the participant's spouse is the participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the participant's applicable distribution period, as determined under this section (d)(2), or the joint life and last survivor expectancy of the participant and the participant's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9, Q&A-3, of the Treasury regulations, using the participant's and spouse's attained ages as of the participant's and spouse's birthdays in the calendar year that contains the annuity starting date.

(e) **Requirements For Minimum Distributions where Participant Dies After Distributions Begin**. If the participant dies after distribution of his or her interest begins in the form of an annuity meeting the requirements of this section 4.10 of the plan, the remaining portion of the participant's interest will continue over the remaining period over which distributions commenced.

(f) **Requirements for Minimum Distributions Where Participant Dies Before Date Distributions Begin**

(1) **Participant Survived by Designated Beneficiary**. Except as provided in the plan, if the participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the participant's entire interest will be distributed, beginning no later than the time described in section (b)(2)(i) or (ii), over the life of the designated beneficiary or over a period certain not exceeding:

(i) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the participant's death; or

(ii) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(2) **No Designated Beneficiary**. If the participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(3) **Death of Surviving Spouse Before Distributions to Surviving Spouse Begin**. If the participant dies before the date distribution of his or her interest begins, the participant's surviving spouse is the participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this section (f) will apply as if the surviving spouse were the participant, except that the time by which distributions must begin will be determined without regard to section (b)(2)(i).

(g) **Changes to Annuity Payment Period.**

(1) **Permitted Changes**. An annuity payment period may be changed only in association with an annuity payment increase described in section (c)(1)(iv) or in accordance with section (g)(2).

(2) **Reannuitization.** An annuity payment period may be changed and the annuity payments modified in accordance with that change if the conditions in section (g)(3) are satisfied and:

(i) the modification occurs when the participant retires or in connection with a plan termination;

(ii) the payment period prior to modification is a period certain without life contingencies; or

(iii) the annuity payments after modification are paid under a qualified joint and survivor annuity over the joint lives of the participant and a designated beneficiary, the participant's spouse is the sole designated beneficiary, and the modification occurs in connection with the participant's becoming married to such spouse.

(3) **Conditions.** The conditions in this section (g)(3) are satisfied if:

(i) the future payments after the modification satisfy the requirements of Code section 401(a)(9), section 1.401(a)(9) of the regulations, and this section 4.10 of the plan (determined by treating the date of the change as a new annuity starting date and the actuarial present value of the remaining payments prior to modification as the entire interest of the participant);

(ii) for purposes of section 415 of the Code, the modification is treated as a new annuity starting date;

(iii) after taking into account the modification, the annuity (including all past and future payments) satisfies the requirements of section 415 of the Code (determined as the original annuity starting date, using the interest rates and mortality tables applicable to such date); and

(iv) the end point of the period certain, if any, for any modified payment period is not later than the end point available to the employee at the original annuity starting date under section 401(a)(9) of the Code and this section 4.10 of the plan.

(h) **Payments to a Surviving Child**.

(1) **Special rule**. For purposes of this section 4.10 of the plan, payments made to a participant's surviving child until the child reaches the age of majority (or dies, if earlier) shall be treated as if such payments were made to the surviving spouse to the extent the payments become payable to the surviving spouse upon cessation of the payments to the child.

(2) **Age of Majority**. For purposes of this section, a child shall be treated as having not reached the age of majority if the child has not completed a specified course of education and is under the age of 26. In addition, a child who is disabled within the meaning of Code section 72(m)(7) when the child reaches the age of majority shall be treated as having not reached the age of majority so long as the child continues to be disabled.

(i) **Definitions**

(1) **Actuarial gain**. The difference between an amount determined using the actuarial assumptions (i.e., investment return, mortality, expense, and other similar assumptions) used to calculate the initial payments before adjustment for any increases and the amount determined under the actual experience with respect to those factors. Actuarial gain also includes differences between the amount determined using actuarial assumptions when an annuity was purchased or commenced and such determined using actuarial assumptions used in calculating payments at the time the actuarial gain is determined.

(2) **Designated beneficiary**. The individual who is designated by the participant (or the participant's surviving spouse) as the beneficiary of the participant's interest under the plan and who is the designated beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9)-4 of the regulations.

(3) **Distribution calendar year**. A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to section (b)(2).

(4) **Eligible cost-of-living index**. An index described in paragraphs (b)(2), (b)(3) or (b)(4) of section 1.401(a)(9)-6, Q&A-14, of the regulations.

(5) **Life expectancy**. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9, Q&A-1, of the Treasury regulations.

(6) **Required Beginning Date**

(i) General Rule

The required beginning date of a participant is April 1 of the calendar year following the later of the calendar year in which the participant attains age 70½ or the calendar year in which the participant retires.

(j) **TEFRA Section 242 (b) (2) Elections**

(1) Notwithstanding the other requirements of this section 4.10 of the plan distribution on behalf of any employee who has made a designation under section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (a "section 242(b)(2) election") may be made in accordance with all of the following requirements (regardless of when such distribution commences):

(i) The distribution by the plan is one which would not have disqualified such plan under IRC section 401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984.

(ii) The distribution is in accordance with a method of distribution designated by the employee whose interest in the plan is being distributed or, if the employee is deceased, by a beneficiary of such employee.

(iii) Such designation was in writing, was signed by the employee or the beneficiary, and was made before January 1, 1984.

(iv) The employee had accrued a benefit under the plan as of December 31, 1983.

(v) The method of distribution designated by the employee or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the employee's death, the beneficiaries of the employee listed in order or priority.

(2) A distribution upon death will not be covered by this transitional rule unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the employee.

(3) For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the employee, or the beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in subsections (j)(l)(i) and (v).

(4) If a designation is revoked, any subsequent distribution must satisfy the requirements of IRC section 401(a)(9) of the Code and the regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy IRC section 401(a)(9) of the Code and the regulations thereunder, but for the IRC section 242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life).

(5) In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in IRS Reg. 1.401(a)(9) - 8, Q&A-14 and Q&A-15, shall apply.

(k) **Transition Rules**

(1) **2002**. Required minimum distributions for calendar year 2002 were made pursuant to the 2001 Proposed Regulations.

(2) **Alternative Compliance with Certain Annuity Requirements in 2003, 2004 and 2005.** F-3 and F-3A of section 1.401(a)(9)-1 of the 1987 proposed regulations, A-1 of section 1.401(a)(9)-6 of the 2001 proposed regulations, section 1.401(a)(9)-6T of the temporary regulations, or a reasonable and good faith interpretation of the requirements of section 1.401(a)(9) of the Code (as elected by the employer) apply in lieu of the requirements of sections (c), (d) and (i) for purposes of determining minimum required distributions for calendar years 2003, 2004, and 2005.

Section 4.10A - Minimum Distribution Requirements prior to January 1, 2003

(a) **General** - Notwithstanding any provision of the plan to the contrary, effective with distributions under the plan made for calendar years beginning on or after January 1, 2001 and continuing in effect until the end of the last calendar year beginning before the effective date of final regulations under Code Section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service, the plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the regulations under Code Section 401(a)(9) that were proposed on January 17, 2001. Except as noted in the immediately preceding sentence, the remaining provisions of this Section 4.10A shall apply. The timing and form of benefit payments under this plan are subject to Code requirements which preclude excessive deferral of income tax recognition of retirement plan benefits. Accordingly, all distributions under this plan are subject to the requirements of Code Section 401(a)(9) as well as the minimum distribution incidental benefit requirements of Income Tax Regulations Section 1.401(a)(9)-2. Accordingly, the entire interest of a participant must be distributed or begin to be distributed no

later than the participant's required beginning date. These requirements are identified in this Section 4.10A and shall take precedence over any otherwise inconsistent provisions of this plan.

(b) **Limits on Distribution Periods** - As of the first distribution calendar year, distributions, if not made in a single-sum, may only be made over one of the following periods (or a combination thereof):

(1) the life of the participant,

(2) the life of the participant and a designated beneficiary,

(3) a period certain not extending beyond the life expectancy of the participant, or

(4) a period certain not extending beyond the joint and last survivor expectancy of the participant and a designated beneficiary.

(c) **Minimum Distribution Amount**

(1) **Annuity Requirements** - If the participant's interest is to be paid in the form of annuity distributions under the plan, payments under the annuity shall satisfy the following requirements:

(A) the annuity distributions must be paid in periodic payments made at intervals not longer than one year;

(B) the distribution period must be over a life (or lives) or over a period certain not longer than a life expectancy (or joint life and last survivor expectancy) described in Code Section 401(a)(9)(A)(ii) or Code Section 401(a)(9)(B)(iii), whichever is applicable;

(C) the life expectancy (or joint life and last survivor expectancy) for purposes of determining the period certain shall be determined without recalculation of life expectancy;

(D) once payments have begun over a period certain, the period certain may not be lengthened even if the period certain is shorter than the maximum permitted;

(E) payments must either be nonincreasing or increase only with any percentage increase in a specified and generally recognized cost-of-living index; to the extent of the reduction to the amount of the participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Section 4.10A(b) dies and the payments continue otherwise in accordance with Section 4.10A(b) over the life of the participant; to provide cash refunds of employee contributions upon the participant's death; or because of an increase in benefits under the plan.

(F) If the annuity is a life annuity (or a life annuity with a period certain not exceeding 20 years), the amount which must be distributed on or before the participant's required beginning date [or, in the case of distributions after the death of the participant, the date distributions are required to begin pursuant to Section 4.10A(d)] shall be the payment which is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bimonthly, monthly, semi-annually, or annually.

(G) If the annuity is a period certain annuity without a life contingency (or is a life annuity with a period certain exceeding 20 years) periodic payments for each distribution calendar year shall be combined and treated as an annual amount. The amount which must be distributed by the participant's required beginning date [or, in the case of distributions after the death of the participant, the date distributions are required to begin pursuant to Section 4.10A(d)] is the annual amount for the first distribution calendar year. The annual amount for other distribution calendar years, including the annual amount for the calendar year in which the participant's required beginning date [or the date distributions are required to begin pursuant to Section 4.10A(d)] occurs, must be distributed on or before December 31 of the calendar year for which the distribution is required.

(2) **Post December 31, 1988 Annuities** - Annuities paid after December 31, 1988, are subject to the following additional conditions:

(A) Unless the participant's spouse is the designated beneficiary, if the participant's interest is being distributed in the form of a period certain annuity without a life contingency, the period certain as of the beginning of the first distribution calendar year may not exceed the applicable period determined using the table set forth in Q&A A-5 of Income Tax Regulations Section 1.401(a)(9)-2.

(B) If the participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary, annuity payments to be made on or after the participant's required beginning date to the designated beneficiary after the participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the participant using the table set forth in Q&A A-6 of Income Tax Regulations Section 1.401(a)(9)-2.

(3) **Transitional Rule** - If payments under an annuity which complies with Section 4.10A(c)(1) begin prior to January 1, 1989, the minimum distribution requirements in effect as of July 27, 1987, shall apply to distribution from this plan, regardless of whether the annuity form of payment is irrevocable. This transitional rule also applies to deferred annuity contracts distributed to or owned by the employee prior to January 1, 1989, unless additional contributions are made under the plan by the employer with respect to such contract.

(4) **Post-Required Beginning Date Accruals** - If the form of distribution is an annuity made in accordance with this Section 4.10A(c), any additional benefits accruing to the participant after his or her required beginning date shall be distributed as a separate and identifiable component of the annuity beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(5) **Individual Account** - Any part of the participant's interest which is in the form of an individual account shall be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and the regulations thereunder.

(d) **Death Distribution Provisions**

(1) **Distribution Beginning Before Death** - If the participant dies after distribution of his or her interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the participant's death.

(2) **Distribution Beginning After Death** - If the participant dies before distribution of his or her interest begins, distribution of the participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death except to the extent that an election is made to receive distributions in accordance with (A) or (B) below:

(A) if any portion of the participant's interest is payable to a designated beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the designated beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the participant died;

(B) if the designated beneficiary is the participant's surviving spouse, the date distributions are required to begin in accordance with (A) above shall not be earlier than the later of (1) December 31 of the calendar year immediately following the calendar year in which the participant died and (2) December 31 of the calendar year in which the participant would have attained age 70½.

If the participant has not made an election pursuant to this Section 4.10A(d)(2) by the time of his or her death, the participant's designated beneficiary must elect the method of distribution no later than the earlier of (1) December 31 of the calendar year in which distributions would be required to begin under this section, or (2) December 31 of the calendar year which contains the fifth anniversary of the date of death of the participant. If the participant has no designated beneficiary, or if the designated beneficiary does not elect a method of distribution, distribution of the participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.

(3) **Death of Spouse Before Payment** - For purposes of Section 4.10A(d)(2), if the surviving spouse dies after the participant, but before payments to such spouse begin, the provisions of Section 4.10A(d)(2), with the exception of paragraph (B) therein, shall be applied as if the surviving spouse were the participant.

(4) **Payments to Child** - For purposes of this Section 4.10A(d), any amount paid to a child of the participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.

(5) **Distribution Beginning Date** - For purposes of this Section 4.10A(d), distribution of a participant's interest is considered to begin on the participant's required beginning date [or, if Section 4.10A(d)(3) above is applicable, the date distribution is required to begin to the surviving spouse pursuant to Section 4.10A(d)(2) above]. If distribution in the form of an annuity described in Section 4.10A(c) irrevocably commences to the participant before the required beginning date, the date distribution is considered to begin is the date distribution actually commences.

(e) **Definitions Applicable to Section 4.10A**

(1) **Designated Beneficiary** - The individual who is designated as the beneficiary under the plan in accordance with Code Section 401(a)(9) and the regulations thereunder.

(2) **Distribution Calendar Year** - A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first

distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 4.10A(d) above.

(3) **Life Expectancy** - The life expectancy (or joint and last survivor expectancy) calculated using the attained age of the participant (or designated beneficiary) as of the participant's (or designated beneficiary's) birthday in the applicable calendar year. The applicable calendar year shall be the first distribution calendar year. If annuity payments commence before the required beginning date, the applicable calendar year is the year such payments commence. Life expectancy and joint and last survivor expectancy are computed by use of the expected return multiples in Tables V and VI of Section 1.72-9 of the Income Tax Regulations.

(4) **Required Beginning Date**

(A) **General Rule** - In general, effective with the later of January 1, 1997 or the adoption date of this plan restatement, the required beginning date of a participant is the later of the April 1 of the calendar year following the calendar year in which the participant attains age 70½ or retires.

Section 4.11 - Spousal Rights Requirements – Not applicable.

Section 4.12 - Eligible Rollover Distributions

(a) **General** - This section applies to distributions made after December 31, 2001. Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this Article 4, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution that is at least $500 paid directly to an eligible retirement plan specified by the distributee in a direct rollover. If an eligible rollover distribution is less than $500, a distributee may not make the election described in the preceding sentence to rollover a portion of the eligible rollover distribution.

(b) **Special Rules and Definitions**

(1) **Eligible Rollover Distribution** - An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

(A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

(B) any distribution to the extent such distribution is required under Code Section 401(a)(9);

(C) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities);

(D) any other distribution(s) that is reasonably expected to total less than $200 during a year; and

(E) any similar items designated by the Commissioner in revenue rulings, notices, and other guidance of general applicability.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includable in gross income. However, such portion may be transferred to (1) an individual retirement account or annuity described in Code section 408(a) or (b); (2) for taxable years beginning after December 31, 2001 and before January 1, 2007, to a qualified trust which is part of a defined contribution plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable; or (3) for taxable years beginning after December 31, 2006, to a qualified trust or to an annuity contract described in Code section 403(b), if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

(2) **Eligible Retirement Plan** - An eligible retirement plan is an (i) eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan, (ii) an individual retirement account described in Code section 408(a) and individual retirement annuity described in Code section 408(b), (iii) an annuity plan described in Code section 403(a), (iv) an annuity contract described in Code section 403(b), or (v) a qualified defined contribution plan described in Code section 401(a), that accepts the distributee's eligible rollover distribution.

Effective for distributions made after the execution of the restatement of this plan, an eligible retirement plan shall also include a Roth IRA, subject to the restrictions described under Code Section 408A(c)(3)(B) for distributions prior to January 1, 2010 and subject to restrictions described under Code Section 408A(e), as amended by the Pension Protection Act of 2006.

(3) **Distributee** - A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse. Effective April 1, 2007, a distributee also includes the participant's nonspouse designated beneficiary under section 4.06(c) of the plan. In the case of a nonspouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in Code section 408(a) or Code section 408(b) ("IRA") that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code section 402(c)(11). Also, in this case, the determination of any required minimum distribution under Code section 401(a)(9) that is ineligible for rollover shall be made in accordance with IRS Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395.

(4) **Direct Rollover** - A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

(c) **Mandatory Distribution Rollover Election Requirement** - In the event of a mandatory distribution greater than $1,000 made on or after March 28, 2005 in accordance with the provision of section 4.07(b) of the plan that is not being distributed to a surviving spouse, beneficiary or alternate payee under a QDRO, the amount shall not be distributed until the plan administrator receives specific participant direction to either: (i) pay the amount in a direct trustee-to-trustee transfer to an eligible plan identified by the participant, (ii) pay the amount (less applicable Federal Income Tax withholding) directly to the participant, or (iii) pay the amount based on a combination of (i) and (ii).

Section 4.13 - Transition Provisions – Not applicable, due to OBRA '93 Section 13212(d)(3).

ARTICLE 5

LIMITATIONS ON BENEFITS

Section 5.01 - General

The Internal Revenue Code requires qualified plans to contain specific benefit limitations. The benefits provided under this plan, therefore, shall be subject to the overall limitations identified in this Article 5.

Section 5.02 - Single Plan Participation

If a participant is not and has never been a participant in another qualified plan maintained by the employer, then the annual benefit otherwise payable to a participant under the plan at any time shall not exceed the Maximum Permissible Benefit. If the benefit that a participant would otherwise accrue in a limitation year would produce an annual benefit in excess of the Maximum Permissible Benefit the benefit shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

Notwithstanding anything else in this Article 5 to the contrary, the benefit otherwise accrued or payable to a participant under this plan shall be deemed not to exceed the defined benefit dollar limitation if:

(i) the retirement benefits payable for a plan year under any form of benefit with respect to such participant under this plan and under all other defined benefit plans (regardless of whether terminated) ever maintained by the employer do not exceed $10,000 multiplied by a fraction - the numerator of which is the participant's number of years (or part thereof, but less than one year) of service (not to exceed 10) with the employer, and the denominator of which is 10; and

(ii) the employer (or a predecessor employer) has not at any time maintained a defined contribution plan in which the participant participated (for this purpose, mandatory employee contributions under a defined benefit plan, individual medical accounts under Code section 401(h), and accounts for postretirement medical benefits established under Code section 419A(d)(1) are not considered a separate defined contribution plan).

Section 5.03 - Multiple Plan Participation

(a) **Additional Defined Benefit Plan** - If the participant is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the employer or a predecessor employer, the sum of the participant's annual benefits from all such plans may not exceed the Maximum Permissible Benefit. Where the participant's employer-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, the rate of accrual of such other defined benefit plans currently maintained shall be reduced proportionately so that the resulting annual benefits do not exceed the Maximum Permissible Benefit. If further reduction in the annual benefit is necessary, then the annual benefits from this plan shall be reduced as necessary.

(b) **Additional Defined Contribution Plan** - Reserved.

Section 5.04 - **Preservation of Accrued Benefit**

In the case of an individual who was a participant in one or more defined benefit plans of the employer as of the first day of the first limitation year beginning after December 31, 1994, the application of the limitations of this Article 5 shall not cause the maximum permissible amount for such individual under all such defined benefit plans to be less than the individual's Retirement Protection Act of 1994 (RPA '94) old law benefit. The preceding sentence applies only if such defined benefit plans met the requirements of Section 415 of the Internal Revenue Code on December 7, 1994.

For limitation years beginning on or after July 1, 2007, the application of the provisions of this Article 5 shall not cause the Maximum Permissible Benefit for any participant to be less than the participant's accrued benefit under all the defined benefit plans of the employer or a predecessor employer as of the end of the last limitation year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations, and other published guidance relating to Code section 415 in effect as of the end of the last limitation year beginning before July 1, 2007, as described in IRS Reg. 1.415(a)-1(g)(4).

Section 5.05 - **Definitions Applicable to Section 5.02, 5.03 and 5.04**

(a) **Annual Additions** - Reserved.

(b) **Annual Benefit** - A benefit that is payable annually in the form of a straight life annuity. Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit shall be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this Article. For a participant who has or will have distributions commencing at more than one annuity starting date, the annual benefit shall be determined as of each such annuity starting date (and shall satisfy the limitations of this Article as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to IRS Reg. 1.401(a)-20, Q&A 10(d), and with regard to IRS Reg. 1.415(b)-1(b)(1)(iii)(B) and (C).

No actuarial adjustment to the benefit shall be made for (i) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the participant's benefit were paid in another form; (ii) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits); or (iii) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Code section 417(e)(3) and would otherwise satisfy the limitations of this Article, and the plan provides that the amount payable under the form of benefit in any limitation year shall not exceed the limits of this Article applicable at the annuity starting date, as increased in subsequent years pursuant to Code section 415(d). For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the annual benefit shall take into account social security supplements described in Code section 411(a)(9) and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant IRS Reg. 1.411(d)-4 Q&A-3(c), but shall disregard benefits attributable to employee contributions or rollover contributions.

Effective for distributions in plan years beginning before January 1, 2004, the actuarially equivalent straight life annuity is equal to the greater of the annuity benefit computed using the interest rate and mortality table (or other tabular factor) specified in the plan for adjusting benefits in the same form, and the annuity benefit computed using a 5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan. In determining the actuarially equivalent straight life annuity for a benefit form other than a nondecreasing annuity payable for a period of not less than the life of the participant (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or decreases during the life of the participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the annual benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements of qualified disability payments (as defined in Section 401(a)(11)), "the applicable interest rate, as defined in Section 5.05(q) of the plan", will be substituted for "a 5 percent interest rate assumption" in the preceding sentence.

Effective for distributions in plan years beginning after December 31, 2003, the determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with Section (b)(1) or Section (b)(2).

(1) **Benefit Forms Not Subject to Code Section 417(e)(3)**: The straight life annuity that is actuarially equivalent to the participant's form of benefit shall be determined under this Section (b)(1) if the form of the participant's benefit is either (i) a nondecreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the participant (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or (ii) an annuity that decreases during the life of the participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in Code section 401(a)(11)).

(i) **Limitation Years beginning before July 1, 2007**. For limitation years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit computed using whichever of the following produces the greater annual amount: (a) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form; and (b) a 5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan for that annuity starting date.

(ii) **Limitation Years beginning on or after July 1, 2007.** For limitation years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of (a) the annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the participant's form of benefit; and (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using 5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan for that annuity starting date.

(2) **Benefit Forms Subject to Code Section 417(e)(3):** The straight life annuity that is actuarially equivalent to the participant's form of benefit shall be determined under this paragraph if the form of the participant's benefit is other than a benefit form described in section (b)(1). In this case, the actuarially equivalent straight life annuity shall be determined as follows:

(i) **Annuity Starting Date in Plan Years Beginning After 2005**. If the annuity starting date of the participant's form of benefit is in a plan year beginning after 2005, the actuarially equivalent straight life annuity is equal to the greatest of (a) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form; (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan; and (c) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the applicable interest rate defined in Section 5.05(q) of the plan and the applicable mortality table defined in Section 5.05(q) of the plan, divided by 1.05.

(ii) **Annuity Starting Date in Plan Years Beginning in 2004 or 2005**. If the annuity starting date of the participant's form of benefit is in a plan year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using whichever of the following produces the greater annual amount: (a) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form; and (b) a 5.5 percent interest rate assumption and the applicable mortality table defined in Section 5.05(q) of the plan.

If the annuity starting date of the participant's benefit is on or after the first day of the first plan year beginning in 2004 and before December 31, 2004, the application of this section (b)(2)(ii) shall not cause the amount payable under the participant's form of benefit to be less than the benefit calculated under the plan, taking into account the limitations of this Article, except that the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using whichever of the following produces the greatest annual amount:

(A) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form;

(B) the applicable interest rate defined in Section 5.05(q) of the plan and the applicable mortality table defined in Section 5.05(q) of the plan; and

(C) the applicable interest rate defined in Section 5.05(q) of the plan (as in effect on the last day of the last plan year beginning before January 1, 2004, under

provisions of the plan then adopted and in effect) and the applicable mortality table defined in Section 5.05(q) of the plan.

(c) **Compensation** - For limitation years beginning before July 1, 2007, compensation shall be as defined in Section 1.06(a).

For limitation years beginning on or after July 1, 2007, compensation is defined as wages, within the meaning of Code section 3401(a), and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Code sections 6041(d), 6051(a)(3), and 6052 (wages, tips and other compensation as reported on Form W-2). Compensation shall be determined without regard to any rules under Code section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agriculture labor in Code section 3401(a)(2)). Compensation shall also include amounts that would otherwise be included in compensation but for an election under Code sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b).

For any self-employed individual, compensation shall mean earned income.

Except as provided herein, compensation for a limitation year is the compensation actually paid or made available during such limitation year. Compensation for a limitation year shall include amounts earned but not paid during the limitation year solely because of the timing of pay periods and pay dates, provided the amounts are paid during the first few weeks of the next limitation year, the amounts are included on a uniform and consistent basis with respect to all similarly situated employees, and no compensation is included in more than one limitation year.

Compensation for a limitation year shall also include compensation paid by the later of 2½ months after an employee's severance from employment with the employer maintaining the plan or the end of the limitation year that includes the date of the employee's severance from employment with the employer maintaining the plan, if:

(1) the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or,

(2) the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued; or

(3) the payment is received by the employee pursuant to a nonqualified, unfunded deferred compensation plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered compensation if paid after severance from employment, even if they are paid by the later of 2½ months after the date of severance from employment or the end of the limitation year that includes the date of severance from employment.

Back pay, within the meaning of IRS Reg. 1.415(c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

Compensation paid or made available during such limitation year shall include amounts that would otherwise be included in compensation but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b).

Compensation shall also include deemed Code section 125 compensation. Deemed Code section 125 compensation is an amount that is excludable under Code section 106 that is not available to a participant in cash in lieu of group health coverage under a Code section 125 arrangement solely because the participant is unable to certify that he or she has other health coverage. Amounts are deemed Code section 125 compensation only if the employer does not request or otherwise collect information regarding the participant's other health coverage as part of the enrollment process for the health plan.

Notwithstanding any provision of this plan to the contrary, for limitation years beginning after March 31, 2009, compensation for purposes of Article 5 shall specifically include any "differential wage payments" as defined in Code Section 3401(h)(2).

(d) **Defined Benefit Compensation Limitation** - 100 percent of a participant's high three-year average compensation, payable in the form of a straight life annuity.

In the case of a participant who is rehired after a severance from employment, the defined benefit compensation limitation is the greater of 100 percent of the participant's high three-year average compensation, as determined prior to the severance from employment (including any adjustments as applicable) or 100 percent of the participant's high three-year average compensation as determined after the severance from employment.

(e) **Defined Benefit Dollar Limitations** - $160,000. Effective on January 1, 2003, and each January 1st thereafter, the $160,000 limitation above shall be automatically adjusted under Code section 415(d) as published in the Internal Revenue Bulletin, and payable in the form of a straight life annuity. The new limitation shall apply to limitation years ending with or within the calendar year of the date of the adjustment, but a participant's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The automatic annual adjustment of the defined benefit dollar limitation under Code section 415(d) shall not apply to participants who have had a separation from employment.

(f) **Defined Benefit and Defined Contribution Fractions** - Reserved

(g) **Formerly Affiliated Plan of the Employer** - A plan that, immediately prior to the cessation of affiliation, was actually maintained by the employer and, immediately after the cessation of affiliation, is not actually maintained by the employer. For this purpose, cessation of affiliation means the event that causes an entity to no longer be considered the employer, such as the sale of a member controlled group of corporations, as defined in Code section 414(b), as modified by Code section 415(h), to an unrelated corporation, or that causes a plan to not actually be maintained by the employer, such as transfer of plan sponsorship outside a controlled group.

(h) **Employer** - For purposes of this Article 5, the employer that sponsors this plan, and all members of a controlled group of corporations [as defined in Code Section 414(b) as modified by

Code Section 415(h), all commonly controlled trades or businesses [as defined in Code Section 414(c) as modified by Code Section 415(h)], or affiliated service groups [as defined in Code Section 414(m)] of which the sponsoring employer is a part, and any other entity required to be aggregated with the employer pursuant to regulations under Code Section 414(o).

(i) **Highest Three -Year Average Compensation** - The average compensation for the three consecutive years of service (or, if the participant has less than three consecutive years of service, the participant's longest consecutive period of service, including fractions of years, but not less than one year) with the employer that produces the highest average. A year of service with the employer is the 12-consecutive month period defined in Section 2.05(f) of the plan. In the case of a participant who is rehired by the employer after a severance from employment, the participant's high three-year average compensation shall be calculated by excluding all years for which the participant performs no services for and receives no compensation from the employer (the break period) and by treating the years immediately preceding and following the break period as consecutive. A participant's compensation for a year of service shall not include compensation in excess of the limitation under Code section 401(a)(17) that is in effect for the calendar year in which such year of service begins.

(j) **Limitation Year** - A calendar year or such other 12-consecutive month period that may be specified in writing by the employer. All qualified plans maintained by the employer must use the same limitation year. If the limitation year is amended to a different 12-consecutive month period, the new limitation year must begin on a date within the limitation year in which the amendment is made.

(k) **Maximum Permissible Benefit**

(1) The lesser of the defined benefit dollar limitation or the defined benefit compensation limitation, except that the defined benefit compensation limitation shall not apply to a governmental plan as defined under Code section 414(d), a collectively bargained plan that is described in Code section 415(b)(7), or, effective for limitation years beginning after December 31, 2006, to a participant in a church plan (i.e., a plan maintained by an organization described in Code section 3121(w)(3)(A)) who has never been a highly compensated employee (within the meaning of Code section 414(q)) of the organization. The defined benefit compensation limitation shall be applied to a participant in a church plan who is a highly compensated employee in accordance with IRS Reg. 1.415(a)(7)(iv)(B).

(2) If the participant has less than 10 years of participation in the plan, the defined benefit dollar limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof) of participation in the plan, and (ii) the denominator of which is 10. In the case of a participant who has less than ten years of service with the employer, the defined benefit compensation limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof) of service with the employer, and (ii) the denominator of which is 10.

(3) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62 or after Age 65**. Effective for benefits commencing in limitation years ending after December 31, 2001, the defined benefit dollar limitation shall be adjusted if the annuity starting date of the participant's benefit is before age 62 or after age 65. If the annuity starting date is before age 62, the defined benefit dollar limitation shall be adjusted under Section (k)(4), as modified by Section (k)(6). If the annuity starting date is after age 65, the defined benefit dollar limitation shall be adjusted under Section (k)(5), as modified by Section (k)(6).

(4) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62**:

(A) **Limitation Years Beginning Before July 1, 2007.** If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning before July 1, 2007, the defined benefit dollar limitation for the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (i) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in Section 1.02(a) of the plan for adjusting benefits in the same form; or (ii) a 5-percent interest rate assumption and the applicable mortality table as defined in Section 5.05(q) of the plan.

(B) **Limitation Years Beginning on or After July 1, 2007**.

(I) **Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement.** If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning on or after July 1, 2007, and the plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the defined benefit dollar limitation of the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table for the annuity starting date as defined in Section 5.05(q) of the plan (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(II) **Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement**. If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning on or after July 1, 2007, and the plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the defined benefit dollar limitation for the participant's annuity starting date is the lesser of the limitation determined under Section (k)(4)(B)(I) and the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the plan at age 62, both determined without applying the limitations of this Article.

(5) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement after age 65**:

(A) **Limitation Year Beginning Before July 1, 2007.** If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning before July 1, 2007, the defined benefit dollar limitation of the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the

participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (i) the interest rate specified in Section 1.02(a) of the plan and the mortality table (or other tabular factor) specified in section 1.02(a) of the plan for adjusting benefits in the same form; or (ii) a 5 percent interest rate assumption and the applicable mortality table as defined in Section 5.05(q) of the plan.

(B) **Limitation Years Beginning on or After July 1, 2007.**

(I) **Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement**. If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning on or after July 1, 2007, and the plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the defined benefit dollar limitation at the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required), with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table for that annuity starting date as defined in Section 5.05(q) of the plan (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(II) **Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement**. If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning on or after July 1, 2007, and the plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the defined benefit dollar limitation at the participant's annuity starting date is the lesser of the limitation determined under Section (k)(5)(B)(I) and the defined benefit dollar limitation (adjusted under Section (k)(2) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the plan at age 65, both determined without applying the limitations of this Article. For this purpose, the adjusted immediately commencing straight life annuity under the plan at the participant's annuity starting date is the annual amount of such annuity payable to the participant, computed disregarding the participant's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the plan at age 65 is the annual amount of such annuity that would be payable under the plan to a hypothetical participant who is age 65 and has the same accrued benefit as the participant.

(6) Notwithstanding the other requirements of Sections (k)(4) and (k)(5), in adjusting the defined benefit dollar limitation for the participant's annuity starting date under Section (k)(4)(A), (k)(4)(B)(I), (k)(5)(A) or (k)(5)(B)(I), no adjustment shall be made to the defined benefit dollar limitation to reflect the probability of a participant's death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the participant prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the participant's death if the plan

does not charge participants for providing a qualified preretirement survivor annuity, as defined in Code section 417(c), upon the participant's death.

(l) **Predecessor Employer** - If the employer maintains a plan that provides a benefit which the participant accrued while performing services for a former employer, the former employer is a predecessor employer with respect to the participant in the plan. A former entity that antedates the employer is also a predecessor employer with respect to a participant if, under the facts and circumstances, the employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(m) **Social Security Retirement Age** - Age 65 in the case of a participant attaining age 62 before January 1, 2000 (i.e., born before January 1, 1938), age 66 for a participant attaining age 62 after December 31, 1999, and before January 1, 2017 (i.e., born after December 31, 1937, but before January 1, 1955), and age 67 for a participant attaining age 62 after December 31, 2016 (i.e., born after December 31, 1954).

(n) **Severance from Employment** - An employee has a severance from employment when the employee ceases to be an employee of the employer maintaining the plan. An employee does not have a severance from employment if, in connection with a change of employment, the employee's new employer maintains the plan with respect to the employee.

(o) **Year of Participation** - The participant shall be credited with a year of participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (1) the participant is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the plan in order to accrue a benefit for the accrual computation period, and (2) the participant is included as a participant under the eligibility provisions of the plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a year of participation credited to the participant shall equal the amount of benefit accrual service credited to the participant for such accrual computation period. A participant who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for an accrual computation period shall receive a year of participation with respect to that period. In addition, for a participant to receive a year of participation (or part thereof) for an accrual computation period, the plan must be established no later than the last day of such accrual computation period. In no event will more than one year of participation be credited for any 12-month period.

(p) **Year of Service** - For purposes of Section 5.05(i), the participant shall be credited with a year of service (computed to fractional parts of a year) for each accrual computation period for which the participant is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the plan in order to accrue a benefit for the accrual computation period, taking into account only service with the employer or a predecessor employer.

(q) **Applicable Mortality Table and Applicable Interest Rates** – The applicable mortality table is set forth in Revenue Ruling 95-6, 1995-1 C.B.80 for annuity starting dates prior to December 31, 2002 and Revenue Ruling 2001-62 for annuity starting dates on or after December 31, 2002 (or any successor applicable mortality table specified by the Commissioner), and the applicable interest rate is the rate of interest on 30-year Treasury securities as specified by the Commissioner (or any successor applicable interest rate or rates specified by the Commissioner) for the lookback month for the stability period specified below. The lookback month applicable to

the stability period is the second calendar month preceding the first day of the stability period. The stability period is the successive period of one plan year that contains the annuity starting date for the distribution and for which the applicable interest rate remains constant. (For example, for a stability period equal to the calendar year and a lookback month equal to the second month preceding the stability period, the 30-year Treasury yield published for November preceding the calendar year is used).

Notwithstanding the above, a plan amendment that changes the date for determining the applicable interest rate (including an indirect change as a result of a change in plan year) shall not be given effect with respect to any distribution during the period commencing one year after the later of the amendment's effective date or adoption date, if, during such period and as a result of such amendment, the participant's distribution would be reduced.

Section 5.05A - Other Rules Applicable to Sections 5.02, 5.03, 5.04 and 5.05

(a) **Benefits Under Terminated Plans** - If a defined benefit plan maintained by the employer has terminated with sufficient assets for the payment of benefit liabilities of all plan participants and a participant in the plan has not yet commenced benefits under the plan, the benefits provided pursuant to the annuities purchased to provide the participant's benefits under the terminated plan at each possible annuity starting date shall be taken into account in applying the limitations of this Article. If there are not sufficient assets for the payment of all participants' benefit liabilities, the benefits taken into account shall be the benefits that are actually provided to the participant under the terminated plan.

(b) **Benefits Transferred From the Plan** - If a participant's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan maintained by the employer and the transfer is not a transfer of distributable benefits pursuant IRS Reg. 1.411(d)-4, Q&A-3(c), the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee plan). If a participant's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan that is not maintained by the employer and the transfer is not a transfer of distributable benefits pursuant to IRS Reg. 1.411(d)-4, Q&A-3(c), the transferred benefits are treated by the employer's plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the employer that terminated immediately prior to the transfer with sufficient assets to pay all participants' benefit liabilities under the plan. If a participant's benefit under a defined benefit plan maintained by the employer are transferred to another defined benefit plan in a transfer of distributable benefits pursuant IRS Reg. 1.411(d)-4, Q&A-3(c), the amount transferred is treated as a benefit paid from the transferor plan.

(c) **Formerly Affiliated Plans of the Employer** - A formerly affiliated plan of an employer shall be treated as a plan maintained by the employer, but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay participants' benefit liabilities under the plan and had purchased annuities to provide benefits.

(d) **Plans of a Predecessor Employer** - If the employer maintains a defined benefit plan that provides benefits accrued by a participant while performing services for a predecessor employer, the participant's benefits under a plan maintained by the predecessor employer shall be treated as provided under a plan maintained by the employer. However, for this purpose, the plan of the predecessor employer shall be treated as if it had terminated immediately prior to the event

giving rise to the predecessor employer relationship with sufficient assets to pay participants' benefit liabilities under the plan, and had purchased annuities to provide benefits; the employer and the predecessor employer shall be treated as if they were a single employer immediately prior to such event and as unrelated employers immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provided under the plan of the predecessor employer.

(e) **Special Rules** - The limitations of this article shall be determined and applied taking into account the rules in IRS Reg. 1.415(f)-1(d), (e) and (h).

(f) **Aggregation with Multiemployer Plans**.

(1) If the employer maintains a multiemployer plan, as defined in Code section 414(f), and the multiemployer plan so provides, only the benefits under the multiemployer plan that are provided by the employer shall be treated as benefits provided under a plan maintained by the employer for purposes of this Article.

(2) Effective for limitation years ending after December 31, 2001, a multiemployer plan shall be disregarded for purposes of applying the compensation limitation of sections 5.05(d) and 5.05(k)(2) to a plan which is not a multiemployer plan.

Section 5.06 - Early Plan Termination Limitations – Not applicable.

ARTICLE 6

TOP HEAVY PROVISIONS

Section 6.01 - **General Application** – Not applicable.

Section 6.02 - **Top Heavy Definitions** – Not applicable.

Section 6.03 - **Provisions of Top Heavy Plans** – Not applicable.

Section 6.04 - **Collective Bargaining Agreements** – Not applicable.

ARTICLE 7

ADMINISTRATION

Section 7.01 - Powers and Duties of the Plan Administrator

The plan administrator shall have responsibility for the general supervision and administration of the plan and its assets and shall have all powers necessary to accomplish such duties. The plan administrator shall be a fiduciary of the plan. The plan administrator shall discharge its duties solely in the interest of all participants and beneficiaries. The plan administrator shall have the right, power and authority to:

(a) make rules and regulations for the administration of the plan which are not inconsistent with the terms and provisions hereof;

(b) construe all terms, provisions, conditions and limitations of the plan, and any construction thereof made by it in good faith shall be final and conclusive on all parties at interest;

(c) correct any defect or supply any omission or reconcile any inconsistency that may appear in the plan in such manner and to such extent as it shall deem expedient to carry the plan into effect for the greatest benefit of all interested parties, and its judgement of such expedience shall be final and conclusive on all parties at interest;

(d) select, employ and compensate from time to time such investment consultants, actuaries, accountants, investment managers, attorneys and other agents and employees as it may deem necessary or advisable in the proper and efficient administration of the plan. Any agent or employee so selected by the plan administrator may be a person or a firm then, theretofore or thereafter servicing the employer in any capacity;

(e) select from time to time the issuing company or companies from which insurance or annuity contracts, if any, may be purchased and to determine the form, type and kind of such contracts;

(f) determine all questions relating to the eligibility of employees to become participants and to determine the benefits which each may be entitled to receive and the time of payment thereof;

(g) determine all questions relating to the administration of the plan when differences of opinion arise between interested parties, whenever it is deemed advisable, to determine such questions in order to promote the uniform administration of the plan for the greatest benefit of all parties concerned;

(h) authorize and direct payment from the plan assets all benefits provided for hereunder;

(i) exercise such authority and responsibility as it deems appropriate in order to comply with ERISA and applicable governmental regulations issued thereunder relating to records of service, accrual of benefits and the nonforfeitability of such under the plan; required notifications; annual registration with the Internal Revenue Service; annual reports to the Department of Labor and reports and premium payments to the PBGC as may be applicable;

(j) establish and carry out a funding policy consistent with the purposes of the plan and the requirements of applicable law, as may be appropriate from time to time. As part of such funding policy, the plan administrator shall direct the trustee, investment counsel, custodian, investment manager, insurance company or other persons having authority and discretion to manage and control the assets of the plan to exercise its investment discretion so as to provide sufficient cash assets to meet the liquidity requirements of the plan. The discretion of the trustee, investment counsel, custodian, investment manager, insurance company or other persons having authority and discretion to manage and control the assets of the plan in investing and reinvesting the principal and income of the plan shall be subject to the funding policy, and any changes thereof from time to time, as the plan administrator may adopt and communicate to the trustee, investment counsel, custodian, investment manager, insurance company or other above referenced persons in writing. It shall be the duty of the trustee, investment counsel, custodian, investment manager, insurance company or other such persons to act strictly in accordance with such funding policy, and any changes therein, as so communicated from time to time in writing;

(k) delegate any part of its authority and duties as it deems expedient; and

(l) serve as agent for service of legal process in matters related to the plan.

Section 7.02 - Action of the Plan Administrator Committee

If a committee, a majority of the members of the committee comprising the plan administrator shall constitute a quorum for the transaction of business and shall have full power to act hereunder. Any written memorandum signed by the secretary or any member of the committee who has been authorized to act on behalf of the committee shall have the same force and effect as a formal resolution adopted in open meeting. Minutes of all meetings of any committee and a record of any action taken by the plan administrator shall be kept in written form. The plan administrator shall give to a trustee, insurance company or other entity any order, direction, consent or advice required under the terms of the plan, and such trustee, insurance company or other entity shall be entitled to rely on any instrument duly signed and delivered to it as evidencing the action of the plan administrator.

A member of any committee comprising the plan administrator may not vote or decide upon any matter relating solely to himself or vote in any case in which his individual right or claim to any benefit under the plan is particularly involved. If in any case in which an individual member of such committee is so disqualified to act and the remaining members cannot agree, the employer will appoint a temporary substitute member to exercise all of the powers of a qualified member concerning the matter in which the disqualified member is not qualified to act.

Section 7.03 - Indemnity and Limitations on Liability

(a) **Indemnity** - The employer shall indemnify and defend the plan administrator and any of its employees against any and all claims, loss, damages, expenses (including reasonable attorneys fees), and liability arising in connection with the administration of the plan, except when the same is judicially determined to be due to the gross negligence or willful misconduct of such individual.

(b) **Limitations on Liability** - Notwithstanding any of the preceding provisions of the plan, none of the trustee(s), the employer, the plan administrator and each individual acting as an employee or agent of any of them shall be liable to any participant, former participant, spouse or

beneficiary for any claim, loss, liability or expense incurred in connection with the plan, except when the same shall have been judicially determined to be due to the gross negligence or willful misconduct of such person.

(c) **Insurance** - The employer shall purchase insurance as is deemed appropriate to provide indemnification for the plan administrator and any other individuals against liability or losses occurring by reason of act or omission in their capacity as fiduciaries for the plan.

Section 7.04 - Expenses of Administration

The plan administrator shall be compensated for its service as plan administrator in accordance with the written agreement approved by the Trustees. Reasonable and necessary expenses and costs incurred by the plan administrator in supervising the administration of the plan and its assets shall be paid by the employer as directed by the plan administrator. Any of such expenses and costs not paid by the employer shall be paid from plan assets as directed by the plan administrator.

Section 7.05 - Bonding of the Plan Administrator

The plan administrator or any other person handling funds or other property of the plan shall be bonded as may be required by law and the expense of providing such bond shall be paid by the employer or from plan assets.

Section 7.06 - Participants to Furnish Required Information

Each participant will furnish to the plan administrator such information as the plan administrator considers necessary or desirable for the purposes of administering the plan, and the provisions of the plan respecting any payments thereunder are conditioned upon the participant's furnishing promptly such true, full and complete information as the plan administrator may request.

Any notice or information which, according to the terms of the plan or the rules of the plan administrator, must be filed with the plan administrator shall be deemed so filed at the time that the information is actually received by the plan administrator.

The employer, the plan administrator and any person or persons involved in the administration of the plan shall be entitled to rely upon any certification, statement or representation made or evidence furnished by a participant with respect to his age or other facts required to be determined under any of the provisions of the plan and shall not be liable on account of the payment of any monies or the doing of any act or failure to act in reliance thereon. Any such certification, statement, representation or evidence, upon being duly made or furnished, shall be conclusively binding upon the person furnishing same; but it shall not be binding upon the employer, the plan administrator or any other person or persons involved in the administration of the plan, and nothing herein contained shall be construed to prevent any of such parties from contesting any such certification, statement, representation or evidence or to relieve the participant from the duty of submitting satisfactory proof of such fact.

Section 7.07 - Claims Procedure

(a) Effective for periods prior to January 1, 2002, claims for benefits under the plan shall be filed on forms supplied by the plan administrator. Written notice of the disposition of a claim shall be furnished the claimant within thirty (30) days after the application therefore is filed. In the

event the claim is denied, the reasons for the denial shall be specifically set forth, pertinent provisions of the plan shall be cited and, where appropriate, an explanation as to how the claimant can perfect the claim will be provided. Such notice shall be written to the best of the plan administrator's ability in a manner that may be understood without legal or actuarial counsel.

Any claimant who has been denied a benefit or feels aggrieved by any other action of the employer or the plan administrator shall be entitled to receive, upon request to the plan administrator, a full and clear statement of the reasons for the action together with a written notice of such action, if such notice has not already been given to such claimant. If the claimant wishes further consideration of his position, he may obtain a form from the plan administrator on which to request a hearing. Such form, together with a written statement of the claimant's position, shall be filed with the plan administrator no later than ninety (90) days after receipt of the written notification provided for above or in the foregoing paragraph. The plan administrator shall schedule an opportunity for a full and fair hearing of the issue within the next thirty (30) days. The decision following such hearing shall be made within thirty (30) days and shall be communicated in writing to the claimant.

(b) Effective for periods on or after January 1, 2002, the following provisions shall apply:

(1) **Method of Making Claim**. Claims for benefits under the plan may be filed with the plan administrator on forms supplied by the employer. An authorized representative of a claimant may act on behalf of a claimant, provided that the representative is appointed in a writing that is signed by the claimant and supplied to the plan administrator. The term "claimant," when used in this procedure and in the claims review procedure below, shall include a duly appointed representative.

(2) **Time and Manner of Giving Notice of Adverse Benefit Determination**. If a claim is wholly or partially denied, the plan administrator shall notify the claimant of the adverse benefit determination no later than 90 days (45 days in the case of a disability benefit determination) after the claim was received by the plan. This period begins when a claim is received by the plan, whether or not the claim contains all information necessary to make a benefit determination. (In the case of a disability benefit determination, however, if a period is extended as described immediately below due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.)

If the plan administrator determines that special circumstances require more time to process a claim, this period may be extended up to a maximum of 90 additional days. If such an extension is required, the plan administrator shall give written notice no later than 90 days after the claim was received by the plan. The written notice shall describe the special circumstances requiring the extension and the expected date by which the benefit determination will be made.

In the case of a disability benefit determination, however, the foregoing paragraph shall not apply, and the following rules shall apply: The period may be extended by an additional 30 days if the plan administrator both determines that such an extension is necessary due to matters beyond the plan's control and notifies the claimant before the end of the 45-day period of the circumstances requiring the extension and the date by which the plan expects to render a decision. This period may be extended by an additional 30 days if during the first 30-day extension period the plan administrator both determines that a decision cannot be rendered within that extension period

due to matters beyond the plan's control and notifies the claimant before the end of the first 30-day period of the circumstances requiring the extension and the date by which the plan expects to render a decision. In the case of any initial or additional 30-day extension, the notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve the issues. In addition, the claimant shall be given at least 45 days to provide the specified information.

In its consideration of the claim, the plan administrator shall consult the documents and instruments constituting the plan and all other documents that may have a bearing on its interpretation, including past interpretations or claims of the same general type. The plan Administrator shall also, where appropriate, consult the Internal Revenue Service, Department of Labor, or other governmental or private publications or authorities which may assist the plan administrator to interpret plan language or administrative procedures.

Notice of adverse benefit determination described in this section shall be given in writing.

(3) **Content of Notice of Adverse Benefit Determination**. Notice of adverse benefit determination described in this section must set forth in a manner calculated to be understood by the claimant:

(i) the specific reason(s) for the adverse determination;

(ii) specific plan provisions upon which the determination is based;

(iii) a description and explanation of any additional material or information needed for the claimant to perfect the claim;

(iv) a description of the plan's review procedures and applicable time limits;

(v) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review; and

(vi) solely in the case of a disability benefit determination, if any internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either:

(A) a copy of such internal rule guideline, protocol, or other similar criterion; or

(B) a statement that such internal rule, guideline, protocol, or other similar criterion was relied upon and that a copy is available to the claimant at no charge upon request.

(4) **Claims Review Procedure**. If the plan administrator makes an adverse benefit decision as described above, a claimant may request that the plan administrator review the claim and the adverse benefit determination. The claimant must make this request no later than 60 days (180 days for disability benefit determinations) after receiving the written notice provided for above. This period begins when a request for review is filed in accordance with the plan's reasonable procedures, whether or not the request for review contains all information necessary to make a benefit determination.

A claimant may submit written comments, documents, records, or other information relating to the claim for consideration in the review. The review shall take into account all such information submitted by the claimant, regardless of whether it was submitted or considered in the initial benefit determination. For disability benefit determinations, on review, no deference shall be given to the initial adverse benefit determination. The review shall be conducted by the employer (hereafter, "Disability Appeal Fiduciary"). If in connection with the adverse disability benefit determination the plan obtained on its behalf the advice of any other medical or vocational experts, such expert(s) shall be identified, whether or not their advice was relied upon in making the adverse benefit determination. If the adverse disability benefit decision was based in whole or part on a medical judgement, in conducting the review the Disability Appeal Fiduciary shall consult with a health care professional with appropriate training and experience in the field of medicine involved in the medical judgement. This health care professional shall not be a person or a subordinate of a person who was consulted in connection with the adverse benefit determination.

Upon request, the claimant shall have reasonable access to and free copies of all documents, records, and other information that is relevant to the claim. A document, record or other information shall be considered to be relevant to a claim if it:

(i) was relied upon, submitted, considered or generated in the course of making the benefit determination; or

(ii) demonstrates compliance with the administrative processes and safeguards required in the making of the benefit determination; or

(iii) in the case of a disability benefit determination, constitutes a statement of policy or guidance with respect to the plan concerning the benefit denied for the claimant's diagnosis, whether or not such advice or statement was relied upon in making the benefit determination.

The plan administrator shall notify the claimant of the determination on the review not later than 60 days (45 days for disability benefit determinations) after the receipt of the claimant's request for review. If the plan administrator determines that special circumstances require more time to process the review of a claim, this period may be extended up to a maximum of 60 (45 for disability benefit determinations) additional days. Is such an extension is required, the plan administrator shall give written notice no later than 60 days (45 days for disability benefit determinations) after the receipt of the request for review. The written notice shall describe the special circumstances requiring the extension and the expected date by which the review determination will be made. If the plan administrator extends the review period due to a claimant's failure to submit information necessary to decide a claim, the deadline by which the plan administrator must make its determination on review shall be suspended from the date on which it notifies the claimant of the extension until the date the claimant responds to the request for additional information.

(5) **Notice of Decision on Review**. The plan administrator shall notify a claimant in writing of the benefit determination on review. If the benefit determination is adverse, the notification shall set forth in a manner calculated to be understood by the claimant:

(i) the specific reason(s) for the adverse determination;

(ii) specific plan provisions upon which the determination is based;

(iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant (as defined above) to the claim for benefits;

(iv) a statement describing any voluntary appeal procedures offered by the plan;

(v) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA; and

(vi) for disability benefit determinations, if any internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either;

(A) a copy of such internal rule, guideline, protocol, or other similar criterion; or

(B) a statement that such internal rule, guideline, protocol, or other similar criterion was relied upon and that a copy is available to the claimant at no charge upon request; and

(vii) the following statement: "You and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your State insurance regulatory agency."

This claims procedure is designed so as not to contain any provision and unduly inhibits or hampers the initiation or processing of claims for benefits, nor shall it be administered in such a manner. Specifically, no fee shall be charged as a prerequisite to making a claim or appealing an adverse benefit decision. Furthermore, in the case of disability benefit determinations, there is no requirement that a claimant must file more than two appeals on an adverse benefit determination prior to bringing a civil action under Section 502(a) of ERISA, nor is there any requirement that adverse benefit determinations must be submitted to binding arbitration.

Section 7.08 - Benefits Payable to Minors and Incompetents

If any person entitled to payments under the plan shall be a minor or is, in the judgement of the plan administrator, otherwise legally incapable of personally receiving and giving a valid receipt for any payment due under the plan, the plan administrator may, unless and until claims shall have been made by a duly appointed guardian of such person, make such payment or any part thereof to such person's spouse, children or other person deemed by the plan administrator to have incurred or assumed responsibility for the expenses of such person, except that with regard to a participant or beneficiary declared to be incompetent, his or her benefit may only be paid to an individual with a valid power of attorney or a court appointed guardian. Any such payment will be a complete discharge of any liability under the plan for such payment.

Section 7.09 - Payments to Participants

Any payment to any participant, beneficiary, or legal representative, in accordance with the terms and provisions of the plan, shall to the extent thereof be in full satisfaction of all claims hereunder against the plan; and any such participant or beneficiary or legal representative, as a condition precedent to such payment, may be required to execute a receipt and release therefor in such form as shall be determined by the plan administrator.

Section 7.10 - Abandonment of Benefits

Each participant and other person entitled to benefits hereunder shall file with the plan administrator from time to time, in writing, his address and each change of address and any check representing payment hereunder and any communication addressed to such person hereunder at his last address filed with the plan administrator (or, if no such address has been filed, then at his last address as indicated on the records of the employer) shall be binding on such person for all purposes of the plan, and the plan administrator shall not be obliged to search for or ascertain the location of any such person.

If the plan administrator, for any reason, is in doubt as to whether benefit payments are being received by the person entitled thereto, it may, by registered mail addressed to the person concerned at his address last known to the plan administrator, notify such person that all unmailed and future benefit payments shall be henceforth withheld until he provides the plan administrator with evidence of his continued life and his proper mailing address.

If a benefit is abandoned or otherwise forfeited because the participant or beneficiary cannot be found, such benefit will be reinstated if a subsequent claim is made by the located participant or beneficiary. Furthermore, upon plan termination a participant or beneficiary may not be considered lost until the plan can force a distribution (is no longer immediately distributable); if considered lost, the benefits should be protected outside the plan (e.g., via the purchase of an annuity or the creation of an IRA, etc.)

Section 7.11 - Required Notification

Whenever a distribution is made from the plan which is a qualifying rollover distribution, the plan administrator shall give to the recipient a written explanation of (a) the provisions under which such a distribution can be transferred without current tax to an eligible retirement plan, and (b) the applicable Code provisions describing the possible current taxation treatment of such distribution if it is not transferred to an eligible retirement plan.

Section 7.12 - Failure to Designate Beneficiary

If a participant fails to designate a beneficiary, if such designation is for any reason illegal or ineffective, or if no beneficiary survives the participant, his death benefits otherwise payable under this plan shall be paid:

(a) to his surviving spouse;

(b) if there is no surviving spouse, to the duly appointed and qualified executor or other personal representative of the participant to be distributed in accordance with the participant's will or applicable intestacy law;

(c) if no such representative is duly appointed and qualified within six months after the date of death of such deceased participant, then to such persons as, at the date of his death, would be entitled to share in the distribution of such deceased participant's personal estate under the provisions of the applicable statute then in force governing the descent of intestate property, in the proportions specified in such statute; or

(d) absent any of the above actions, as may be directed by any court of jurisdiction.

ARTICLE 8

AMENDMENT AND TERMINATION

Section 8.01 - Amendment to Plan

(a) **Right To Amend** - Subject to the restrictions enumerated below, the employer may amend this plan at any time in any manner deemed advisable to the lawful extent possible.

(b) **Method of Amendment** - Every amendment shall be in writing and duly executed by an authorized officer or other authorized person acting on behalf of the employer.

(c) **Restrictions to Amendment** - No amendment to the plan (including a change in the actuarial basis for determining optional or early retirement benefits) shall be effective to the extent that it has the effect of decreasing a participant's accrued benefit. For purposes of this paragraph, a plan amendment that has the effect of (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a participant who satisfies (before the amendment) the pre-amendment conditions of the subsidy. Notwithstanding the preceding sentences, a participant's accrued benefit, early retirement benefit, retirement-type subsidy, or optional form of benefit may be reduced to the extent permitted under Code section 412(c)(8) (for plan years beginning on or before December 31, 2007) or Code section 412(d)(2) (for plan years beginning after December 31, 2007).

For purposes of this Section 8.01(c) of the plan, a plan amendment that raises the normal retirement age under the plan to comply with IRS Reg. 1.401(a)-1(b)(2) will not be treated as an amendment that decreases a participant's accrued benefit merely because the amendment eliminates a right the participant may have had to receive a distribution prior to severance from employment on attainment of the normal retirement age under the terms of the plan prior to such amendment. The preceding sentence applies only in the case of a plan amendment that is adopted after May 22, 2007 and on or before the last day of the applicable remedial amendment period under IRS Reg. 1.401(b)-1 with respect to the requirements of IRS Reg. 1.401(a)-1(b)(2) and (3). A participant who became or would have become eligible for payment of benefits at the normal retirement age under the terms of the plan prior to such amendment, and who has severed employment with the employer or employers maintaining the plan, continues to be eligible for payment at the same age and in at least the same amount as under the terms of the plan prior to such amendment with respect to benefits accrued prior to the applicable amendment effective date.

Furthermore no amendment to the plan shall have the effect of decreasing a participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted or the date it becomes effective.

Section 8.01A - Limitations on Plan Amendments Increasing Benefit Liabilities – Not applicable.

Section 8.01B - Amendment by Practitioner

Effective as of the date of the advisory letter issued by the Internal Revenue Service on behalf of this Volume Submitter (VS) plan, the VS practitioner will amend the plan on behalf of all adopting

employers, including those employers who have adopted the plan prior to this restatement, for changes in the Code, regulations, revenue rulings, other statements published by the Internal Revenue Service, including model, sample or other required good faith amendments, but only if their adoption will not cause such plan to be individually designed, and for corrections of prior approved plans. These amendments will be applied to all employers who have adopted the plan.

The VS practitioner will no longer have the authority to amend the plan on behalf of any adopting employer as of either: (1) the date the Service requires the employer to file Form 5300 as an individually designed plan as a result of an employer amendment to the plan to incorporate a type of plan not allowable in the Volume Submitter program, as described in Rev. Proc. 2005-16, or (2) as of the date the plan is otherwise considered an individually designed plan due to the nature and extent of the amendments. If the employer is required to obtain a determination letter for any reason in order to maintain reliance on the advisory letter, the VS practitioner's authority to amend the plan on behalf of the adopting employer is conditioned on the plan receiving a favorable determination letter.

The VS practitioner will maintain, or have maintained on its behalf, a record of the employers that have adopted the plan, and the VS practitioner will make reasonable and diligent efforts to ensure that adopting employers have actually received and are aware of all plan amendments and that such employers adopt new documents when necessary. This section supersedes other provisions of the plan to the extent those other provisions are inconsistent with this section.

With respect to this document, VS practitioner shall mean Rudd and Wisdom, Inc.

Section 8.02 - Termination of the Plan

(a) **Right to Terminate** - Although it is the expectation of the employer that it will continue this plan and make contributions hereunder, the continuance of this plan and contributions hereunder is not assumed as a contractual obligation; and the employer expressly reserves the right at any time to terminate contributions to the plan or terminate the plan itself.

(b) **Method of Termination** - The plan shall terminate upon the occurrence of any of the following events:

(1) dissolution or liquidation of the employer;

(2) legal adjudication of the employer as bankrupt;

(3) the preparation and execution of a written instrument by the employer reciting its intention to terminate the plan as of a stated date.

(c) **Effect of Termination** - Upon termination or partial termination of the plan, the rights of each participant or other person so affected to benefits accrued to the date of such termination or partial termination (to the extent funded as of such date) shall immediately become nonforfeitable. The payment of such benefits or portions thereof shall be in accordance with Section 9.04.

Section 8.03 - Continuance With Successor Employers

Unless the plan has previously been terminated, a successor to the business of the employer, by whatever form or manner resulting, may continue the plan without the necessity of executing a supplemental plan and such successor shall ipso facto succeed to all applicable rights, powers and duties of the employer hereunder. The employment of any employee who is continued in the employ of such successor shall not be deemed to have been terminated or severed for any purpose hereunder.

Section 8.04 - Plan Merger

In the event of a merger or consolidation with or a transfer of assets or liabilities to any other plan, each participant will receive a benefit immediately after such merger, consolidation or transfer (if the plan had then terminated) which is at least equal to the benefit the participant was entitled to immediately before such merger, consolidation or transfer (if the plan had terminated).

ARTICLE 9

TRUST AND TRUSTEE

Section 9.01 - Trustee

The term trustee means the corporate trustee or individual trustees appointed by the employer to administer the trust maintained for the purposes of the plan and such duly appointed and qualified successor trustee as the employer may designate from time to time.

Section 9.02 - Purpose of Trust and Trust Agreement

A trust shall be maintained for the purposes of the plan and the monies thereof shall be invested in accordance with the terms of the trust agreement which forms a part of this plan. All contributions will be paid into the trust and all benefits under the plan will be paid from the assets of the trust. The responsibility, power and duties of the trustee and the provisions of the trust are as identified in the separate trust agreement, attached hereto as Exhibit A.

Section 9.03 - Benefits Supported Only By Trust

Any person having any claim under the plan will look solely to the assets of the trust for satisfaction. Except to the extent provided by ERISA, nothing contained in this plan or trust shall constitute a guarantee by the employer, plan administrator or trustee that the assets of the trust will be sufficient to pay any benefit to any person.

Section 9.04 - Distribution of Plan Assets Upon Termination Of The Plan

Upon termination of the plan and subject to prior approval of the Internal Revenue Service as evidenced by the issuance of a determination letter (if the employer elects to file an application for such letter), the plan assets shall be apportioned and distributed in accordance with the following procedure:

(a) The plan administrator shall determine the date of distribution and the asset value to be distributed, after taking into account the expenses of such distribution;

(b) The plan administrator shall determine the method of distribution of the asset value (that is, whether distribution shall be by payment in cash, by the maintenance of another or substitute trust fund, or in kind based on the then fair market value) for each participant and other persons entitled to benefits under the plan;

(c) The plan administrator shall allocate the asset value as of the date of distribution of the assets in the manner set forth below, on the basis that the amount required to provide any given benefit shall mean the actuarially equivalent single sum value of the accrued benefit on the date of the termination of the plan, or if the method of distribution involves the purchase of an insured annuity equal to the accrued benefit on the date of termination of the plan, the amount required to provide the benefit shall mean the single premium payable to the life insurance company for such annuity. Any actuarially equivalent value shall be calculated in a manner consistent with Plan Section 1.02. The plan administrator shall allocate the asset value among the participants on the

basis of benefits included in and in the manner and order set forth in the following priority categories:

(1) voluntary participant contributions, if any; (2) mandatory participant contributions, if any; (3) benefits to retired participants or beneficiaries who began receiving benefits at least three (3) years before the termination date of the plan [including those benefits which would have been received for at least three (3) years by participants had they retired at their normal retirement ages] based on the plan provisions in effect during the five (5) year period ending on the termination date of the plan under which such benefits would have been the least; (4) all other nonforfeitable benefits under the plan; and (5) all other benefits under the plan.

If assets available for allocation under any of the priority categories, other than (4) and (5), are insufficient to provide full benefit for all persons in such category, the benefit otherwise payable to such persons shall be reduced proportionately. No person shall receive an allocation based on a benefit in a lower category if he is entitled to an allocation based on that same benefit in a higher category. If, after such allocation has been made, any residual assets remain, such assets shall be returned to the employer. Alternatively, if excess assets remain, the employer may amend the plan at termination to increase benefits in a nondiscriminatory manner so that all plan assets are applied to provide benefits.

Section 9.05 - Loans to Participants and Beneficiaries

Loans to participants and beneficiaries are not permitted under the plan.

ARTICLE 10

MISCELLANEOUS AND EXECUTION

Section 10.01 - No Right to Employment

Participation in this plan shall not give any participant the right to be retained in the employment of the employer or any other right or interest not specified herein.

Section 10.02 - Inalienability of Benefits

No benefit or interest available hereunder will be subject to assignment or alienation, either voluntarily or involuntarily. This section does not preclude, however, the trustee or any insurance company from complying with a qualified domestic relations order as that term is defined in Code Section 414(p).

Effective for judgments, orders and decrees issued, and settlement agreements entered into, on or after the effective date of this plan restatement, the Plan's prohibition against assignment or alienation shall not apply to any offset of a participant's benefits against an amount that the participant is ordered or required to pay to the plan if:

(i) the order or requirement to pay arises:

(I) under a judgment of conviction for a crime involving such plan,

(II) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of Part 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, or

(III) pursuant to a settlement agreement between the Secretary of Labor and the participant in connection with a violation (or alleged violation) of Part 4 of such Subtitle by a fiduciary or any other person, and

(ii) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the plan against the participant's benefits provided under the plan.

A plan shall not be treated as failing to meet the requirements of Code Sections 401(a), 401(k), 403(b), or 409(d) solely by reason of an offset described in this plan Section 10.02.

Section 10.03 - Aggregation of Employers – Not applicable.

Section 10.04 - Conflict with Insurance Contract

In the event of any conflict between the terms of this plan and the terms of any insurance contract issued hereunder, the plan provisions shall control. In particular, the payment of any benefits attributable to insurance or annuity contracts are part of the plan's total benefit and will be subject to all distribution conditions and requirements of Article 4.

Section 10.05 - Application of Insurance Dividends and Credits

Any payments by an insurer on account of credits such as dividends, experience rating credits, or surrender or cancellation credits shall be applied, within the taxable year of the employer in which received or within the next succeeding taxable year, toward the next premiums due before any further employer contributions are so applied.

Section 10.06 - Owner-employees of Controlled Trades or Businesses

If this plan provides contributions or benefits for one or more owner-employees who control both the business for which this plan is established and one or more other trades or businesses, this plan and the plan established for other trades or businesses must, when looked at as a single plan, satisfy Code Section 401(a) and (d) for the employees of this and all other trades or businesses.

If the plan provides contributions or benefits for one or more owner-employees who control one or more other trades or businesses, the employees of the other trades or businesses must be included in a plan which satisfies Code Section 401(a) and (d) and which provides contributions and benefits not less favorable than provided for owner-employees under this plan.

If an individual is covered as an owner-employee under the plans of two or more trades or businesses which are not controlled and the individual controls a trade or business, then the contributions or benefits of the employees under the plan of the trade or business which are controlled must be as favorable as those provided for him under the most favorable plan of the trade or business which is not controlled.

For purposes of the preceding paragraphs, an owner-employee, or two or more owner-employees, will be considered to control a trade or business if the owner-employee, or two or more owner-employees together:

(a) own the entire interest in an unincorporated trade or business; or

(b) in the case of a partnership, own more than 50% of either the capital interest or the profits interest in the partnership.

For purposes of the preceding sentence, an owner-employee, or two or more owner-employees, shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by a partnership which such owner-employee, or such two or more owner-employees, are considered to control within the meaning of the preceding sentence.

For purposes of this Section 10.06, owner-employee means an individual who is a sole proprietor, or who is a partner owning more than 10% of either the capital or profits interests of the partnership.

Section 10.07 - Construction and Action by Employer

This plan shall be construed in accordance with the laws of the State of Texas. Words used in the singular shall include the plural, the masculine gender shall include the feminine, and vice versa whenever appropriate. Whenever, under the terms of the plan, the employer is required or permitted to take some action, such may be taken by any officer who has been duly authorized by the board of directors of the employer.

IN WITNESS WHEREOF, NTMC North Texas Medical Center has caused this instrument, the Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center to be executed and attested hereto on this the 23 day of April, 2012

GAINESVILLE HOSPITAL DISTRICT d/b/a NTMC NORTH TEXAS MEDICAL CENTER

By: Gloria J Parrish

Name: Gloria Parrish

Title: President

ATTEST:

By: Diana Eichenberger

Name: Diana Eichenberger

Milliman

THA Participant-Directed Retirement Program Service Agreement

Plan Sponsor:	**North Texas Medical Center**		
Participation Effective Date:	**September 1, 2007**		
Plan Administrator:	**Healthshare/THA**		
Contact:	**Fred Hamilton**		
Address:	**6225 US Highway 290 East**		
	Austin, TX 78723		
Telephone:	**512-465-1082**	Fax:	**512-323-6572**
Milliman Office:	**Dallas, Texas**	RPSA Effective Date:	**September 1, 2007**

This Retirement Program Services Agreement (the "RPSA" or the "Agreement"), effective as of the RPSA Effective Date, describes the engagement of Milliman, Inc. ("Milliman") by HealthShare/THA ("Plan Administrator") to provide Services as described herein. An individual THA member organization which adopts the THA Participant Directed Retirement Program will become a Participating Plan Sponsor ("Plan Sponsor") and will be bound by the terms of this agreement as of the effective date of such participation ("Participation Effective Date).

While Milliman serves at the pleasure of the Plan Administrator and Plan Sponsor(s), such Services are subject to and strictly limited by the provisions contained in this Agreement. Under no circumstances is the engagement of Milliman intended to relieve the Plan Administrator, the Plan Sponsor, and/or the Trustee(s) of their respective responsibilities under ERISA and the Internal Revenue Code and regulations promulgated there under.

Subject to the terms of this Agreement, the Plan Administrator and Plan Sponsor hereby engage Milliman to provide the Services described herein as set forth in the attached schedules..

1. Services

Milliman will provide the Services as are described herein and set forth in Schedule A attached hereto ("Services").

2. Fees and Expenses

(a) **Payment of Fees and Expenses.** For the Services provided on or after the Participation Effective Date, Plan Sponsor will pay or cause to be paid to Milliman the fees and expenses specified for such Services. Milliman will invoice Plan Sponsor monthly, and all invoices will be paid within thirty (30) days of its receipt of the invoice.

(b) **Out-of-Pocket Expenses.** Unless otherwise excepted, Milliman's fee schedule is exclusive of direct expenses, including reasonable travel expenses, printing, shipping, trustee stop and repayment charges, IRS 1099R reversal fees, and express mail charges, all of which are charged at cost; provided, however, that all such out-of-pocket expenses will be limited to reasonable costs and airline travel expenses will be limited to nonrestricted coach fares.

(c) **Additional Fees.** Milliman may assess additional fees for any Services requested by Plan Sponsor which are beyond the scope of the Services described in the attached schedule(s). Such fees will be determined in advance and based on standard hourly rates on file with the Plan Administrator unless another basis is agreed to by Plan Sponsor. Milliman may assess additional fees at standard hourly rates for Services it performs as a result of inaccurate or incomplete data (excluding data that is the responsibility of Milliman or one of our alliance partners) that is provided to Milliman by or on behalf of Plan Sponsor.

3. Plan Data

(a) **Ownership of Plan Data.** Milliman acknowledges that all data with respect to the Plan provided by Plan Sponsor or obtained by Milliman pursuant to this Agreement will be and remain the property of Plan Sponsor. Upon Plan Sponsor's request at any time or times while this Agreement is in effect, and to the extent that all plan fees are current, Milliman will deliver to Plan Sponsor all data in an electronic format.

(b) **Accuracy of Plan Data.** Milliman will have no obligation to determine whether data received is inaccurate or incomplete. Milliman cannot warrant the correctness of data supplied by Plan Sponsor, the Plan Administrator or third parties, nor can Milliman be responsible for the failure of Plan Sponsor, the Plan Administrator, or any third party to provide data in a timely manner.

(c) **Completeness of Plan Data.** For any in-scope Services that Milliman performs, but must perform using Plan Data that is incomplete and requires Plan Sponsor intervention, Milliman will assess fees for such work using standard hourly rates on file with the Plan Administrator.

(d) **Confidentiality of Plan Data.** Except as required by law, Milliman agrees to treat Plan Sponsor's data in a confidential manner. Milliman will inform its employees of the confidential nature of such data and will instruct them not to disclose any such data to any non-Milliman-affiliated third party whatsoever without Plan Sponsor's expressed approval, except as may be necessary in connection with the provision of Services or as may be required by law. This provision survives the termination of this Agreement. Notice will be provided in writing to Plan Sponsor prior to disclosure to any third party.

4. Limitation of Liability and Indemnification

(a) **Limitation of Liability.** Milliman's obligations under this Agreement will be limited to providing the Services contained herein. Milliman will have no responsibility for any acts or omissions that occurred prior to the RPSA Effective Date. Milliman will not be liable for the accuracy, completeness, timeliness or correct sequencing of information obtained from generally accepted sources external to Milliman that in turn are used to create values reported to Plan Sponsor or Plan participants.

Milliman will perform the defined contribution plan administration services, which are described in Schedule A, in accordance with all plan specifications and procedures that have been documented and mutually agreed upon between Milliman and Plan Sponsor ("Documented Plan Specifications"). To the extent that any errors are the result of circumstances outside of the Documented Plan Specifications, Milliman will not be liable to the Plan or its participants.

The foregoing limitations will not apply in the event of Milliman's intentional fraud, or willful misconduct. Milliman's services do not constitute or are intended to imply a fiduciary role.

(b) **Delays or Failures.** Neither Milliman nor Plan Sponsor will be liable for any delay or failure in performance of this Agreement resulting directly or indirectly from any cause beyond their control, including, without limitation, acts of nature, acts of war, governmental actions, fire, labor strikes, work stoppages, civil disturbances, interruptions or unavailability of power or other utilities, unavailability of communications facilities, failure of electronic or mechanical equipment, failure of communication lines or equipment, or other interconnection problems, or failure of Milliman's suppliers.

(c) **Indemnification.** Plan Sponsor agrees that it will be responsible for satisfying any losses, claims, damages, judgments, liabilities or reasonable expenses (including reasonable attorneys' fees and expenses) of or against Milliman and its respective officers, employees and agents, resulting from or arising in connection with *(i)* inaccurate data provided by Plan Sponsor, or *(ii)* Plan Sponsor's negligence or willful misconduct. Milliman agrees that it will be responsible for satisfying any losses, claims, damages, judgments, liabilities, reasonable expenses (including reasonable attorney's fees and expenses) of or against Plan Sponsor, its affiliates and its respective officers, employees and agents, or the Plan resulting from or arising in connection with Milliman's gross negligence or willful misconduct. The term "affiliate" means any member of a controlled group of corporations or a group or trades or businesses under common control, within the meaning of Sections 414(b) and 414(c) of the Internal Revenue Code. This provision survives the termination of this Agreement.

(d) **Recovery of Overpayments**. In the event of an overpayment to a participant in the Plan, Plan Sponsor agrees to take all reasonable steps to recover the overpayment, and Milliman will have no liability with respect to any overpayment which could have been recovered through reasonable efforts by Plan Sponsor. Milliman will assist Plan Sponsor in seeking such restitution by drafting letters that Plan Sponsor can send out on its letterhead, by providing historical data and backup information as needed by Plan Sponsor in seeking recovery, and any other support requested by Plan Sponsor in seeking this restitution. If the overpayment is due to an error for which Milliman is not liable, as described in Section 4(a) above, then such additional costs incurred by Milliman will be reimbursed by Plan Sponsor.

5. Term and Termination of Agreement

(a) **Term.** This Agreement will become effective as of the RPSA Effective Date for the Plan Administrator and Participation Effective Date for the Plan Sponsor. The terms of this agreement will remain in effect until terminated by any of the parties as provided herein.

(b) **Termination by Plan Sponsor or Milliman.** Either a Participating Plan Sponsor or Milliman may terminate this Agreement (solely with respect to that Participating Plan Sponsor) upon ninety (90) days' prior written notice. Milliman will retain any records it has relating the Services provided under this Agreement for a period of three years following the termination of this Agreement.

(c) **Termination by Plan Administrator or Milliman.** Either the Plan Administrator or Milliman may terminate this agreement with one year's prior written notice of intent to terminate. In the event such notice is provided, Milliman agrees to not make a proposal to provide ongoing services to any Participating Plan Sponsor prior to the delivery by the Plan Administrator of a proposal to provide ongoing services to such Plan Sponsor. The foregoing prohibition will not apply following the expiration of 60 days measured from the date the notice of intent to terminate was issued, nor will it apply to any participating Plan Sponsor that directly requests a proposal or additional information regarding ongoing services from Milliman. Additionally, Milliman's contact with any Participating Plan Sponsor in the normal course of providing services under this Agreement will not be considered a proposal to provide ongoing services.

In the event that a notice of intent to terminate is issued by one party to the other party, the Plan Administrator and Milliman will issue a joint communication to each Participating Plan Sponsor within 15 days following the issuance of the notice of intent to terminate. Such joint communication will advise each Participating Plan Sponsor that a successor program must be decided upon by the Participating Plan Sponsor within 180 days of the date of the issuance of the notice of intent to terminate. A successor program would include the adoption of a new THA program, the adoption of a stand-alone program with Milliman or the selection of an entirely different service provider. The 180 days may be extended if agreed to by THA, Milliman and the Participating Plan Sponsor.

(d) **Termination Assistance.** In the event that this Agreement is terminated for any reason, Milliman will cooperate with Plan Sponsor to provide an orderly transfer of Services and will provide the staff, Services and assistance reasonably required for such orderly transfer. Such Services will be provided at the expense of Plan Sponsor or the Plan at Milliman's standard hourly rates in effect for such Services at the time they are performed and on file with the Plan Administrator; provided, if termination is due to Milliman's failure to perform its duties under this Agreement in a competent and timely manner, Plan Sponsor will not be obligated to pay Milliman for any fees associated with such transfer.

(e) **Payment of Unamortized Implementation Expenses.** If a participating Plan Sponsor terminates this Agreement within forty-eight (48) months of Participation Effective Date (for any reason other than Milliman's failure to perform its duties under this Agreement in a competent and timely manner), Plan Sponsor will pay Milliman a single lump-sum amount equal to Milliman's current annualized base fee [that is, *(i)* the total of the monthly plan-based, participant-based and asset-based fees plus any revenue sharing received from registered investment funds during the term of this Agreement through its termination date, *(ii)* divided by the total number of months included in such total, and *(iii)* multiplied by twelve (12)], reduced by one forty-eight (1/48) for each month which has elapsed since the Participation Effective Date. This provision shall not be applicable in the event the retirement plan for which Services are being provided is terminated by the Plan Sponsor and such termination date is within the forty-eight (48) month which has elapsed since the Participation Effective Date. This provision is also not applicable if the Agreement is terminated by Milliman or the Plan Administrator as provided in sections 5(b) and (c) above.

Alternatively, the previous paragraph will not apply if the Plan Sponsor elects to cover the cost of the implementation expenses in accordance with section 2(a).

6. Notices

Any notice or demand that Milliman, the Plan Administrator or a Plan Sponsor may desire to serve upon one other will be deemed served three (3) days after depositing in the United States mail, postage prepaid and certified or registered; delivered to a nationally recognized courier service; or hand delivered to the following addresses for Milliman and the Plan Administrator and at the address provided by a given Plan Sponsor within its adoption documentation.

Milliman, Inc.
9400 North Central Expressway
Suite 1000
Dallas, TX 75231-5030

HealthShare/THA
Plan Administrator
6225 US Highway 290 East
Austin, TX 78723

7. Dispute Resolution

(a) **Mediation.** In the event of any dispute arising out of or relating to the engagement of Milliman by Plan Administrator or Plan Sponsor, the parties agree first to try in good faith to settle the dispute voluntarily with the aid of an impartial mediator who will attempt to facilitate negotiations. A dispute will be submitted to mediation by written notice to the other party or parties. The mediator will be selected by agreement by the parties. If the parties cannot agree on a mediator, a mediator will be designated by the American Arbitration Association at the request of a party.

The mediation will be treated as a settlement discussion and therefore will be confidential. Any applicable statute of limitations will be tolled during the pendency of the mediation. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

(b) **Bench Trial**. If the foregoing mediation fails after a good-faith effort has occurred, only then may a party institute litigation. If a party files a lawsuit, and both a state and a federal court have subject matter jurisdiction over all of the claims to be filed, then the party shall file such suit in federal district court. Both parties agree to waive the right to a trial by jury. The execution of this agreement shall impose no personal liability on the directors, officers or employees of either party and in the event of breach, non-performance or other default, the parties agree not to seek personal judgment against the officers, directors or employees of the other but to look to the assets of the Plan Sponsor or Milliman respectively, for satisfaction of any claim hereunder.

8. Miscellaneous

(a) **Nature of Milliman's Services.** The Services to be performed by Milliman are ministerial in nature and will be performed within the framework of policies, interpretations, rules, practices and procedures made or established by the Plan Administrator and/or Plan Sponsor. Milliman will not have discretionary authority with respect to the management of the Plan or the investment of Plan assets. It is understood that Milliman is not a "plan administrator" within the meaning of ERISA. Milliman cannot be relied upon to discover errors, irregularities or illegal acts, including fraud or falsifications that may exist in the administration of the Plan. Therefore, Milliman will not be liable for any actions taken, or not taken, as directed by or caused by actions of Plan Sponsor, the Plan Administrator, or any other person(s) authorized to provide directions to Milliman.

(b) **Milliman Tool Development.** Milliman will retain all rights, title and interest to all technical or internal designs, methods, ideas, concepts, know-how, techniques, generic documents and templates that have been developed previously by Milliman or developed during the course of the provision of the Services. Such rights and ownership will not extend to or include all or any part of Plan Sponsor's proprietary data. To the extent that Milliman may include in the materials any Milliman proprietary information or other protected Milliman materials, Milliman agrees that Plan Sponsor will be deemed to have a fully paid up license to make copies of the Milliman-owned materials as part of this engagement for its internal business purposes, provided that such materials cannot be modified or distributed outside Plan Sponsor without the written permission of Milliman.

(c) **Payment by Plan.** Any statement in the Agreement that, or to the effect that, an amount will be paid by Plan Sponsor will not preclude such amounts being a Plan expense under the Plan's trust agreements and other documents and will not have any effect on Plan Sponsor's rights to direct the Plan's trustee to pay such amount from Plan assets.

(d) **Payments to Plan Administrator.** Upon demand, Milliman agrees to pay certain administrative expenses as determined by the Plan Administrator for the upkeep and maintenance of the THA Participant Directed Retirement Program. Payments will be made first from the excess shareholder service allowances (i.e. amounts received above .31% annually) and second allocated prorate across the participating plan accounts.

(d) **Severability.** If any provision of this Agreement is held to be invalid or unenforceable, all other provisions will nevertheless continue in full force and effect. If any provision of this Agreement is found to be contrary to the laws or regulations of the Employee Retirement Income Security Act of 1974, as amended, then such provision will be considered null and void, but all other provisions will nevertheless continue in full force and effect.

(e) **Modification and Waiver.** By mutual written agreement, Milliman and the Plan Administrator may revise this Agreement (including any of the attached schedules) from time to time. Any modification or waiver of any of the provisions of this Agreement will be effective only if made in writing and signed by both parties. Such modification or waiver will be effective for a given Plan Sponsor at the time that such document is provided to the Plan Sponsor. Notwithstanding the foregoing, the waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any

subsequent breach, and any subsequent performance shall not constitute a waiver of any preceding breach.

(f) **No Third-party Beneficiaries.** This Agreement is between the Plan Administrator, the Plan Sponsor and Milliman, and neither this Agreement nor the performance of the Services or the relationship between Plan Sponsor and Milliman will create any rights in any third parties. The parties expressly agree that there are no third-party beneficiaries hereto.

(g) **No Third-party Distribution.** Milliman's work is prepared solely for the internal business use of the Plan Administrator and Plan Sponsor. Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit any third-party recipient of its work product or create any legal duty from Milliman to a third party even if Milliman consents to the release of its work product to such third party. Milliman hereby consents to the distribution of its work product to the Plan's auditor, as long as the work product is distributed in its entirety. In the event that any audit reveals any error or inaccuracy in the data underlying Milliman's work, Milliman requests that the auditor notify Milliman as soon as possible. Milliman's work may include the preparation of certain government forms. Milliman consents to the release of these forms to the applicable agency. Further, Milliman agrees to the distribution of certain work product that the parties mutually agree is appropriate for distribution to plan participants. Any additional release of any Milliman work product by Plan Sponsor requires prior written consent by Milliman.

(h) **Assignability.** No party will be entitled to assign its rights or obligations under this Agreement without the written consent of the other party, such consent not to be unreasonably withheld.

(i) **Applicable Law.** It is the intention of the parties that the Limitation of Liability paragraph above shall be enforceable, and the parties believe that the clause is enforceable under Texas law. In the event any provision of this agreement is unenforceable as a matter of law, the remaining provisions will stay in full force and effect.

(j) **Entire Agreement.** This Agreement (which includes the attached schedules) constitutes the entire Agreement between the parties with respect to the subject matter hereof, and there are no representations, warranties, covenants or understandings, other than those expressly set forth herein. This Agreement supersedes and replaces all prior Agreements entered into between Milliman and Plan Sponsor with regard to the Plan(s) covered by this Agreement.

(k) **Headings.** Headings and captions hereunder are for convenience only and will not affect the interpretation or construction of this Agreement.

PARTICIPATING PLAN SPONSOR

I have read and agree to the terms and conditions of this Agreement.

Accepted by: _____

Title: CEO

Date: 8/21/07

PLAN ADMINISTRATOR (Healthshare/THA)

I have read and agree to the terms and conditions of this Agreement.

Accepted by: _____

Title: Vice President

Date: 6/1/07

MILLIMAN, INC.

I have read and agree to the terms and conditions of this Agreement.

Accepted by: _____

Title: Principal

Date: 6-1-07

Schedule A

Defined Contribution Plan Services

Covered Plan(s):	**All Plans that participate in the THA Participant-Directed Retirement Plan Trust. Any modifications to the services listed below will be documented via the THA Participant-Directed Retirement Program Participation Agreement.**

This document provides a description of Milliman, Inc.'s ("Milliman") defined contribution plan services and the framework on which our fees for these services are based. Unless otherwise indicated, these services are considered "Standard Services" and are provided for the fees outlined in the fee schedule that applies to these Services. Services delineated as "Additional Administration Services" are outside the scope of Standard Services and are provided on a time-and-expense basis. Depending on the plan sponsor, plan type and provisions certain services may not be applicable.

CONTENTS

I. Description of Defined Contribution Plan Services

A. Definitions	
Call Center	Milliman's Call Center, the "Benefits Service Center"
Data	All employee and plan data necessary to accurately and efficiently administer the Covered Plans in accordance with Covered Plan provisions, provided in a standard, electronic media format and certified by the Plan Sponsor or prior administrator
Web	Milliman's proprietary participant Website, the "Web Service Center'"
Custodian	Charles Schwab Trust Company acting as custodian (hereinafter referred to as "custodian")
Trustee	Successor Trustees THA Retirement Plan for Member Hospitals

Schedule A — Defined Contribution Plan Services

B. Implementation/Conversion Services	
1. IMPLEMENTATION	
Plan Review	Initial and second implementation meetings Project planning, including preparation of timetables, gathering plan document, plan amendments and the summary plan description A comprehensive review and summary of current plan provisions and recommendations Preparation of a standard data format for conversion and ongoing payroll files
Plan Setup	Custodian setup documents Milliman administrative services agreement Database setup based on plan parameters with peer review of those parameters Setup and validation of voice response system ("VRS") Setup and validation of participant website ("Participant Web") Setup and validation of plan sponsor website ("Plan Sponsor/Admin Web")
Communications	The plan summary Setup enrollment materials Draft communication regarding the implementation and conversion process/timing and summary of investment options VRS/Web access information Payroll formats for coordination with the payroll vendor Distribution packages, election forms and notices for terminated participants ***Additional Administration Service(s)*** Preparation of customized communications

Schedule A — Defined Contribution Plan Services

B. Implementation/Conversion Services	
2. CONVERSION OF DATA	
Participant Data	Participant data will be received in a standard format via electronic media both in a test file and a final conversion file within agreed upon timeframes. This data will be reconciled to the wired assets and any discrepancies will be communicated to the Plan Sponsor. Indicative data, including investment elections and deferral elections are included in these updates. ***Additional Administration Service(s)*** Revision of timelines and all associated projects due to date changes required by the Plan Sponsor Acceptance of data other than ASCII format or nonelectronic media, or data in multiple files or files that do not include the Social Security number for each record Excessive consultation with prior recordkeeper on incomplete or inaccurate data or asset transfer
Asset Transfer	Coordination of the transfer with the prior custodian/trustee Oversight of mapped investments to new investments Coordination of employer stock transfers Loading information and balances from outdated checks ***Additional Administration Service(s)*** Coordination of in-kind mutual fund asset transfers Coordination of self-directed brokerage account transfers
Beneficiary Data	***Additional Administration Service(s)*** Collect and image prior beneficiary elections
3. MERGERS	
	Additional Administration Service(s) Milliman will perform all of the functions outlined in Section 1 (Implementation) and Section 2 (Conversion of Data) of this Description of Services

Schedule A — Defined Contribution Plan Services

B. Implementation/Conversion Services

4. SPINOFF SERVICES

Additional Administration Service(s)

Preparation of test and final files that include:

- Account/fund balances
- Hours and vesting history
- Investment elections
- Inception-to-date financial information
- Current and historical loan and demographic data
- Movement to either a new database or to a new recordkeeper electronically as applicable

Coordination of VRS/Web downtime for settlement of all pending trades

Coordination of the sale/transfer of assets

Preparation of reports (hardcopy or emailed files) of the Plan's account summary and loan summary to the new recordkeeper

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

1. Participant Accounting

For each participant (an individual with an account balance) in the Plan, Milliman will maintain a set of accounts to reflect the participant's beneficial interest by type of contribution and by investment fund.

Milliman will value participant accounts each day on which *(a)* the New York Stock Exchange is open for trading and *(b)* Milliman, the Custodian for the Plan, and each plan investment fund manager are all open for regular and ordinary business.

Participant account valuation entails the posting of investment income (including interest and dividends), adjusting participant accounts to market value and accounting for any deposits, disbursements, or fund transfers that would affect participant accounts. The basis of Milliman's daily valuation will be daily unit values for each investment fund determined by the Custodian and transmitted to Milliman.

Any fees payable by defined contribution plan participants will be paid from the participants' plan accounts. Such fees will be charged to the Plan and paid monthly.

2. Special Assets

Special assets include those that require special handling and those that cannot be publicly traded.

Publicly Held Employer Stock

Publicly traded employer stock will be traded daily. Stock settlements will be recorded as settlement is received from the Custodian, net of the commission. A residual share account will be held on the Plan to facilitate whole-share trading. If employer stock is included in a plan that trades on a late-order-placement platform, the stock will be traded on a next-day basis. This assumes trades are received by 3:00PM Central Time.

Additional Administration Service(s)

Preparation of information for the proxy mailing

Privately Held Employer Stock

Privately held employer stock will be traded daily with assets prefunded by the Plan Sponsor. Shares will be reallocated across participant accounts in accordance with the provisions of the Plan.

Non-Same-Day-Eligible Funds

Non-same-day-eligible funds will be traded daily. If non-same-day-eligible funds are included in a plan that trades on a late-order-placement platform, the non-same-day-eligible funds will be traded on a next-day basis. This assumes trades are received by 3:00PM Central Time.

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

3. Participant Transactions

Recurring Deposits

For purposes of this section, "recurring deposits" means contributions and loan repayments made by participants through payroll deduction, and all matching or other forms of recurring contributions made by the Plan Sponsor on behalf of participants.

The Plan Sponsor agrees to periodically forward a centralized deposit file to Milliman and to include Milliman's payroll total confirmation form. Such file will be submitted electronically via modem or through other acceptable media as agreed to by the Plan Sponsor and Milliman, and will not be forwarded more frequently than one file per week. These files should combine recurring deposit information and participant indicative data. Each record in the file must be identified by Social Security number (SSN).

Upon receipt of a deposit file, Milliman will examine deposit data against participant data held in Milliman computer system files to verify that the deposit file totals equal the Plan Sponsor control totals by account type as noted in the notice of deposit. Milliman will identify imbalances and communicate these to the Plan Sponsor for resolution. If the file balances to the Plan Sponsor control totals, Milliman will contact the Plan Sponsor and request that the Plan Sponsor electronically forward the money to fund the deposits.

If the investment election percentages for future contributions for any participant do not equal 100%, the Plan's default percentages will apply.

Milliman will submit investment instructions to the Custodian so that recurring deposits can be invested in the appropriate investment funds consistent with the investment instructions of participants or the Plan Sponsor, as applicable, and the provisions of the Plan and its related trust agreements. Milliman will confirm the execution of these instructions and credit participant accounts as appropriate.

Milliman will use best efforts to initiate recurring deposit processing no later than two business days after the later of *(1)* receipt of the deposit file by Milliman, assuming the data is complete and accurate, or *(2)* notification by the Custodian that the deposit has been received by the Custodian.

Additional Administration Service(s)

Receipt of payroll data separately from indicative data

Receipt of recurring deposit files more frequently than weekly or from a non-centralized source

Processing manual adjustments, making changes to the file format or making adjustments for inaccurate or missing data

Processing nonelectronic data

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

3. Participant Transactions *(continued)*

Rollover Contributions	For purposes of this section, a "rollover contribution" is defined as a payment by a participant or the Plan Administrator of all or part of the participant's benefit from a prior qualified plan or IRA to the Plan. Rollover contributions can be initiated directly by the participant or through the Plan Sponsor. Each rollover must be accompanied with a notice of deposit and a rollover election form indicating the participant's investment elections for the deposit. Rollover forms can be obtained via the VRS, Participant Web or Benefits Service Center. All rollover deposits must be made in a form acceptable to the Custodian. If a rollover check is received and deposited but the rollover election form is not received, Milliman will attempt to contact the participant. If the participant cannot be reached, the Plan Sponsor will be notified. If the form is not received within fourteen (14) days, the rollover check will be returned to the original source of the check. Milliman will submit investment instructions to the Custodian so that such rollovers can be invested in the appropriate investment funds consistent with the investment instructions of participants and the provisions of the Plan and its related trust agreements. Milliman will confirm the execution of these instructions and will credit participant accounts as appropriate. Milliman will use best efforts to initiate rollover processing no later than one business day following the later of *(1)* the receipt of the notice of deposit form and rollover request form by Milliman, assuming the forms are complete and accurate, or *(2)* notification by the Custodian that the deposit has been received by the Custodian.
Loan Payoffs	For purposes of this section, "loan payoff" is defined as payment in full of an outstanding loan balance by a plan participant. Loan payoffs can be initiated directly by the participant or through the Plan Sponsor. Each loan payoff must be accompanied with a notice of deposit and a loan payoff form. Loan payoff forms can be obtained via the VRS, Participant Web or Benefits Service Center. All loan payoff deposits must be made in a form acceptable to the Custodian and will be posted to the participant's account utilizing the participant's current investment elections and prorated to the account types from which the loan was withdrawn. If a loan payoff check is received and deposited but the loan payoff form is not received, Milliman will make a reasonable effort to identify the participant and the appropriate loan affected by the payment. Milliman will submit investment instructions to the Custodian so that such loan payoffs can be invested in the appropriate investment funds consistent with the investment instructions of participants and the provisions of the Plan and its related trust agreements. Milliman will confirm the execution of these instructions and credit participant accounts as appropriate. Milliman will use best efforts to initiate loan payoff processing no later than one business day following the later of *(1)* the receipt of the notice of deposit by Milliman, assuming the form is complete and accurate, or *(2)* notification by the Custodian that the deposit has been received by the Custodian. Milliman will post notice of all loans that have been paid off to the Plan Sponsor/Admin Web which can be accessed at any frequency required by the Plan Sponsor for incorporation into the Plan Sponsor's payroll records.

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

3. PARTICIPANT TRANSACTIONS *(continued)*

Investment Fund Transfers

For purposes of this section, "investment fund transfers" refer to the reinvestment of participant accounts among the available investment funds in accordance with the provisions of the Plan.

Fund transfers can be requested directly by the participant through Milliman's Participant Web or VRS. With respect to transfer requests made through the VRS, Milliman will produce a confirmation of each fund transfer request received for a participant and mail such confirmation to the participant's last known mailing address. A printable confirmation will be displayed for participants who request a transfer via the Participant Web.

Milliman will use best efforts to process participant-requested investment fund transfers upon demand. Such processing includes:

- Verifying that transfers are allowed both in and out of the requested funds, and the requested transfer does not exceed the maximum number and frequency, if any, allowed by the Plan;
- Submitting investment instructions to the Custodian so that fund investment transfers can be made consistent with all approved requests;
- Confirming the execution of these instructions; and
- Crediting and/or debiting participant accounts as appropriate.

It is understood and acknowledged by the Plan Sponsor and Milliman that investment fund transfers (purchases and/or redemptions) may be temporarily suspended as permitted for redemptions by the Investment Company Act of 1940 including, but not limited to, periods when trading on the New York Stock Exchange is restricted or halted, or otherwise as permitted by the U.S. Securities and Exchange Commission. Not exclusive of these guidelines, investment fund transfers may take up to five business days to initiate and, once initiated, may take several business days to settle and close.

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

3. Participant Transactions *(continued)*

Participant-requested Disbursements

For purposes of this section, "participant-requested disbursements" means any disbursement of funds (excluding loans) that can be initiated by a participant, based on the provisions of the Plan.

All participant-requested disbursements will require the completion of appropriate (electronic or paper) distribution request forms by the participant using forms provided by Milliman. Distribution forms can be requested directly by the participant from Milliman using the Participant Web or VRS. Milliman will mail all paper distribution request forms to the participant's last known mailing address. Participants will return completed distribution request forms to Milliman.

Disbursements requiring separation from service, a financial hardship, or other special conditions which Milliman cannot validate based on data in its possession, will be based on proof of need provided by the participant.

Milliman will use best efforts to process participant-requested disbursement applications within one business day following receipt of the application. Such processing includes:

Verification of the following:

- Participant's address on the form matches the one on Milliman's system (and updated if different)
- If applicable, a termination date exists
- No pending items exist on the account in the case of a distribution
- Vesting is correct
- If an in-service hardship withdrawal request is returned to Milliman directly from the participant, proof of need is attached as applicable, and no loan is available from the Plan
- Calculation of the applicable available withdrawal amount
- Participant's signature appears on the form
- Verification of death certificate and beneficiary if payment is a death benefit; this includes adherence to plan document provisions if a beneficiary designation has not been made

Submitting investment instructions to the Custodian so that fund redemptions can be made consistent with approved disbursement applications.

Confirming the execution of these instructions.

Transmitting relevant disbursement information (including federal income tax withholding amounts) to the Custodian so that disbursement checks and related tax information can be sent to the participant's last known mailing address.

Debiting participant records as appropriate.

Automatic payments for installments, distributions less than $5,000, and residual distributions resulting from lagging dividends or contributions.

Fulfilling stock certificate requests.

Mailing rollovers to recipient institutions.

Deducting the distribution fee from the distribution. If the vested account balance is less than the distribution fee, the fee will be deemed equal to the vested balance, and no distribution will be processed.

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

3. PARTICIPANT TRANSACTIONS *(continued)*

Participant-requested Disbursements *(continued)*	Consistent with the claims procedures of the Plan, Milliman will use best efforts to mail to the participant notification that the distribution request form is invalid no later than seven business days after receipt of an invalid distribution request form. For each approved hardship withdrawal and for those plans that require payroll suspension periods, Milliman will post the suspension information to the Plan Sponsor/Admin Web which can be accessed at any frequency required by the Plan Sponsor for incorporation into the Plan Sponsor's payroll records. ***Additional Administration Service(s)*** Special handling, including rush requests and stop/replace requests for new addresses Check and tax record requests from custodians that do not operate on an automated interface
Loans	Requests for loans can be made directly by the participant through the Participant Web or VRS. Milliman will mail loan request packages (or approved loan paperwork for paperless loans) to the participant's last known mailing address. Participants will return completed loan request forms to Milliman (if not a paperless loan). Milliman will use best efforts to process loan requests upon demand. Such processing includes: – Verifying through the Participant Web or VRS that the loan request meets plan parameters for minimum and maximum loan amounts, maximum number of outstanding loans, loan duration, payment frequency, new loan frequency, minimum payment amount, maximum loan amount, and no items are pending on the account – Reviewing the loan forms for participant signature and/or spousal consent if applicable – Submitting investment instructions to the Custodian so that fund redemptions can be made consistent with the approved loan application – Confirming the execution of these instructions – Transmitting relevant loan information to the Custodian so that a check can be sent to the participant's last known mailing address – Debiting participant accounts as appropriate No later than seven business days after receiving a completed loan request form, Milliman will use best efforts to mail notification to the participant of any incomplete loan request forms consistent with mutually agreed-to loan procedures. For each approved loan, appropriate loan repayment information will be posted to Milliman's Plan Sponsor/Admin Web which can be accessed at any frequency required by the Plan Sponsor for incorporation into the Plan Sponsor's payroll records. ***Additional Administration Service(s)*** Reamortization of loans for a change in payroll frequency or to account for missed payments at Plan Sponsor's request

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

3. PARTICIPANT TRANSACTIONS *(continued)*

Contribution Calculations	The Plan Sponsor will calculate all periodic plan contributions and transmit the appropriate data as described under Recurring Deposits. All calculations will be made on a current-date basis after all applicable contributions have been reviewed and processed and the deposit received at the trust. ***Additional Administration Service(s)*** Calculation of periodic employer contributions
Account Adjustment Calculations	"Account adjustment calculations" are calculations required to adjust a participant account balance to correct for an error and to ensure that the account balance reflects the amount that would have been current if the error had not occurred. ***Additional Administration Service(s)*** Corrective calculations not related to Milliman processing
Minimum Required Distributions	Applicable participants will be notified each December of the process, rules and options A history of participant elections and distributions are recorded Minimum initial and recurring distributions will be calculated and distributed according to plan rules
Loan Defaults/Deemed Distributions	Milliman will monitor loan payments in accordance with the provisions of the Plan. Default notices of nonpayment will be mailed to both active and terminated participants. Loan defaults will be processed automatically on a monthly basis for terminated participants who have reached their default timing as provided for in the plan document, or at the time of distribution, if earlier. For these participants, the loan will have a zero balance, and a tax record will be issued to the participant for the amount of the previously outstanding loan. Deemed distributions will be processed automatically on a monthly basis for active participants who have reached their deemed distribution timing as provided for in the plan document. For these participants, the loan will maintain the outstanding balance, and a tax record will be issued to the participant.

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

4. Participant Elections

Changes in Contribution Rate	For purposes of this section, "contribution rate" means the percent or dollar amount of the participant's pay that is being contributed to the Plan. Requests to change deferral elections are updated to the recordkeeping system as the requests are made. With respect to contribution rate changes made through the VRS or Benefits Service Center, Milliman will produce a confirmation of each request received for a participant and mail such confirmation to the participant's last known mailing address. A printable confirmation will be displayed for participants who request a contribution rate change via the Participant Web. Milliman will use best efforts to process participant-requested contribution rate changes upon demand. Such processing includes: – Verifying that contribution rates meet plan parameters of minimum increments, maximum change frequency, and maximum number of changes – Updating participant records as appropriate Each contribution rate change will be posted to Milliman's Plan Sponsor/Admin Web where such data can be accessed at any frequency required by the Plan Sponsor for incorporation into the Plan Sponsor's payroll records.
Changes in Future Investment Direction	For purposes of this section as it relates to the Plan, "future investment direction" means the allocation of a participant's contributions among the Plan's available investment funds. Milliman will process all requests for changes in investment direction that are made directly by the participant through the Participant Web, VRS or Benefits Service Center. Requests to change future investment directions are processed daily as the requests are received. With respect to future investment elections made through the VRS or through the Benefits Service Center, Milliman will produce a confirmation of each request received for a participant and mail such confirmation to the participant's last known mailing address. A printable confirmation will be displayed for participants who request a future investment election change via the Participant Web. Milliman will use best efforts to process participant-requested future investment direction elections upon demand. Such processing includes: – Verifying that future investment elections meet plan parameters of maximum change frequency and maximum number of changes – Updating participant records as appropriate

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

5. Participant Data Maintenance

Ongoing Data Requirements	The Plan Sponsor is the data source for the update of all employee indicative data. Milliman will maintain, as part of participant records, all personal and indicative data needed to accurately process participant requests, and produce accurate reporting for both eligible and ineligible employees. This generally will include, without limitation, the participant's name, address, Social Security number, date of birth, date of employment, date of plan participation, date of termination, payroll frequency, hours of service, company number, employment location, and rehired participant history and vesting. Indicative data updates should be received from a centralized source and not more frequently than as outlined in the fee assumptions described in Section II of this Schedule. ***Additional Administration Service(s)*** Receipt of indicative data separately from payroll data Research and resolution of participant or plan data issues Update additional payroll files
Maintenance/ Calculation of Indicative Data	Any of the data maintained in the Plan Sponsor's payroll records can only be changed through a direct submission from the payroll system made in conjunction with the Plan Sponsor's submission of recurring deposit information to Milliman. Any of data that cannot be derived by Milliman using other data maintained in its records and which does not reside in the Plan Sponsor's payroll records may only be changed by authorized Plan Sponsor personnel. Milliman will also process address changes, contribution rate changes and loan origination information daily based on Plan Sponsor's specifications. Each address change will be posted to Milliman's Plan Sponsor/Admin Web where such data can be accessed at any frequency required by the Plan Sponsor for incorporation into the Plan Sponsor's payroll records. ***Additional Administration Service(s)*** Excessive research and resolution of participant or plan data issues

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

5. Participant Data Maintenance *(continued)*

Enrollment Processing	The Plan Sponsor will determine those employees who become eligible to participate in the Plan. Eligibility will be based on current plan provisions and will be determined within the Plan Sponsor payroll. Alternatively, if agreed to by Milliman, Milliman will determine those employees who become eligible to participate in the Plan utilizing calculations based on actual hours, estimated hours or elapsed time. As agreed to by Plan Sponsor and Milliman, Milliman will prepare and forward an enrollment package to any participant who becomes eligible to participate in the Plan. Milliman agrees to use best efforts to deliver the enrollment package, to the extent practicable, to participants at least two weeks before they first become eligible to participate in the Plan. Participants will enroll via the VRS/Web. All enrollment deferrals will be posted to the Plan Sponsor/Admin Web for retrieval and update to the payroll system. Milliman will determine from the personal and indicative data provided by the Plan Sponsor pursuant to Section 9(a) each participant's applicable vesting service and corresponding vested percentage. Vesting service and vested percentages will be based on current provisions of the Plan and will be determined by Milliman on a continuing basis.
Distribution Packages	The Plan Sponsor will notify Milliman as participants terminate their employment and provide such information to Milliman within the Plan Sponsor payroll. Participants who have been identified by the Plan Sponsor as terminated can request a termination package through the Participant Web or VRS. In connection with the administration of mandatory cashout provisions of the Plan, distribution packages will be sent to terminated participants, without any action on the part of the participants, who are subject to mandatory cashout rules.

6. QDRO Processing

	Creating an account for the alternate payee Mailing of the termination package to alternate payee Processing distribution form as applicable and as described under Section 7(e) "Participant Requested Disbursements" Determination of QDRO qualification Provision of information to alternate payees or attorneys (written authorization required) Calculation of the benefit and account division

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

7. Participant Reporting

Milliman agrees to update its Participant Web or VRS with participant account values that are current through the prior Valuation Date.

Following the end of each calendar quarter, and generally within fifteen business days, Milliman will mail or make available electronically participant statements to participants and beneficiaries in the Plan.

For participant statements that are mailed, Milliman will prepare and mail to each participant's last known mailing address a statement showing account balances as of the end of the period and a summary of all plan activity for the quarter.

Summary Annual Report ("SAR") mailings are also included if the timing of the audit allows them to be included in the participant statements.

It is Milliman's standard practice to secure an extension of the otherwise applicable SAR distribution date so that the SARs can be distributed with the 3rd quarter statements.

Additional Administration Service(s)

Special plan mailings

Annual mailing of safe harbor notice if applicable

SAR mailings separate from participant statements

8. Reporting To The Plan Sponsor

Following the end of each calendar quarter (and generally within fifteen business days), Milliman will make available its standard administrative reports to the Plan Sponsor via Milliman's Plan Sponsor/Admin Web.

Also available on the Plan Sponsor/Admin Web are ad hoc indicative data reporting and on-demand file requests for all Plan Sponsor data updates.

9. Beneficiary Forms

Beneficiary designations can be made via the Participant Web or paper form. Paper forms are scanned and stored electronically. A printable confirmation will be displayed for participants who make or change their beneficiary designation via the Participant Web.

With respect to designations via paper form, Milliman will produce a confirmation of each request received for a participant and mail such confirmation to the participant's last known mailing address.

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

10. Client Service Representatives

Client Service Representatives are available daily to answer inbound Plan Sponsor inquiries.

Additional Administration Service(s)

Excessive research on participant transactions, including transactions status

Special reports or formatting of standard reports

11. Participant Web And Voice Response System

Milliman agrees to provide authorized participants with access to its Participant Web and VRS for the purpose of receiving information about the Plan, accessing information about accounts, requesting certain transactions, and initiating certain changes.

The Participant Web and VRS will be programmed and maintained by Milliman.

Milliman's Participant Web and VRS generally will be accessible to authorized participants twenty-four hours a day, seven days a week.

Functionality

The Participant Web and VRS can be used by authorized participants to complete the following functions:

- Access account balance information in total and separately by contribution source and investment fund.
- Access and/or change current contribution rate.
- Access and/or change future investment elections.
- Access amounts available for distributions/withdrawal and request withdrawal forms or termination packages.
- Access amounts available for a loan and request loan paperwork or a paperless loan.
- Loan modeling.
- Retrieve loan payoff information
- Request a redistribution of the current investment mix or a fund specific transfer.
- Change personal identification number (PIN) or passcode.
- Access information about plan provisions.
- Access quarterly statements.

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

11. Participant Web And Voice Response System *(continued)*

Security

Milliman understands the importance of privacy and security of the account information and information that personally identifies the Plan Sponsor's employees. Milliman staff is responsible for adhering to confidentiality standards that are designed to protect the personal information of Milliman Plan Sponsors.

The Participant Web and VRS will require callers to enter their Social Security number and personal identification number (PIN) before gaining access to data.

- Voice Response System

  Initially, a participant's PIN for the VRS will be the month and year of the participant's birthdate (MMYY). Participants will be required to change their PIN the first time they access the VRS.

- Participant Web

  Initially, a participant's passcode for the Participant Web will be the same PIN used for the VRS. Participants will be required to change their passcode to an alpha/numeric passcode of at least six characters the first time they use Milliman's Participant Web.

  Milliman uses proven encryption methods to transmit account information across the Internet to its Participant Web and restricts access to its Participant Web to browsers who support Secure Socket Layer protocol. Any related account and personal data maintained by Milliman is done so to fulfill our legal and regulatory requirements and to provide the Plan Sponsor's employees with the products and services requested by the Plan Sponsor.

12. Nondiscrimination Testing

Milliman will perform those nondiscrimination and compliance tests required under Sections 401(a)(17), 401(k), 401(m), 402(g), 404, 410(b), 415(c) and 416 of the Internal Revenue Code by the required IRS deadline without prompting from the Plan Sponsor.

Milliman will calculate excess contributions made to the Plan. For this purpose, Milliman may rely on compensation and other employee demographic information provided by the Plan Sponsor.

All test results will be posted to the Plan Sponsor/Admin Web.

Additional Administration Service(s)

Nondiscrimination testing under 401(a)(4) of the Internal Revenue Code

Consultation on the various options for correcting test failures

Calculation of corrective methods not including return of excess contributions

Manually correcting missing or inaccurate data required to complete testing

Test projections, special interim testing and rerunning tests under different scenarios to improve failing results

Schedule A — Defined Contribution Plan Services

C. Defined Contribution Administration Services

13. ERISA Audit Support

Prepare an annual transaction and ending balance plan reconciliation, plan summary, loan summary, contributions receivable and forfeitures/fees summaries.

All audit reports will be posted to the Plan Sponsor/Admin Web for easy access by the Plan Sponsor or the Plan's auditor.

Distribute the Milliman SAS 70 report via the Plan Sponsor/Admin Web.

Prepare signature-ready 5500.

Provide five or fewer form copies for each transaction type.

14. Investment Education And Advice For Participants

Investment Education – Milliman will provide participants within participating plan(s), plan and investment related information designed to assist the participant with their investment decisions. This information, regardless of the method of delivery, is designed to comply with the Department of Labor's guidelines concerning investment "education".

Investment Advice – At any time, Milliman and THA may enter into additional agreements with MorningStar to provide participating plan participants with specific investment advice. The details of such arrangement will be contained in other legal agreements outside of this Agreement and Schedule A.

15. Other Services

To the extent not inconsistent with the portions of this Description of Services set forth above or any other portions of the Agreement, Milliman's services also will include the services described on any amendments attached hereto and agreed to by the parties.

II. Fees for Defined Contribution Plan Services

Milliman will notify the Plan Sponsor of any change in this fee schedule prior to such change becoming effective. Certain assumptions were made to determine the fees for the Plan. These assumptions include:

- Participation in the THA Participant-Directed Retirement Trust
- Adoption of the THA standard plan documents
- Travel and other out-of-pocket expenses billed at cost, subject to the following exceptions which are included at no additional cost:
    1. Confirmation and statement mailings
    2. Enrollment kit shipping and handling

Schedule A — Defined Contribution Plan Services

Defined Contribution Plan Setup and Conversion		
One-time Plan Setup Fee	WAIVED The waiver of setup fees is based on the assumption that conversion data will be of good quality and assets transfer in cash	
Defined Contribution Plan Employee Education and Communication		
Communication Fee	• THA standard participant enrollment kits	Included
	• Enrollment meetings	$600 per day
Defined Contribution Plan Administration and Recordkeeping		
Monthly Recordkeeping and Administration Fee	• 1/12 of .40% of invested plan assets (offset by shareholder service allowances) • Minimum Fee – 1/12 of the greater of $15,000 per plan or $90 per participant.	
Defined Contribution Transaction Fees		
Transaction Fees	• Distributions	$35 per distribution
	• Loan initiation	$50 per loan
	• Participant loan administration	$4 per month per loan
	• QDRO qualification/split	$500/per DRO
Defined Contribution Custodian / Interface Fees		
Custodian/Interface Fee	Included in the monthly recordkeeping and administration fee. The custodian fee (determined in accordance with the attached Charles Schwab Trust Company Fee Schedule) and the custodian interface fee are partially covered by Milliman's mutual fund shareholder service agreements	

Schedule A — Defined Contribution Plan Services

Shareholder Service Allowances

Milliman may receive expense reimbursements in the form of shareholder service allowances (revenue sharing) from mutual fund companies for providing recordkeeping, administration, communication and other shareholder services relating to the Plan and its participants. Such services include, for example, recordkeeping and accounting services, communication services, processing mutual fund sales and redemption transactions, custodial/trustee interface services, etc. Any shareholder service allowances received from an investment manager for a given plan will be credited against our administrative, communication, custodian and investment advisory expenses for that plan. To the extent that actual revenue sharing received is greater than the plan expenses, the difference will be available to pay other plan expenses as they arise from time to time.

Revenue sharing and fund availability information are subject to change at any time without prior notice. While Milliman obtains information on mutual funds and their availability from sources believed to be reliable, there is no guarantee that this information is completely accurate or timely. Milliman reserves the right to modify mutual fund revenue share amounts and platform availability for mutual funds as new information is obtained. All fund line-ups must be approved for availability by the Custodian prior to the investment of plan assets.

In addition, revenue amounts provided by Milliman and available to Milliman clients are to be considered confidential information and are not available for redistribution to third parties. Milliman, their clients, prospective clients and those persons directly involved in vendor searches and RFPs responses are the only ones authorized to use the revenue sharing information obtained from Milliman, Inc.

NTMC NORTH TEXAS MEDICAL CENTER SUPPLEMENTAL PLAN

PRODUCED BY

MILLIMAN, INC.

NTMC NORTH TEXAS MEDICAL CENTER SUPPLEMENTAL PLAN

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NTMC NORTH TEXAS MEDICAL CENTER SUPPLEMENTAL PLAN

THIS PLAN is hereby adopted on the date specified on the signature page, by NTMC North Texas Medical Center (herein referred to as the "Employer").

W I T N E S S E T H:

WHEREAS, the Employer heretofore established a Profit Sharing Plan effective September 1, 2007, (hereinafter called the "Effective Date") known as NTMC North Texas Medical Center Supplemental Plan (herein referred to as the "Plan") in recognition of the contribution made to its successful operation by its Employees and for the exclusive benefit of its Eligible Employees; and

WHEREAS, the Plan is intended to qualify for approval under Internal Revenue Code §401(a) as maintained by a governmental entity within the meaning of Internal Revenue Code §414(d). As such, the Plan is not subject to certain provisions of the Employee Retirement Income Security Act of 1974 (ERISA). It is further intended that the Trust be exempt from taxation under Code §501(a); and

WHEREAS, under the terms of the Plan, the Employer has the ability to amend the Plan;

NOW, THEREFORE, effective January 1, 2016, except as otherwise provided herein, the Employer in accordance with the provisions of the Plan pertaining to amendments thereof, hereby amends and restates the Plan to provide as follows:

ARTICLE I
DEFINITIONS

1.1 **"Account"** means any separate notational account established and maintained by the Administrator for each Participant under the Plan. The term "Participant's Account" or "Participant's Account Balance" generally means the sum of all Accounts being maintained for the Participant, which represents the Participant's total interest in the Plan. Section 6.7 contains a definition of "Participant's Account Balance" for purposes of that Section. To the extent applicable, a Participant may have any (or all) of the following notational Accounts:

(a) the Employer Matching Contribution Account

(b) the Rollover Account

(c) the Transfer Account

1.2 **"Administrator"** means the person or entity designated by the Employer pursuant to Section 2.2 to administer the Plan on behalf of the Employer.

1.3 **"Affiliated Employer"** means any corporation which is a member of a controlled group of corporations (as defined in Code §414(b)) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code §414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code §414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Regulations under Code §414(o).

1.4 **"Alternate Payee"** means an alternate payee pursuant to a qualified domestic relations order that meets the requirements of Code §414(p).

1.5 **"Anniversary Date"** means the last day of the Plan Year.

1.6 **"Annual Additions"** means, for purposes of applying the limitations of Code §415, the sum credited to a Participant's Accounts for any Limitation Year of (1) Employer contributions, (2) Employee after-tax contributions, (3) Forfeitures, (4) amounts allocated to an individual medical account, as defined in Code §415(l)(2) which is part of a pension or annuity plan maintained by the Employer, (5) amounts derived from contributions paid or accrued which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code §419A(d)(3)) under a welfare benefit plan (as defined in Code §419(e)) maintained by the Employer and (6) allocations under a simplified employee pension plan.

Annual Additions shall not include restorative payments. A restorative payment is a payment made to restore losses to a Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Generally, payments are restorative payments only if the payments are made in order to restore some or all of the Plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). This includes payments to the Plan made pursuant to a court-approved settlement, to restore losses to the Plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty are not restorative payments and generally constitute contributions that are considered Annual Additions.

Annual Additions shall not include: (1) The direct transfer of a benefit or employee contributions from a qualified plan to this Plan (unless required by an applicable regulation); (2) rollover contributions (as described in Code §§401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16)); (3) repayments of loans made to a Participant from the Plan; or (4) repayments of amounts described in Code §411(a)(7)(B) (in accordance with Code §§411(a)(7)(C)) and 411(a)(3)(D).

1.7 **"Basic Compensation"** means the Participant's wages as defined in Code §3401(a) and all other payments of compensation by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Participant a written statement under Code §§6041(d), 6051(a)(3) and 6052 (Form W-2 wages), as well as amounts that would have been received and includible in taxable compensation but for an election under Code §125(a), Code §132(f)(4), Code §402(e)(3), Code §402(h)(1)(B), Code §402(k), or Code §457(b), plus, effective for Compensation Computation Periods beginning on or after January 1, 2009, Military Differential Pay. Compensation must be determined without regard to any rules under Code §3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code §3401(a)(2)).

Basic Compensation shall not include amounts paid as Compensation to a nonresident alien, as defined in Code §7701(b)(1)(B), who is not a Participant in the Plan to the extent the compensation is excludable from gross income and is not effectively connected with the conduct of a trade or business within the United States.

Amounts that would have been received and includible in taxable compensation but for an election under Code §125(a) shall also be deemed to include any amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. An amount will be treated as an amount under Code §125 pursuant to the preceding sentence only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan.

1.8 **"Beneficiary"** means the person (or entity) to whom the share of a deceased Participant's interest in the Plan is payable. In addition, Section 6.7 ("Minimum Required Distributions") contains a definition of "designated Beneficiary" for purposes of that Section.

1.9 **"Code"** means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.10 **"Compensation"** means a Participant's Basic Compensation, adjusted by this Section, actually paid during the Compensation Computation Period, adjusted as follows:

(a) excluding (even if includible in gross income) reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation, and welfare benefits.

(b) excluding Compensation paid before becoming a Participant.

(c) effective for Plan Years beginning on or after July 1, 2007, including the following adjustments for amounts that are paid after a Participant's severance from employment with the Employer.

(1) **Regular pay.** Compensation shall include regular pay after severance of employment if paid by the later of 2 1/2 months after a Participant's severance from employment with the Employer or the end of the Limitation Year that includes the date of the Participant's severance from employment with the Employer, and if:

(i) The payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and

(ii) The payment would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer.

(2) **Leave cashouts.** Compensation shall include post-severance leave cash-outs paid by the later of 2 1/2 months after a Participant's severance from employment with the Employer or the end of the Limitation Year that includes the date of the Participant's severance from employment with the Employer if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's severance from employment with the Employer, and the amounts are for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

(3) **Deferred Compensation.** Compensation shall include post-severance deferred compensation paid by the later of 2 1/2 months after a Participant's severance from employment with the Employer or the end of the Limitation Year that includes the date of the Participant's severance from employment with the Employer if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's severance from employment with the Employer maintaining the Plan, and the amounts are received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid if the Participant had continued in employment with the Employer and only to the extent that the payment is includible in the Participant's gross income.

(d) **Dollar Limitation.** Compensation in excess of $200,000 (or such other amount provided in the Code) shall be disregarded for all purposes. Such amount shall be adjusted for increases in the cost-of-living in accordance with Code §401(a)(17)(B), except that the dollar increase in effect on January 1 of any calendar year shall be effective for the Compensation Computation Period beginning with or within such calendar year. For any "determination period" of less than twelve (12) months, the Compensation limit shall be an amount equal to the Compensation limit for the calendar year in which the "determination period" begins multiplied by the ratio obtained by dividing the number of full months in the short "determination period" by twelve (12). A "determination period" is not less than twelve (12) months solely because a Participant's Compensation does not include Compensation paid during a "determination period" while the Participant was not a Participant in the Plan.

(e) **Non-eligible Employee.** If any Employees are excluded from the Plan, then Compensation for any such Employees who become eligible or cease to be eligible to participate in the Plan during a Plan Year shall only include Compensation while such Employees are Eligible Employees of the Plan.

(f) **Amendment.** If, in connection with the adoption of any amendment, the definition of Compensation has been modified, then, except as otherwise provided herein, for Plan Years prior to the Plan Year which includes the adoption date of such amendment, Compensation means compensation determined pursuant to the terms of the Plan then in effect.

1.11 **"Compensation Computation Period"** means the Plan Year.

1.12 **"Contract" or "Policy"** means any life insurance policy, retirement income policy or annuity contract (group or individual) issued pursuant to the terms of the Plan. In the event of any conflict between the terms of this Plan and the terms of any contract purchased hereunder, the Plan provisions shall control.

1.13 **"Custodian"** means a person or entity that has custody of all or any portion of the Plan assets.

1.14 **"Directed Account"** means that portion of a Participant's interest in the Plan with respect to which the Participant has directed the investment in accordance with the Participant Direction Procedures.

1.15 **"Disability"** means a physical or mental condition of a Participant resulting from bodily injury, disease, or mental disorder which renders such Participant incapable of continuing usual and customary employment with the Employer. The disability of a Participant shall be determined by a licensed physician. The determination shall be applied uniformly to all Participants.

1.16 **"Early Retirement Date."** This Plan does not provide for a retirement date prior to Normal Retirement Date.

1.17 **"Effective Date of the Plan"** means September 1, 2007, and the Effective Date of the Restatement means January 1, 2016.

1.18 **"Eligible Employee"** means any Employee, except as provided below, and except as provided in any other particular provision for the limited purposes of such provision. The following Employees shall not be eligible to participate in this Plan:

(a) Employees of Affiliated Employers, unless such Affiliated Employers have specifically adopted this Plan in writing.

(b) An individual shall not be an Eligible Employee if such individual is not reported on the payroll records of the Employer as a common law employee. In particular, it is expressly intended that individuals not treated as common law employees by the Employer on its payroll records and out-sourced workers, are neither Employees nor Eligible Employees, and are excluded from Plan participation even if a court or administrative agency determines that such individuals are common law employees and not independent contractors.

(c) Unless or until otherwise provided, Employees who became Employees as the result of a "Code §410(b)(6)(C) transaction" will not be Eligible Employees until the expiration of the transition period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction. A Code §410(b)(6)(C) transaction is an asset or stock acquisition, merger, or similar transaction involving a change in the Employer of the Employees of a trade or business that is subject to the special rules set forth in Code §410(b)(6)(C).

(d) Employees who are Leased Employees.

(e) Employees who are customarily employed for less than 30 hours per week or 12 months per year.

1.19 **"Employee"** means any common law employee, Leased Employee or other person to the extent that the Code treats such an individual as an employee of the Employer for purposes of the Plan, such as (for certain purposes) any person who is employed by an Affiliated Employer.

1.20 **"Employer"** means NTMC North Texas Medical Center (also known as the signatory Employer) and any successor which shall maintain this Plan; and any predecessor which has maintained this Plan. The Employer is an agency or instrumentality of a State or political subdivision thereof as described in Code §414(d), with principal offices in the State of Texas.

1.21 **"Employer Matching Contribution"** means any Employer contribution (including a contribution made at the Employer's discretion) to the Plan.

1.22 **"Employer Matching Contribution Account"** means the separate account established and maintained by the Administrator for each Participant with respect to the Participant's total interest in the Plan resulting from Employer Matching Contributions.

1.23 **"Fiduciary"** means any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets, (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so, or (c) has any discretionary authority or discretionary responsibility in the administration of the Plan.

1.24 **"Fiscal Year"** means the Employer's accounting year of 12 months commencing on October 1 of each year and ending the following September 30.

1.25 **"Forfeiture"** means that portion of a Participant's Account that is not Vested, and which becomes a Forfeiture at the time described below:

The earlier of:

(a) the distribution of the entire Vested portion of the Participant's Account of a Participant who has severed employment with the Employer. For purposes of this provision, if the Participant has a Vested benefit of zero (determined without regard to the Participant's Rollover Account), then such Participant shall be deemed to have received a distribution of such Vested benefit as of the date on which the severance of employment occurs, or

(b) the last day of the Plan Year in which a Participant who has severed employment with the Employer incurs five (5) consecutive 1-Year Breaks in Service.

In addition, the term "Forfeiture" shall also include amounts deemed to be Forfeitures pursuant to any other provisions of this Plan.

Regardless of the preceding provisions, if a Participant is eligible to share in the allocation of Forfeitures in the year in which the Forfeiture would otherwise occur, then the Forfeiture will not occur until the end of the subsequent Plan Year.

For purposes of this Plan, any Forfeiture will be disposed of not later than the end of the Plan Year following the Plan Year in which the Forfeiture occurred.

1.26 **"Former Employee"** means an Employee who has severed employment with the Employer or an Affiliated Employer.

1.27 **"415 Compensation"** means the Participant's Basic Compensation during the Compensation Computation Period as adjusted by this Section.

(a) **Post-Severance Pay.** Effective for Limitation Years beginning on or after July 1, 2007, 415 Compensation shall include payments paid after severance from employment that, absent a severance from employment, would have been paid to the Employee had the Employee continued in employment with the Employer to the extent that such amounts are described below:

(1) **Post-severance regular pay.** 415 Compensation shall include regular pay after severance of employment if the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and such amounts are paid by the later of 2 1/2 months after severance from employment or by the end of the Limitation Year that includes the date of such severance from employment.

(2) **Post-severance leave cash-outs.** Leave cash-outs shall be included in 415 Compensation if those amounts would have been included in the definition of 415 Compensation if they were paid prior to the Participant's severance from employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued, and such amounts are paid by the later of 2 1/2 months after severance from employment or by the end of the Limitation Year that includes the date of such severance from employment.

(3) **Post-severance deferred compensation.** In addition, deferred compensation shall be included in 415 Compensation if the compensation would have been included in the definition of 415 Compensation if it had been paid prior to the Participant's severance from employment, and the compensation is received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid at the same time if the Participant had continued in employment with the Employer and only to the extent that the payment is includible in the Participant's gross income, and such amounts are paid by the later of 2 1/2 months after severance from employment or by the end of the Limitation Year that includes the date of such severance from employment.

1.28 **"457 Plan"** means the NTMC North Texas Medical Center 457 Deferred Compensation Plan.

1.29 **"Hour of Service"** means (1) each hour for which an Employee is directly or indirectly compensated or entitled to Compensation by the Employer for the performance of duties (these hours will be credited to the Employee for the computation period in which the duties are performed); (2) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer

(irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, jury duty, disability, lay-off, military duty or leave of absence) during the applicable computation period (these hours will be calculated and credited pursuant to Department of Labor regulation §2530.200b-2, which is incorporated herein by reference); (3) each hour for which back pay is awarded or agreed to by the Employer without regard to mitigation of damages (these hours will be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made). The same Hours of Service shall not be credited both under (1) or (2), as the case may be, and under (3).

Notwithstanding (2) above, (i) no more than 501 Hours of Service will be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (ii) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws; and (iii) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee.

For purposes of (2) above, a payment shall be deemed to be made by or due from the Employer regardless of whether such payment is made by or due from the Employer directly, or indirectly through, among others, a trust fund, or insurer, to which the Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate.

For purposes of this Section, Hours of Service will be credited for employment with any Affiliated Employers. The provisions of Department of Labor regulations §§2530.200b-2(b) and (c) are incorporated herein by reference.

1.30 **"Investment Manager"** means an entity that (a) has the power to manage, acquire, or dispose of Plan assets and (b) acknowledges fiduciary responsibility to the Plan in writing. Such entity must be a person, firm, or corporation registered as an investment adviser under the Investment Advisers Act of 1940, a bank, or an insurance company.

1.31 **"Late Retirement Date"** means a Participant's actual Retirement Date after having reached Normal Retirement Date.

1.32 **"Leased Employee"** means any person (other than an Employee of the recipient Employer) who, pursuant to an agreement between the recipient Employer and any other person or entity ("leasing organization"), has performed services for the recipient (or for the recipient and related persons determined in accordance with Code §414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient Employer. Contributions or benefits provided a Leased Employee by the leasing organization which are attributable to services performed for the recipient Employer shall be treated as provided by the recipient Employer. Furthermore, Compensation for a Leased Employee shall only include Compensation from the leasing organization that is attributable to services performed for the recipient Employer.

A Leased Employee shall not be considered an employee of the recipient Employer if: (a) such employee is covered by a money purchase pension plan providing: (1) a non-integrated employer contribution rate of at least ten percent (10%) of compensation, as defined in Code §415(c)(3), (2) immediate participation, and (3) full and immediate vesting; and (b) leased employees do not constitute more than twenty percent (20%) of the recipient Employer's nonhighly compensated work force.

1.33 **"Limitation Year"** means the Plan Year. All qualified plans maintained by the Employer must use the same Limitation Year. Furthermore, unless there is a change to a new Limitation Year, the Limitation Year will be a twelve (12) consecutive month period. In the case of an initial Limitation Year, the Limitation Year will be the twelve (12) consecutive month period ending on the last day of the initial Plan Year. If the Limitation Year is amended to a different twelve (12) consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made. For Limitation Years beginning on and after July 1, 2007, the Limitation Year may only be changed by a Plan amendment. Furthermore, if the Plan is terminated effective as of a date other than the last day of the Plan's Limitation Year, then the Plan is treated as if the Plan had been amended to change its Limitation Year (to end on the date of plan termination).

1.34 **"Military Differential Pay"** means, for any Plan or Limitation Year beginning after June 30, 2007, any differential wage payments made to an individual that represents an amount which, when added to the individual's military pay, approximates the amount of compensation that was paid to the individual while working for the Employer. Notwithstanding the preceding sentence, for years beginning after December 31, 2008, an individual receiving a differential wage payment, as defined by Code §3401(h)(2), is treated as an Employee of the Employer making the payment.

The Plan is not treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) (or corresponding plan provisions) by reason of any contribution or benefit which is based on the differential wage payment. The preceding sentence applies only if all Employees of the Employer performing service in the uniformed services described in Code §3401(h)(2)(A) are entitled to receive differential wage payments (as defined in Code §3401(h)(2)) on reasonably equivalent terms and, if eligible to participate in a retirement plan maintained by the Employer, to make contributions based on the payments on reasonably equivalent terms (taking into account Code §§410(b)(3), (4), and (5)).

1.35 **"Normal Retirement Age"** means the Participant's 65th birthday. A Participant shall become fully Vested in the Participant's Account upon attaining Normal Retirement Age (if the Participant is still employed by the Employer on or after that date).

1.36 **"Normal Retirement Date"** means the date a Participant attains Normal Retirement Age.

1.37 **"1-Year Break in Service"** means a Period of Severance of at least 12 consecutive months.

1.38 **"Participant"** means any Employee or Former Employee who has satisfied the requirements of Sections 3.1 and 3.2 and entered the Plan and is eligible to accrue benefits under the Plan. In addition, the term "Participant" also includes any individual who was a Participant (as defined in the preceding sentence) and who must continue to be taken into account under a particular provision of the Plan (e.g., because the individual has an Account Balance in the Plan).

1.39 **"Participant Direction Procedures"** means such instructions, guidelines or policies, the terms of which are incorporated herein, as shall be established pursuant to Section 4.7 and observed by the Administrator and applied to Participants who have Participant Directed Accounts.

1.40 **"Participating Employer"** means an Employer who adopts the Plan.

1.41 **"Period of Service"** means the aggregate of all periods of service commencing with the Employee's first day of employment or reemployment with the Employer or Affiliated Employer and ending on the date a 1-Year Break in Service begins. The first day of employment or reemployment is the first day the Employee performs an Hour of Service. An Employee who incurs a Period of Severance of twelve (12) months or less will also receive service-spanning credit by treating any such period as a Period of Service for purposes of eligibility and vesting (but not benefit accrual). For purposes of benefit accrual, a Participant's whole year Periods of Service is equal to the sum of all full and partial periods of service, whether or not such service is continuous or contiguous, expressed in the number of whole years represented by such sum, and for this purpose, fractional periods of a year will be expressed in terms of days.

Periods of Service with any Affiliated Employer shall be recognized. Furthermore, Periods of Service with any predecessor employer that maintained this Plan shall be recognized.

In the event the method of crediting service is amended from the hour-of-service method to the elapsed-time method, an Employee will receive credit for a Period of Service consisting of:

(a) A number of years equal to the number of Years of Service credited to the Employee before the computation period during which the amendment occurs; and

(b) The greater of (1) the Periods of Service that would be credited to the Employee under the elapsed-time method for service during the entire computation period in which the amendment occurs or (2) the service taken into account under the hour-of-service method as of the date of the amendment.

In addition, the Employee will receive credit for service subsequent to the amendment commencing on the day after the last day of the computation period in which the amendment occurs.

1.42 **"Period of Severance"** means a continuous period of time during which an Employee is not employed by the Employer. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the twelve (12) month anniversary of the date on which the Employee was otherwise first absent from service.

In the case of an individual who is absent from work for maternity or paternity reasons, the twelve (12) consecutive month period beginning on the first anniversary of the first day of such absence shall not constitute a 1-Year Break in Service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (a) by reason of the pregnancy of the individual, (b) by reason of the birth of a child of the individual, (c) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (d) for purposes of caring for such child for a period beginning immediately following such birth or placement.

1.43 **"Plan"** means this instrument, including all amendments thereto.

1.44 **"Plan Year"** means the Plan's accounting year of twelve (12) months commencing on January 1 of each year and ending the following December 31.

1.45 **"Qualified Military Service"** means military service described by Code §414(u). Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service will be provided in accordance with Code §414(u).

1.46 **"Regulation"** means the Income Tax Regulations as promulgated by the Secretary of the Treasury or a delegate of the Secretary of the Treasury, and as amended from time to time.

1.47 **"Retirement Date"** means the date as of which a Participant retires for reasons other than Disability, whether such retirement occurs on a Participant's Normal Retirement Date or Late Retirement Date.

1.48 **"Rollover Account"** means the separate account established and maintained by the Administrator for each Participant with respect to such Participant's interest in the Plan resulting from amounts that are rolled over from a qualified plan (including this Plan) or Individual Retirement Account in accordance with Section 4.6. Amounts in the Rollover Account are nonforfeitable when made.

1.49 **"Spouse"** means a spouse as determined under federal tax law.

1.50 **"Terminated Participant"** means a person who has been a Participant, but whose employment has been terminated other than by death, Disability or retirement.

1.51 **"Total Vested Benefit"** means the total Participant's Vested Account balances derived from Employer and Employee Contributions, including rollover contributions, whether Vested before or upon death.

1.52 **"Transfer Account"** means the separate account established and maintained by the Administrator for each Participant with respect to the Participant's total interest in the Plan resulting from amounts transferred to or merged into this Plan from a direct plan-to-plan transfer in accordance with Section 4.5.

1.53 **"Trustee"** means the person or entity named as trustee herein or in any separate trust forming a part of this Plan, and any successors, effective upon the written acceptance of such person or entity to serve as Trustee.

1.54 **"Trust Fund"** means the assets of the Plan and Trust as the same shall exist from time to time.

1.55 **"Valuation Date"** means the Anniversary Date and may include any other date or dates deemed necessary or appropriate by the Administrator for the valuation of the Participants' Accounts during the Plan Year, which may include any day that the Trustee, any transfer agent appointed by the Trustee or the Employer or any stock exchange used by such agent, is open for business. Nothing in this Plan requires or implies a uniform Valuation Date for all Accounts; thus certain valuation provisions that apply to an Account that is not valued on each business day will have no application, in operation, to an Account that is valued on each business day.

1.56 **"Vested"** means the nonforfeitable portion of any account maintained on behalf of a Participant.

ARTICLE II
ADMINISTRATION

2.1 POWERS AND RESPONSIBILITIES OF THE EMPLOYER

(a) **Appointment of Trustee and Administrator.** In addition to the general powers and responsibilities otherwise provided for in this Plan, the Employer shall be empowered to appoint and remove the Trustee and/or the Administrator from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan and the Code. The Employer may appoint counsel, specialists, advisers, agents (including any nonfiduciary agent) and other persons as the Employer deems necessary or desirable in connection with the exercise of its fiduciary duties under this Plan. The Employer may compensate such agents or advisers from the assets of the Plan as fiduciary expenses (but not including any business (settlor) expenses of the Employer), to the extent not paid by the Employer.

(b) **Appointment of Investment Manager.** The Employer may appoint, at its option, an Investment Manager (qualified under the Investment Company Act of 1940 as amended), investment adviser, or other agent to provide investment direction to the Trustee with respect to any or all of the Plan assets. Such appointment shall be given by the Employer in writing in a form acceptable to the Trustee and shall specifically identify the Plan assets with respect to which the Investment Manager or other agent shall have authority to direct the investment.

2.2 DESIGNATION OF ADMINISTRATIVE AUTHORITY

The Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering a written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified.

If at any time there is no appointed Administrator, then the Employer shall be the Administrator.

2.3 ALLOCATION AND DELEGATION OF RESPONSIBILITIES

If more than one person is serving as Administrator, the responsibilities of each Administrator may be specified by the Employer and accepted in writing by each Administrator. In the event that no such delegation is made by the Employer, the Administrators may allocate the responsibilities among themselves, in which event the Administrators shall notify the Employer and the Trustee in writing of such action and specify the responsibilities of each Administrator. The Trustee thereafter shall accept and rely upon any documents executed by the appropriate Administrator until such time as the Employer or the Administrators file with the Trustee a written revocation of such designation.

2.4 POWERS AND DUTIES OF THE ADMINISTRATOR

The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Benefits under this Plan will be paid only if the Administrator decides in its discretion that the applicant is entitled to them. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to be deemed a qualified plan under the terms of Code §401(a). The Administrator shall have all powers necessary or appropriate to accomplish the Administrator's duties under the Plan.

The Administrator shall be charged with the duties of the general administration of the Plan as set forth under the terms of the Plan, including, but not limited to, the following:

(a) the discretion to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder and to receive benefits under the Plan;

(b) the authority to review and settle all claims against the Plan, including claims where the settlement amount cannot be calculated or is not calculated in accordance with the Plan's contribution or allocation formula. This authority specifically permits the Administrator to settle disputed claims for benefits and any other disputed claims made against the Plan;

(c) to compute, certify, and direct the Trustee with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder;

(d) to authorize and direct the Trustee with respect to all discretionary or otherwise directed disbursements from the Trust Fund;

(e) to maintain all necessary records for the administration of the Plan;

(f) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof;

(g) to determine the size and type of any Contract to be purchased from any insurer, and to designate the insurer from which such Contract shall be purchased;

(h) to compute and certify to the Employer and to the Trustee from time to time the sums of money necessary or desirable to be contributed to the Plan;

(i) to consult with the Employer and the Trustee regarding the short and long-term liquidity needs of the Plan in order that the Trustee can exercise any investment discretion (if the Trustee has such discretion) in a manner designed to accomplish specific objectives;

(j) to determine the validity of, and take appropriate action with respect to, any qualified domestic relations order received by it; and

(k) to assist any Participant regarding the Participant's rights, benefits, or elections available under the Plan.

2.5 RECORDS AND REPORTS

The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, policies, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Internal Revenue Service, Participants, Beneficiaries and others as required by law.

2.6 APPOINTMENT OF ADVISERS

The Administrator, or the Trustee with the consent of the Administrator, may appoint counsel, specialists, advisers, agents (including nonfiduciary agents) and other persons as the Administrator or the Trustee deems necessary or desirable in connection with the administration of this Plan, including but not limited to agents and advisers to assist with the administration and management of the Plan, and thereby to provide, among such other duties as the Administrator may appoint, assistance with maintaining Plan records and the providing of investment information to the Plan's investment fiduciaries and to Plan Participants.

2.7 INFORMATION FROM EMPLOYER

The Employer shall supply full and timely information to the Administrator on all pertinent facts as the Administrator may require in order to perform its function hereunder and the Administrator shall advise the Trustee of such of the foregoing facts as may be pertinent to the Trustee's duties under the Plan. The Administrator may rely upon such information as is supplied by the Employer and shall have no duty or responsibility to verify such information.

2.8 PAYMENT OF EXPENSES

All reasonable expenses of administration may be paid out of the Plan assets unless paid by the Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, or any person or persons retained or appointed by any named Fiduciary incident to the exercise of their duties under the Plan, including, but not limited to, fees of accountants, counsel, Investment Managers, agents (including nonfiduciary agents) appointed for the purpose of assisting the Administrator or the Trustee in carrying out the instructions of Participants as to the directed investment of their accounts (if permitted) and other specialists and their agents, and other costs of administering the Plan. Until paid, the expenses shall constitute a liability of the Trust Fund. In addition, unless specifically prohibited under statute, regulation or other guidance of general applicability, the Administrator may charge to the Account of an individual Participant a reasonable charge to offset the cost of making a distribution to the Participant, Beneficiary, or Alternate Payee. If liquid assets of the Plan are insufficient to cover the fees of the Trustee or the Administrator, then Plan assets shall be liquidated to the extent necessary for such fees. In the event any part of the Plan assets becomes subject to tax, all taxes incurred will be paid from the Plan assets. Until paid, the expenses shall constitute a liability of the Trust Fund.

2.9 MAJORITY ACTIONS

Except where there has been an allocation and delegation of administrative authority pursuant to Section 2.3, if there is more than one Administrator, then they shall act by a majority of their number, but may authorize one or more of them to sign all papers on their behalf. Alternatively, the Administrators may allocate authority amongst themselves in a written document signed by all Administrators.

ARTICLE III
ELIGIBILITY

3.1 CONDITIONS OF ELIGIBILITY

(a) **Eligibility.** Any Eligible Employee who has completed a 30-day Period of Service shall be eligible to participate hereunder as of the date such Employee has satisfied such requirements. However, any Employee who was a Participant in the Plan prior to the Effective Date of the Restatement shall continue to participate in the Plan provided such Employee is an Eligible Employee.

3.2 EFFECTIVE DATE OF PARTICIPATION

(a) **Effective date of participation.** An Eligible Employee shall become a Participant effective as of the first day of the month (or if sooner, the first day of the Plan Year) coinciding with or next following the date on which such Employee met the eligibility requirements of Section 3.1, provided said Employee is still employed as of such date. If an Eligible Employee is not employed as of such date, the Eligible Employee's Effective Date of Participation shall be determined in accordance with Section 3.2(d).

(b) **Ineligible to eligible classification.** If an Employee, who has satisfied the Plan's eligibility requirements and would otherwise have become a Participant of the Plan, shall go from a classification of an ineligible Employee to an Eligible Employee, such Employee shall become a Participant of the Plan on the date such Employee becomes an Eligible Employee or, if later, the date that the Employee would have otherwise entered the Plan had the Employee always been an Eligible Employee.

(c) **Eligible to ineligible classification.** If an Employee who has satisfied the Plan's eligibility requirements and would otherwise become a Participant of the Plan shall go from a classification of an Eligible Employee to an ineligible class of Employees, such Employee shall become a Participant of the Plan on the date such Employee again becomes an Eligible Employee, or, if later, the date that the Employee would have otherwise entered the Plan had the Employee always been an Eligible Employee.

(d) **Effective date of participation upon reemployment.** If an Eligible Employee is not employed on the Effective Date of Participation as described in the preceding provisions of this Section 3.2, then such Eligible Employee shall become a Participant on the date of reemployment if a 1-Year Break in Service has not occurred, or, if later, the date that the Employee would have otherwise entered the Plan had the Employee not terminated employment.

3.3 DETERMINATION OF ELIGIBILITY

The Administrator shall determine the eligibility of each Employee for participation in the Plan based upon information furnished by the Employer. Such determination shall be conclusive and binding upon all persons, as long as the same is made pursuant to the Plan.

3.4 CESSATION OF ELIGIBILITY

In the event a Participant shall go from a classification of an Eligible Employee to an ineligible Employee, then such Participant shall continue to Vest for each Period of Service completed while an ineligible Employee, until such time as the Participant's Account is forfeited or distributed pursuant to the terms of the Plan. Additionally, the Participant's interest in the Plan shall continue to share in the earnings of the Trust Fund.

3.5 ELECTION NOT TO PARTICIPATE

(a) **Irrevocable election not to participate.** Except as provided in the next paragraph, an Employee may, subject to the approval of the Employer, elect voluntarily not to participate in the Plan. Such election must be made prior to the time the Employee first becomes eligible to participate under any Qualified Plan maintained by the Employer. The election not to participate must be irrevocable and communicated to the Employer in writing. "Qualified Plan" means, for purposes of this Section, a plan intended to be tax-qualified under Code §401(a).

(b) **Prior Plan document provision.** Notwithstanding anything in this Section to the contrary, if any prior Plan document of this Plan contained a provision permitting an Employee to make a revocable election not to participate and an Employee made such revocable election not to participate while that prior Plan document was in effect, then such Employee may irrevocably revoke such election at any time and participate in the Plan.

3.6 OMISSION OF ELIGIBLE EMPLOYEE; INCLUSION OF INELIGIBLE EMPLOYEE

If, in any Plan Year, any Employee who should be included as a Participant in the Plan is erroneously omitted and discovery of such omission is not made until after a contribution by the Employer for the year has been made and allocated, or any person who should not have been included as a Participant in the Plan is erroneously included, then the Employer shall apply the principles described by, and take corrective actions consistent with, the IRS Employee Plans Compliance Resolution System ("EPCRS") (see Section 8.12).

ARTICLE IV
CONTRIBUTION AND ALLOCATION

4.1 FORMULA FOR DETERMINING EMPLOYER CONTRIBUTION

For each payroll period, the Employer shall contribute to the Plan:

(a) **Employer Matching Contributions.** An Employer Matching Contribution equal to 66.66% of each Participant's salary deferral contributed to the Employer's plan established pursuant to Code §457(b) up to 6% of the Participant's Compensation for such payroll period.

(b) **Form of contribution.** All contributions by the Employer shall be made in cash or in such property as is acceptable to the Trustee.

4.2 TIME OF PAYMENT OF EMPLOYER CONTRIBUTION

Unless otherwise provided by a particular provision of the Plan, or by contract or law, the Employer may make its contribution to the Plan for a particular Plan Year at such time as the Employer, in its sole discretion, determines. If the Employer makes a contribution for a particular Plan Year after the close of that Plan Year, then the Employer will designate to the Administrator the Plan Year for which the Employer is making its contribution.

4.3 ALLOCATIONS

(a) **Separate accounting.** The Administrator shall establish and maintain an account in the name of each Participant to which the Administrator shall credit as of each Anniversary Date, or other Valuation Date, all amounts allocated to a particular Account of each such Participant as set forth herein.

(b) **Allocation of contributions.** The Employer shall provide the Administrator with all information required by the Administrator to make a proper allocation of the Employer contributions for each Plan Year. Within a reasonable period of time after the date of receipt by the Administrator of such information, the Administrator shall allocate such contribution as follows:

(1) **Employer Matching Contributions.** With respect to the Employer Matching Contribution made pursuant to Section 4.1(a), to each Participant's Employer Matching Contribution Account in accordance with Section 4.1(a).

(2) **Entitlement to Employer Matching Contribution.** Any Participant employed during the Plan Year shall be eligible to share in the Employer Matching Contribution for that Plan Year.

(c) **Usage of Forfeitures.** On or before each Anniversary Date, any amounts which became Forfeitures since the last Anniversary Date may be used to satisfy any contribution that may be required pursuant to Section 3.6 or 6.9, or be used to pay any administrative expenses of the Plan. The remaining Forfeitures, if any, shall be allocated in the following manner:

(1) Forfeitures shall be used to reduce the Employer's contributions for the Plan Year or subsequent Plan Year. The following shall apply only if, after the preceding steps, any Forfeitures still remain at the end of the applicable usage period. In the event Forfeitures are used to reduce an Employer discretionary contribution and the Forfeitures to be allocated under this subsection exceed such discretionary contribution (such as when no discretionary contribution is made), then the remaining Forfeitures will constitute an (additional) discretionary contribution.

(d) **Allocation of earnings.** As of each Valuation Date before the current valuation period allocation of Employer contributions, any earnings or losses (net appreciation or net depreciation) of the Trust Fund shall be allocated in the same proportion that each Participant's nonsegregated accounts bear to the total of all Participants' nonsegregated accounts as of such date. Earnings or losses with respect to a Participant's Directed Account shall be allocated in accordance with Section 4.7.

(e) **Incoming transfers.** Participants' transfers from other qualified plans deposited in the general Trust Fund shall share in any earnings and losses (net appreciation or net depreciation) of the Trust Fund in the same manner provided above. Each segregated account maintained on behalf of a Participant shall be credited or charged with its separate earnings and losses.

(f) **Incoming rollovers.** Participants' Rollover Contributions deposited in the general Trust Fund shall share in any earnings and losses (net appreciation or net depreciation) of the Trust Fund in the same manner provided above. Each segregated account maintained on behalf of a Participant shall be credited or charged with its separate earnings and losses.

(g) **Delay in processing transactions.** Notwithstanding anything in this Section to the contrary, all information necessary to properly reflect a given transaction may not be available until after the date specified herein for processing such transaction, in which case the transaction will be reflected when such information is received and processed. Subject to express limits that may be imposed under the Code, the processing of any contribution, distribution or other transaction may be delayed for any legitimate business reason or force majeure (including, but not limited to, failure of systems or computer programs, failure of the means of the transmission of data, the failure of a service provider to timely receive values or prices, and the correction for errors or omissions or the errors or omissions of any service provider). The processing date of a transaction will be binding for all purposes of the Plan.

(h) **Recapture account.** The Administrator in its discretion may use a "recapture Account" to pay non-settlor Plan expenses and may allocate funds in the Account (or excess funds therein after payment of Plan expenses) as earnings or as otherwise permitted by applicable law. The Administrator will exercise its discretion in a reasonable, uniform and nondiscriminatory manner. A "recapture Account" is an account designated to receive amounts which a Plan service provider receives in the form of 12b-1 fees, sub-transfer agency fees, shareholder servicing fees or similar amounts (also known as "revenue sharing"), which are received by the service provider from a source other than the Plan and which the service provider may remit to the Plan.

(i) **Late trading and market timing settlement.** In the event the Plan becomes entitled to a settlement from a mutual fund or other investment relating to late trading, market timing or other activities, the Administrator will allocate the settlement proceeds to Participants and Beneficiaries in accordance with Department of Labor Field Assistance Bulletin 2006-01 or other applicable law.

4.4 MAXIMUM ANNUAL ADDITIONS

(a) **Maximum permissible amount.** Notwithstanding the foregoing, the maximum Annual Additions credited to a Participant's Accounts for any Limitation Year shall equal the lesser of:

(1) $40,000 adjusted annually as provided in Code §415(d) pursuant to the Regulations, or

(2) one-hundred percent (100%) of the Participant's 415 Compensation for such Limitation Year.

The percentage limitation in paragraph (2) above shall not apply to: (1) any contribution for medical benefits (within the meaning of Code §419A(f)(2)) after separation from service which is otherwise treated as an annual addition, or (2) any amount otherwise treated as an annual addition under Code §415(l)(1).

For any short Limitation Year, the dollar limitation in paragraph (1) above shall be reduced by a fraction, the numerator of which is the number of full months in the short Limitation Year and the denominator of which is twelve (12).

(b) **Excess Annual Additions defined.** For purposes of this Article, the term "Excess Annual Additions" for any Participant for a Limitation Year means a Participant's Annual Additions under this Plan and such other plans of the Employer or Affiliated Employer that are in excess of the maximum permissible amount of this Section 4.4 for a Limitation Year. The Excess Annual Additions will be deemed to consist of the Annual Additions last allocated, except that Annual Additions attributable to a simplified employee pension will be deemed to have been allocated first, followed by Annual Additions to a welfare benefit fund or individual medical account, and then by Annual Additions to a plan subject to Code §412, regardless of the actual allocation date.

(c) **Annual Additions can cease when maximum permissible amount reached.** If the Employer contribution that would otherwise be contributed or allocated to the Participant's Accounts would cause the Annual Additions for the Limitation Year to exceed the maximum permissible amount, then the amount that would otherwise be contributed or allocated will be reduced so that the Annual Additions for the Limitation Year will equal the maximum permissible amount, and any such amounts which would have been allocated to such Participant may be allocated to other Participants.

(d) **Multiple Plans.** The following provisions apply if a Participant is covered by more than one qualified plan maintained by the Employer.

(1) If a Participant participates in more than one defined contribution plan maintained by the Employer that have different Anniversary Dates, then the maximum permissible amount under this Plan shall equal the maximum permissible amount for the

Limitation Year minus any Annual Additions previously credited to such Participant's Accounts under all such plans during the Plan's Limitation Year.

(2) If a Participant participates in both a defined contribution plan subject to Code §412 and a defined contribution plan not subject to Code §412 maintained by the Employer which have the same Anniversary Date, then Annual Additions will be credited to the Participant's Accounts under the defined contribution plan subject to Code §412 prior to crediting Annual Additions to the Participant's Accounts under the defined contribution plan not subject to Code §412.

(3) If a Participant participates in more than one defined contribution plan not subject to Code §412 maintained by the Employer which have the same Anniversary Date, then the maximum permissible amount under this Plan shall equal the product of (A) the maximum permissible amount for the Limitation Year minus any Annual Additions previously credited under subsections (1) or (2) above, multiplied by (B) a fraction (i) the numerator of which is the Annual Additions which would be credited to such Participant's Accounts under this Plan without regard to the limitations of Code §415 and (ii) the denominator of which is such Annual Additions for all plans described in this subsection.

(e) **Aggregation of Plans.** For purposes of applying the limitations of Code §415, all defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Employer (or a "predecessor employer") under which the Participant receives Annual Additions are treated as one defined contribution plan. The "Employer" means the Employer that adopts this Plan and all members of a controlled group or an affiliated service group that includes the Employer (within the meaning of Code §414(b), Code §414(c), Code §414(m) or Code §414(o)), except that for purposes of this subsection, the determination shall be made by applying Code §415(h), and shall take into account tax-exempt organizations under Regulation §1.414(c)-5, as modified by Regulation §1.415(a)-1(f)(1). For purposes of this paragraph:

(1) A former employer is a "predecessor employer" with respect to a Participant in a plan maintained by an Employer if the Employer maintains a plan under which the Participant had accrued a benefit while performing services for the former Employer, but only if that benefit is provided under the plan maintained by the Employer. For this purpose, the formerly affiliated plan rules in Regulation §1.415(f)-1(b)(2) apply as if the Employer and predecessor Employer constituted a single employer under the rules described in Regulation §§1.415(a)-1(f)(1) and (2) immediately prior to the cessation of affiliation (and as if they constituted two, unrelated employers under the rules described in Regulation §§1.415(a)-1(f)(1) and (2) immediately after the cessation of affiliation) and cessation of affiliation was the event that gives rise to the predecessor employer relationship, such as a transfer of benefits or plan sponsorship.

(2) With respect to an Employer of a Participant, a former entity that antedates the Employer is a "predecessor employer" with respect to the Participant if, under the facts and circumstances, the employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(f) **Break-up of an affiliated employer or an affiliated service group.** For purposes of aggregating plans for Code §415, a "formerly affiliated plan" of an employer is taken into account for purposes of applying the Code §415 limitations to the Employer, but the formerly affiliated plan is treated as if it had terminated immediately prior to the "cessation of affiliation." For purposes of this paragraph, a "formerly affiliated plan" of an Employer is a plan that, immediately prior to the cessation of affiliation, was actually maintained by one or more of the entities that constitute the Employer (as determined under the employer affiliation rules described in Regulation §§1.415(a)-1(f)(1) and (2)), and immediately after the cessation of affiliation, is not actually maintained by any of the entities that constitute the Employer (as determined under the employer affiliation rules described in Regulation §§1.415(a)-1(f)(1) and (2)). For purposes of this paragraph, a "cessation of affiliation" means the event that causes an entity to no longer be aggregated with one or more other entities as a single employer under the employer affiliation rules described in Regulation §§1.415(a)-1(f)(1) and (2) (such as the sale of a subsidiary outside a controlled group), or that causes a plan to not actually be maintained by any of the entities that constitute the Employer under the employer affiliation rules of Regulation §§1.415(a)-1(f)(1) and (2) (such as a transfer of plan sponsorship outside of a controlled group).

(g) **Mid-year aggregation.** Two or more defined contribution plans that are not required to be aggregated pursuant to Code §415(f) and the Regulations thereunder as of the first day of a Limitation Year do not fail to satisfy the requirements of Code §415 with respect to a Participant for the Limitation Year merely because they are aggregated later in that Limitation Year, provided that no Annual Additions are credited to the Participant's Account after the date on which the plans are required to be aggregated.

(h) **Correction of Excess Annual Additions.** Notwithstanding any provision of the Plan to the contrary, if Annual Additions exceed the limit on Annual Additions for any Participant, then the Plan may only correct such excess in accordance with the Employee Plans Compliance Resolution System ("EPCRS") (see Section 8.12).

(i) **Time when Annual Additions credited.** An Annual Addition is credited to the account of a Participant for a particular Limitation Year if it as allocated to the Participant's account under the Plan as of any date within that Limitation Year. However, an amount is not deemed allocated as of any date within a Limitation Year if such allocation is dependent upon participation in the Plan as of any date subsequent to such date.

For purposes of this subsection, Employer contributions are not deemed credited to a Participant's Account for a particular Limitation Year unless the contributions are actually made to the Plan no later than thirty (30) days after the end of the period described in Code §404(a)(6) applicable to the taxable year with or within which the particular Limitation Year ends. In the case of an Employer that is exempt from federal income tax (including a governmental employer), Employer contributions are treated as credited

to a Participant's Account for a particular Limitation Year only if the contributions are actually made to the Plan no later than the 15th day of the tenth calendar month following the end of the calendar year or Fiscal Year with or within which the particular Limitation Year ends.

4.5 PLAN-TO-PLAN TRANSFERS (OTHER THAN ROLLOVERS) FROM DEFINED CONTRIBUTION QUALIFIED PLANS

(a) **Transfers into this Plan.** With the consent of the Administrator (such consent must be exercised in a nondiscriminatory manner and applied uniformly to all Participants), amounts may be transferred (within the meaning of Code §414(l)) to this Plan from other tax qualified plans under Code §401(a), provided that the plan from which such funds are transferred permits the transfer to be made, the funds are not subject to the notice and consent requirements of Code §417 (i.e., qualified joint and survivor annuity requirements), and the transfer will not jeopardize the tax exempt status of the Plan or Trust or create adverse tax consequences for the Employer. Prior to accepting any transfers to which this Section applies, the Administrator may require satisfactory evidence that the amounts to be transferred meet the requirements of this Section. The transferred amounts shall be allocated to the Transfer Account of the Participant.

At the time of the transfer, the nonforfeitable percentage of the funds under the transferor plan shall apply, but thereafter shall increase (if applicable) for each Period of Service that the Participant completes after such transfer in accordance with the Vesting provisions of this Plan applicable to the type of Account represented by the transferred funds (e.g., transferred nonelective funds will be subject to the vesting schedule applicable to Employer Matching Contributions under this Plan). If the vesting schedule applicable to a Transferred Account changes as a result of this paragraph, such change will be treated as an amendment to the vesting schedule for each affected Participant.

(b) **Accounting of transfers.** The Transfer Account of a Participant shall be held by the Trustee pursuant to the provisions of this Plan and may not be withdrawn by, or distributed to the Participant, in whole or in part, except as provided in paragraph (d) of this Section. The Trustee shall have no duty or responsibility to inquire as to the propriety of the amount, value or type of assets transferred, nor to conduct any due diligence with respect to such assets; provided, however, that such assets are otherwise eligible to be held by the Trustee under the terms of this Plan.

(c) **Distribution of Transfer Account.** At Normal Retirement Date, or such other date when the Participant or the Participant's Beneficiary shall be entitled to receive benefits, the Transfer Account of a Participant shall be used to provide additional benefits to the Participant or the Participant's Beneficiary. Any distributions of amounts held in the Transfer Account shall be made in a manner which is consistent with and satisfies the provisions of Sections 6.5 and 6.6, including, but not limited to, all notice and consent requirements of Code § 411(a)(11) and the Regulations thereunder. Furthermore, the Transfer Account shall be considered as part of a Participant's benefit in determining whether an involuntary cash-out of benefits may be made without Participant consent.

(d) **Segregation.** The Administrator may direct that Employee transfers made after a Valuation Date be segregated into a separate account for each Participant until such time as the allocations pursuant to this Plan have been made, at which time they may remain segregated or be invested as part of the general Trust Fund or be directed by the Participant pursuant to Section 4.7.

(e) **Separate Accounts.** With respect to each Participant's Transfer Account, separate sub-accounts shall be maintained to the extent necessary to carry out the provisions of this Plan.

4.6 ROLLOVERS FROM OTHER PLANS

(a) **Acceptance of rollovers into the Plan.** With the consent of the Administrator (such consent must be exercised in a nondiscriminatory manner and applied uniformly to all Participants), the Plan may accept a rollover by Participants, excluding Participants who are no longer employed as an Employee, as well as by Eligible Employees who are not yet Participants, provided the rollover will not jeopardize the tax-exempt status of the Plan or create adverse tax consequences for the Employer. The rollover amounts shall be allocated to the Rollover Account of the Participant. The Rollover Account of a Participant shall be 100% Vested at all times and shall not be subject to Forfeiture for any reason. The Plan does not accept rollovers of after-tax employee contributions.

(b) **Treatment of Rollover Account in the Plan.** The Rollover Account shall be held by the Trustee pursuant to the provisions of this Plan and may not be withdrawn by, or distributed to the Participant, in whole or in part, except as provided in paragraph (c) of this Section. The Trustee shall have no duty or responsibility to inquire as to the propriety of the amount, value or type of assets transferred, nor to conduct any due diligence with respect to such assets; provided, however, that such assets are otherwise eligible to be held by the Trustee under the terms of this Plan.

(c) **Distribution of rollovers.** The Administrator, at the election of the Participant, shall direct the Trustee to distribute all or a portion of the amount credited to the Participant's Rollover Account at any time. Furthermore, amounts in the Participant's Rollover Account shall be considered as part of a Participant's benefit in determining whether the $5,000 threshold has been exceeded for purposes of the timing or form of payments under the Plan. Any distributions of amounts that are held in the Rollover Account shall be made in a manner which is consistent with and satisfies the provisions of Sections 6.5 and 6.6, including, but not limited to, all notice and consent requirements of Code § 411(a)(11) and the Regulations thereunder.

(d) **Limits on accepting rollovers.** Prior to accepting any rollovers to which this Section applies, the Administrator may (but need not) require the Employee to provide evidence that the amounts to be rolled over to this Plan meet the requirements of this Section.

The Employer may instruct the Administrator, operationally and on a nondiscriminatory basis, to limit the source of rollovers that may be accepted by the Plan.

(e) **Rollovers maintained in a separate account.** The Administrator may direct that rollovers received after a Valuation Date be segregated into a separate account for each Participant until such time as the allocations pursuant to this Plan have been made, at which time they may remain segregated or be invested as part of the general Trust Fund or be directed by the Participant pursuant to Section 4.7.

(f) **Definitions.** For purposes of this Section, the following definitions shall apply:

(1) The term "rollover" means: (i) amounts transferred to this Plan directly from another "eligible retirement plan;" (ii) distributions received by an Employee from other "eligible retirement plans" which are eligible for tax-free rollover to an "eligible retirement plan" and which are transferred by the Employee to this Plan within sixty (60) days following receipt thereof; and (iii) any other amounts which are eligible to be rolled over to this Plan pursuant to the Code.

(2) The term "eligible retirement plan" means an individual retirement account described in Code §408(a), an individual retirement annuity described in Code §408(b) (other than an endowment contract), a qualified trust (an employees' trust described in Code §401(a) which is exempt from tax under Code §501(a)), an annuity plan described in Code §403(a), an eligible deferred compensation plan described in Code §457(b) which is maintained by an eligible employer described in Code §457(e)(1)(A), and an annuity contract described in Code §403(b).

4.7 PARTICIPANT DIRECTED INVESTMENTS

(a) **Directed investments allowed.** Participants may, subject to a procedure established by the Administrator (the Participant Direction Procedures) and applied in a uniform nondiscriminatory manner, direct the Trustee, in writing (or in such other form which is acceptable to the Trustee), to invest their entire Accounts in specific assets, specific funds or other investments permitted under the Plan and the Participant Direction Procedures. That portion of the interest of any Participant so directing will thereupon be considered a Participant's Directed Account.

(b) **Establishment of Participant Direction Procedures.** The Administrator will establish Participant Direction Procedures, to be applied in a uniform and nondiscriminatory manner, setting forth the permissible investment options under this Section, how often changes between investments may be made, and any other limitations and provisions that the Administrator may impose on a Participant's right to direct investments.

(c) **Administrative discretion.** The Administrator may, in its discretion, include or exclude by amendment or other action from the Participant Direction Procedures such instructions, guidelines or policies as it deems necessary or appropriate to ensure proper administration of the Plan, and may interpret the same accordingly.

(d) **Allocation of earnings.** As of each Valuation Date, all Participant Directed Accounts shall be charged or credited with the net earnings, gains, losses and expenses as well as any appreciation or depreciation in the market value using publicly listed fair market values when available or appropriate as follows:

(1) to the extent that the assets in a Participant's Directed Account are accounted for as pooled assets or investments, the allocation of earnings, gains and losses of each Participant's Directed Account shall be based upon the total amount of funds so invested in a manner proportionate to the Participant's share of such pooled investment; and

(2) to the extent that the assets in the Participant's Directed Account are accounted for as segregated assets, the allocation of earnings, gains and losses from such assets shall be made on a separate and distinct basis.

(e) **Plan will follow investment directions.** Investment directions will be processed as soon as administratively practicable after proper investment directions are received from the Participant. No guarantee is made by the Plan, Employer, Administrator or Trustee that investment directions will be processed on a daily basis, and no guarantee is made in any respect regarding the processing time of an investment direction. Notwithstanding any other provision of the Plan, the Employer, Administrator or any discretionary Trustee reserves the right to not value an investment option on any given Valuation Date for any reason deemed appropriate by the Employer, Administrator or discretionary Trustee. Furthermore, the processing of any investment transaction may be delayed for any legitimate business reason or force majeure (including, but not limited to, failure of systems or computer programs, failure of the means of the transmission of data, the failure of a service provider to timely receive values or prices, and correction for errors or omissions or the errors or omissions of any service provider). The processing date of a transaction will be binding for all purposes of the Plan and considered the applicable Valuation Date for an investment transaction.

(f) **Other documents.** Any information regarding investments available under the Plan, to the extent not required to be described in the Participant Direction Procedures, may be provided to the Participant in one or more written documents (or in any other form including, but not limited to, electronic media) which are separate from the Participant Direction Procedures and are not thereby incorporated by reference into this Plan.

(g) **Instructions, guidelines or policies.** The Administrator may, in its discretion, include or exclude by amendment or other action from the Participant Direction Procedures such instructions, guidelines or policies as it deems necessary or appropriate to ensure proper administration of the Plan, and may interpret the same accordingly.

ARTICLE V
VALUATIONS

5.1 VALUATION OF THE TRUST FUND

The Administrator shall direct the Trustee, as of each Valuation Date, to determine the net worth of the assets comprising the Trust Fund as it exists on the Valuation Date. In determining such net worth, the Trustee shall value the assets comprising the Trust Fund at their fair market value as of the Valuation Date and may deduct (when applicable) all expenses for which the Trustee has not yet been paid by the Employer or the Trust Fund. The Trustee may update the value of any shares held in the Participant Directed Account by reference to the number of shares held by that Participant, priced at the market value as of the Valuation Date.

5.2 METHOD OF VALUATION

In determining the fair market value of securities held in the Trust Fund which are listed on a registered stock exchange, the Administrator shall direct the Trustee to value the same at the prices they were last traded on such exchange preceding the close of business on the Valuation Date. If such securities were not traded on the Valuation Date, or if the exchange on which they are traded was not open for business on the Valuation Date, then the securities shall be valued at the prices at which they were last traded prior to the Valuation Date. Any unlisted security held in the Trust Fund shall be valued at its bid price next preceding the close of business on the Valuation Date, which bid price shall be obtained from a registered broker or an investment banker. In determining the fair market value of assets other than securities for which trading or bid prices can be obtained, the Trustee, if a discretionary Trustee, may appraise such assets itself, or in its discretion, employ one or more appraisers for that purpose and rely on the values established by such appraiser or appraisers.

ARTICLE VI
DETERMINATION AND DISTRIBUTION OF BENEFITS

6.1 DETERMINATION OF BENEFITS UPON RETIREMENT

(a) **Normal Retirement.** Every Participant may terminate employment with the Employer and retire for the purposes hereof on the Participant's Normal Retirement Date. However, a Participant may postpone the termination of employment with the Employer to a later date, in which event the participation of such Participant in the Plan, including the right to receive allocations pursuant to Section 4.3, shall continue until such Participant's Late Retirement Date. Upon a Participant's Retirement Date, or as soon thereafter as is practicable, the Administrator shall direct the distribution, at the election of the Participant, of the Participant's interest in the Plan (or any portion thereof), in accordance with Section 6.5.

6.2 DETERMINATION OF BENEFITS UPON DEATH

(a) **100% Vesting upon death.** Upon the death of a Participant before the Participant's Retirement Date or other termination of employment, all amounts credited to such Participant's Account shall become fully Vested.

(b) **Distribution upon death.** Upon the death of a Participant before the Participant's Retirement Date or other termination of employment, the Administrator shall direct, in accordance with the provisions of Section 6.6, the distribution of all amounts credited to such Participant's Account to the Participant's Beneficiary.

(c) **Determination of death benefit by Administrator.** The Administrator may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the account of a deceased Participant as the Administrator may deem desirable. The Administrator's determination of death and of the right of any person to receive payment shall be conclusive.

(d) **Beneficiary designation.** The Beneficiary of the death benefit payable pursuant to this Section shall be the Participant's surviving Spouse. Except, however, the Participant may designate a Beneficiary other than the Spouse if:

(1) the Spouse has waived the right to be the Participant's Beneficiary, or

(2) the Participant is legally separated or has been abandoned (within the meaning of local law) and the Participant has a court order to such effect (and there is no qualified domestic relations order as defined in Code §414(p) which provides otherwise), or

(3) the Participant has no Spouse, or

(4) the Spouse cannot be located.

In such event, the designation of a Beneficiary shall be made on a form satisfactory to the Administrator. A Participant may at any time revoke a designation of a Beneficiary or change a Beneficiary by filing written notice (or in such other form as permitted by the Internal Revenue Service) of such revocation or change with the Administrator. The Beneficiary of the death benefit payable pursuant to this Section shall be the Participant's surviving Spouse.

(e) **Beneficiary if no beneficiary elected by Participant.** In the event no valid designation of Beneficiary exists with respect to all or a portion of the death benefit, or if the Beneficiary of such death benefit is not alive at the time of the Participant's death and no contingent Beneficiary has been designated, then to the extent that such death benefit is not automatically payable to the surviving Spouse in accordance with the other provisions of this Section, such death benefit will be paid in the following order of priority to:

(1) the Participant's surviving Spouse;

(2) the Participant's issue, including adopted children, per stirpes;

(3) the Participant's surviving parents, in equal shares; or

(4) the Participant's estate.

If the Beneficiary does not predecease the Participant, but dies prior to distribution of the death benefit, the death benefit will be paid to the Beneficiary's designated Beneficiary (or there is no designated Beneficiary, to the Beneficiary's estate).

(f) **Divorce revokes spousal beneficiary designation.** Notwithstanding anything in this Section to the contrary, if a Participant has designated the Spouse as a Beneficiary, then a divorce decree that relates to such Spouse shall revoke the Participant's designation of the Spouse as a Beneficiary unless the decree or a qualified domestic relations order (within the meaning of Code §414(p)) provides otherwise or a subsequent beneficiary designation is made.

(g) **Death Benefits for Qualified Military Service.** In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing Qualified Military Service, the Participant's Beneficiary is entitled to any additional benefits (including any ancillary life insurance or other survivor benefits that would have been provided under the Plan) as if the Participant had resumed employment and then terminated employment on account of death. Moreover, the Plan will credit the Participant's Qualified Military Service as service for vesting purposes as though the Participant had resumed employment under USERRA immediately prior to the Participant's death.

(h) **Simultaneous Death of Participant and Beneficiary.** If a Participant and his or her Beneficiary should die simultaneously, or under circumstances that render it difficult or impossible to determine who predeceased the other, then unless the Participant's Beneficiary designation otherwise specifies, the Administrator will presume conclusively that the Beneficiary predeceased the Participant.

(i) **Slayer statute.** The Administrator may apply slayer statutes, or similar rules which prohibit inheritance by a person who murders someone from whom he or she stands to inherit, under applicable state laws without regard to federal pre-emption of such state laws.

6.3 DISABILITY RETIREMENT BENEFITS

(a) **100% Vesting upon Disability.** In the event of a Participant's Disability prior to the Participant's Retirement Date or other termination of employment, all amounts credited to such Participant's Account shall become fully Vested.

(b) **Payment of Disability Benefits.** In the event of a Participant's Disability, the Participant's entire interest in the Plan will be distributable and may be distributed in accordance with the provisions of Section 6.5.

6.4 DETERMINATION OF BENEFITS UPON TERMINATION

(a) **Payment on termination of employment.** If a Participant's employment with the Employer is terminated for any reason other than death, Disability or attainment of the Participant's Retirement Date, then such Participant shall be entitled to such benefits as are provided hereinafter pursuant to this Section 6.4.

Distribution of the funds due to a Terminated Participant shall be made on the occurrence of an event which would result in a distributable event had the Terminated Participant remained in the employ of the Employer (upon the Participant's death, Disability or Normal Retirement). However, at the election of the Participant, the Administrator shall direct the distribution of the entire Vested portion of the Terminated Participant's Account be payable to such Terminated Participant as soon as administratively feasible after termination of employment. Any distribution under this paragraph shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all notice and consent requirements of Code § 411(a)(11) and the Regulations thereunder.

If the value of a Terminated Participant's Vested benefit derived from Employer contributions does not exceed $1,000, then the Administrator shall direct the Trustee to cause the entire Vested benefit to be paid to such Participant in a single lump sum.

For purposes of this Section 6.4, if the value of a Terminated Participant's Vested benefit is zero, the Terminated Participant shall be deemed to have received a distribution of such Vested benefit.

(b) **Vesting schedule.** The Vested portion of the Account of any Participant attributable to Employer Matching Contributions shall be a percentage of the total amount credited to the Participant's Accounts determined on the basis of the Participant's number of whole year Periods of Service.

(1) The Vested portion of the Participant's Account shall be determined in accordance with the following vesting schedule:

Vesting Schedule

Periods of Service	Percentage
1	20 %
2	40 %
3	60 %
4	80 %
5	100 %

(c) **Time of application of vesting schedule liberalization.** In the absence of any provision to the contrary, any direct or indirect increase to a Participant's Vested percentage (at any point on a vesting schedule) will not apply to a Participant unless and until such Participant completes an Hour of Service after the effective date of such increase.

(d) **100% Vesting on partial or full Plan termination.** Notwithstanding any provision in this Plan to the contrary, upon the complete discontinuance of the Employer contributions to the Plan or upon any full or partial termination of the Plan, all amounts then credited to the account of any affected Participant shall become 100% Vested and shall not thereafter be subject to Forfeiture.

(e) **Vesting of employer contributions upon amendment.** The computation of a Participant's nonforfeitable percentage of the Participant's Account attributable to Employer contributions shall not be reduced as the result of any direct or indirect amendment to this Plan (including this restatement of the Plan).

In the event that the Plan is amended to change the vesting schedule of the Participant's Account (or any portion of such Account), or if the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage of the Participant's Account, then each Participant with an Hour of Service after such change and who has at least three (3) whole year Periods of Service as of the expiration date of the election period may elect to have such Participant's nonforfeitable percentage computed under the Plan without regard to such amendment or change. The Participant's election period shall commence on the date the amendment is adopted or deemed to be made and shall end sixty (60) days after the latest of:

(1) the adoption date of the amendment,

(2) the effective date of the amendment, or

(3) the date the Participant receives written notice of the amendment from the Employer or Administrator.

Such election, if made, shall apply only to the portion of the Account Balance that is credited after the effective date of the change in the vesting schedule. If such a Participant fails to make such election, then such Participant shall be subject to the new vesting schedule with respect to contributions made after such change in vesting is effective. Existing Account balances shall vest in accordance with the greater of the vested percentage determined under the pre-amendment schedule (based on the Participant's service credit at the time of such determination) or the vested percentage (for the same duration of service) determined under the post-amendment schedule.

Notwithstanding any provision of the two preceding paragraphs to the contrary, if the post-amendment vesting schedule is more liberal at each point on the schedule than the pre-amendment schedule, then all Participants with an Hour of Service after the effective date of the change in vesting shall vest in accordance with the new schedule.

6.5 DISTRIBUTION OF BENEFITS

(a) The Administrator, pursuant to the election of the Participant, shall direct the Trustee to distribute to a Participant or such Participant's Beneficiary the amount (if any) to which the Participant (or Beneficiary) has become entitled under the Plan in one lump-sum payment in cash.

(b) Any such distribution may be made less than thirty (30) days after the notice specified under Section 6.11(d) of the Plan is given, provided that: (1) the Administrator clearly informs the Participant that the Participant has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and (2) the Participant, after receiving the notice, affirmatively elects a distribution.

(c) If a distribution is made to a Participant who has not severed employment and who is not fully Vested in the Participant's Account and the Participant may increase the Vested percentage in such account, then, at any relevant time the Participant's Vested portion of the account will be equal to an amount ("X") determined by the formula:

$$X = P(AB + D) - D$$

For purposes of applying the formula: P is the Vested percentage at the relevant time, AB is the account balance at the relevant time, and D is the amount of distribution, and the relevant time is the time at which, under the Plan, the Vested percentage in the account cannot increase.

(d) Required minimum distributions (Code §401(a)(9)). Notwithstanding any provision in the Plan to the contrary, the distribution of a Participant's benefits shall be made in accordance with the requirements of Section 6.7.

6.6 DISTRIBUTION OF BENEFITS UPON DEATH

(a) The death benefit payable pursuant to Section 6.2 shall be paid to the Participant's Beneficiary in one lump-sum payment in cash subject to the rules of Section 6.7.

(b) Notwithstanding any provision in the Plan to the contrary, distributions upon the death of a Participant shall comply with the requirements of Section 6.7.

6.7 REQUIRED MINIMUM DISTRIBUTIONS

(a) **General Rules**

(1) **Precedence.** The requirements of this Section shall apply to any distribution of a Participant's interest in the Plan and take precedence over any inconsistent provisions of the Plan.

(2) **Requirements of Treasury Regulations Incorporated.** All distributions required under this Section will be determined and made in accordance with the Regulations under Code §401(a)(9) and the minimum distribution incidental benefit requirement of Code §401(a)(9)(G).

(b) **Time and manner of distribution**

(1) **Required beginning date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) **Death of Participant before distributions begin.** If the Participant dies before distributions begin, the Participant's entire death benefit will be distributed, or begin to be distributed, as follows:

(i) Distributions of the required minimum distributions will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or, if the Participant's surviving Spouse is the Participant's designated beneficiary, by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(ii) If there is no beneficiary as of September 30 of the year following the year of the Participant's death, the distribution of the Participant's death benefit will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) If the Participant's surviving Spouse is the Participant's sole designated beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 6.7(b), other than this paragraph, will apply as if the surviving Spouse were the Participant. Thus, in all such cases, the time at which distributions must commence (or be completed by) shall be determined solely by reference to the year that the Participant died, and not the year in which the Participant would have attained age 70 1/2.

For purposes of this Section 6.7(b), unless a surviving Spouse is electing to commence benefits based upon the date that the Participant would have attained age 70 1/2, distributions are considered to begin on the Participant's required beginning date. If the surviving Spouse election applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under Section 6.7(b).

(3) **Forms of distribution.** Unless the Participant's interest is distributed in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 6.7(c) and 6.7(d). All distributions under this Section shall be made in a manner which is consistent with and satisfies the provisions of Sections 6.5 and 6.6, including, but not limited to, all notice and consent requirements of Code § 411(a)(11) and the Regulations thereunder.

(c) **Required minimum distributions during Participant's lifetime**

(1) **Amount of required minimum distribution for each distribution calendar year.** During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(i) the quotient obtained by dividing the Participant's Account balance by the distribution period in the Uniform Lifetime Table set forth in Regulation §1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(ii) if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's Spouse and the Spouse is more than 10 years younger than the Participant, the quotient obtained by dividing the Participant's Account balance by the number in the Joint and Last Survivor Table set forth in Regulation §1.401(a)(9)-9, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the distribution calendar year.

(2) **Lifetime required minimum distributions continue through year of Participant's death.** Required minimum distributions will be determined under this Section 6.7(c) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(d) **Required minimum distributions after Participant's death**

(1) **Death on or after date distributions begin.**

(i) **Participant survived by designated beneficiary.** If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

(A) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) If the Participant's surviving Spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving Spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For distribution calendar years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

(C) If the Participant's surviving Spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(ii) **No designated beneficiary.** If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) **Death before date distributions begin.**

(i) **Participant survived by designated beneficiary.** Except as provided in Section 6.7(b)(3), if the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in Section 6.7(d)(1).

(ii) **No designated beneficiary.** If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) **Death of surviving Spouse before distributions to surviving Spouse are required to begin.** If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole designated beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Section 6.7(b)(2), this Section 6.7(d)(2) will apply as if the surviving Spouse were the Participant.

(e) **Definitions.** For purposes of this Section, the following definitions apply:

(1) "Designated beneficiary" means the individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under Code §401(a)(9) and Regulation §1.401(a)(9)-4, Q&A-4.

(2) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's "required beginning date." For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 6.7(b). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's "required beginning date." The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's "required beginning date" occurs, will be made on or before December 31 of that distribution calendar year.

(3) "Life expectancy" means the life expectancy as computed by use of the Single Life Table in Regulation §1.401(a)(9)-9, Q&A-1.

(4) "Participant's account balance" means the "Participant's account balance" as of the last Valuation Date in the calendar year immediately preceding the Distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or Forfeitures allocated to the account balance as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date. For this purpose, the Administrator may exclude contributions that are allocated to the account balance as of dates in the valuation calendar year after the Valuation Date, but that are not actually made during the valuation calendar year. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the Distribution calendar year if distributed or transferred in the valuation calendar year.

(5) "Required beginning date" means, with respect to any Participant, April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70 1/2 or the calendar year in which the Participant retires, except that benefit distributions to a 5-percent owner must commence by April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2.

(6) "5-percent owner" means a Participant who is a 5-percent owner as defined in Code §416 at any time during the Plan Year ending with or within the calendar year in which such owner attains age 70 1/2. Once distributions have begun to a 5-percent owner under this Section they must continue to be distributed, even if the Participant ceases to be a 5-percent owner in a subsequent year.

(f) **Transition rules**

(1) **2009 Required Distributions.** The Plan did not suspend or reduce RMDs. RMDs continued in accordance with the terms of the Plan.

(2) **Rules for plans in existence before 1997.** Any required minimum distribution rights conferred on Participants in order to comply with (or as a means of complying with) the changes to Code §401(a)(9) made by the Small Business Jobs Protection Act of 1996 that were still in effect immediately prior to this restatement shall be preserved.

(g) **Statutory (TEFRA) Transition Rules**

(1) Notwithstanding the other provisions of this Section, other than the Spouse's right of consent afforded under the Plan, distributions may be made on behalf of any Participant, including a five percent (5%) owner, who has made a designation in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and in accordance with all of the following requirements (regardless of when such distribution commences):

(i) The distribution by the Plan is one which would not have disqualified such plan under Code §401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984.

(ii) The distribution is in accordance with a method of distribution designated by the Participant whose interest in the Plan is being distributed or, if the Participant is deceased, by a Beneficiary of such Participant.

(iii) Such designation was in writing, was signed by the Participant or the Beneficiary, and was made before January 1, 1984.

(iv) The Participant had accrued a benefit under the Plan as of December 31, 1983.

(v) The method of distribution designated by the Participant or the Beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the Participant's death, the Beneficiaries of the Participant listed in order of priority.

(2) A distribution upon death will not be covered by the transitional rule of this subsection unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the Participant.

(3) For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the Participant, or the Beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in (1)(i) and (1)(v) of this subsection.

(4) If a designation is revoked, any subsequent distribution must satisfy the requirements of Code §401(a)(9) and the Regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the Plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy Code §401(a)(9) and the Regulations thereunder, but for the Section 242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another Beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life).

(5) In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Regulation §1.401(a)(9)-8, Q&A-14 and Q&A-15, shall apply.

6.8 DISTRIBUTION FOR MINOR OR INCOMPETENT INDIVIDUAL

If, in the opinion of the Administrator, a Participant or Beneficiary entitled to a distribution is not able to care for his or her affairs because of a mental condition, a physical condition, or by reason of age, then the Administrator shall direct the distribution to the Participant's or Beneficiary's guardian, conservator, trustee, custodian (including under a Uniform Transfers or Gifts to Minors Act) or to his or her attorney-in-fact or to other legal representative, upon furnishing evidence of such status satisfactory to the Administrator. The Administrator and the Trustee do not have any liability with respect to payments so made and neither the Administrator nor the Trustee (or Insurer) has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

6.9 LOCATION OF PARTICIPANT OR BENEFICIARY UNKNOWN

In the event that all, or any portion, of the distribution payable to a Participant or Beneficiary hereunder shall remain unpaid solely by reason of the inability of the Administrator to ascertain the whereabouts of such Participant or Beneficiary after reasonable efforts, the amount so distributable may be treated as a Forfeiture pursuant to the Plan at the earlier of: (i) five (5) years after the distribution became payable, or (ii) the Participant's attainment of Normal Retirement Age (or age 62, if later). The Administrator, in its sole discretion, may delay any such Forfeiture for a longer period if it believes that it is in the best interest of the Plan to do so. In the case of such a Participant who has attained Normal Retirement Age (or age 62, if later), the amount so distributable may, in the sole discretion of the Administrator, either be treated as a Forfeiture pursuant to the Plan or be paid directly to an individual retirement account described in Code §408(a) or an individual retirement annuity described in Code §408(b). In addition, if the Plan provides for mandatory distributions and the amount to be distributed to a Participant or Beneficiary does not exceed $1,000, then the amount distributable may, in the sole discretion of the Administrator, either be treated as a Forfeiture, or be paid directly to an individual retirement account described in Code §408(a) or an individual retirement annuity described in Code §408(b) at the time it is determined that the whereabouts of the Participant or the Participant's Beneficiary cannot be ascertained. In the event a Participant or Beneficiary is located subsequent to the Forfeiture, such benefit shall be restored, first from Forfeitures, if any, and then from an additional Employer contribution if necessary. Upon Plan termination, the portion of the distributable amount that is an eligible rollover distribution as defined in Plan Section 6.11 may be paid directly to an individual retirement account described in Code §408(a) or an individual retirement annuity described in Code §408(b) (consistent with the requirements of Section 7.2). However, regardless of the preceding, a benefit that is lost by reason of escheat under applicable state law is not treated as a Forfeiture for purposes of this Section nor as an impermissible forfeiture under the Code.

6.10 QUALIFIED DOMESTIC RELATIONS ORDER DISTRIBUTION

All benefits provided to a Participant in this Plan shall be subject to the rights afforded to any Alternate Payee under a qualified domestic relations order. Furthermore, a distribution to an Alternate Payee shall be permitted if such distribution is authorized by a qualified domestic relations order, even if the affected Participant has not separated from service and has not reached the earliest retirement age. For the purposes of this Section, the terms "qualified domestic relations order" and "earliest retirement age" shall have the meaning set forth under Code §414(p).

Effective April 6, 2007, a domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order ("QDRO") will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because the order is issued after the Participant's death.

6.11 DIRECT ROLLOVER

(a) **Right to direct rollover.** Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Administrator, to have all or only a portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. However, if less than the entire amount of an eligible rollover distribution is paid directly to an eligible retirement plan, the minimum partial rollover must equal at least $500.

(b) **Definitions.** For purposes of this Section the following definitions shall apply:

(1) **Eligible rollover distribution.** An "eligible rollover distribution" means any distribution described in Code §402(c)(4) and generally includes any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's Designated Beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Code §401(a)(9); the portion of any other distribution(s) that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and any other distribution reasonably expected to total less than $200 during a year.

Notwithstanding the above, the following distributions, if made in 2009, will also be treated as eligible rollover distributions for 2009 only:

(i) the amount of any required minimum distribution as determined in accordance with Section 6.7.

(2) **Eligible retirement plan.** An "eligible retirement plan" is an individual retirement account described in Code §408(a), an individual retirement annuity described in Code §408(b), (other than an endowment contract), a qualified trust (an employees' trust) described in Code §401(a) which is exempt from tax under Code §501(a) and which agrees to separately account for amounts transferred into such plan from this Plan, an annuity plan described in Code §403(a), an eligible deferred compensation plan described in Code §457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality thereof which agrees to separately account for amounts transferred into such plan from this Plan, and an annuity contract described in Code §403(b) that accepts the distributee's eligible rollover distribution. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is an Alternate Payee. Effective for distributions after December 31, 2006, in the case of a "distributee" who is a non-Spouse designated beneficiary, (1) the direct rollover may be made only to a traditional or Roth individual retirement account that is established on behalf of the designated non-Spouse beneficiary for the purpose of receiving that distribution and that will be treated as an inherited IRA pursuant to the provisions of Code §402(c)(11), and (2) the determination of any required minimum distribution required under Code §401(a)(9) that is ineligible for rollover shall be made in accordance with IRS Notice 2007-7, Q&A 17 and 18.

Roth IRA rollover. For distributions made after December 31, 2007, a Participant may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code §408A(b).

(3) **Distributee.** A "distributee" includes an Employee or Former Employee. In addition, the Employee's or Former Employee's surviving Spouse and the Employee's or Former Employee's Spouse or former Spouse who is an Alternate Payee, are distributees with regard to the interest of the Spouse or former Spouse.

(4) **Direct rollover.** A "direct rollover" is a payment by the Plan to the "eligible retirement plan" specified by the distributee.

(c) **Non-Spouse Beneficiary Rollover.** For distributions after December 31, 2009, a non-Spouse Beneficiary who is a "designated beneficiary" under Code §401(a)(9)(E) and the Regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his or her distribution to an individual retirement account the beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must be an "eligible rollover distribution."

(1) **Certain requirements not applicable.** Any distribution made prior to January 1, 2010 is not subject to the "direct rollover" requirements of Code §401(a)(31) (including Code §401(a)(31)(B)), the notice requirements of Code §402(f) or the mandatory withholding requirements of Code §3405(c)).

(2) **Trust Beneficiary.** If the Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an IRA on behalf of the trust, provided the trust satisfies the requirements to be a "designated Beneficiary."

(d) **Participant Notice.** A Participant entitled to an eligible rollover distribution must receive a written explanation of his/her right to a direct rollover, the tax consequences of not making a direct rollover, and, if applicable, any available special income tax elections. The notice must be provided no less than thirty (30) days and no more than 180 days (90 days for Plan Years beginning before January 1, 2007) before such distribution. The direct rollover notice must be provided to all Participants, unless the total amount the Participant will receive as a distribution during the calendar year is expected to be less than $200.

6.12 CORRECTIVE DISTRIBUTIONS AND RECOVERY OF OVERPAYMENTS

(a) **Corrective Distributions.** Nothing in this Article shall preclude the Administrator from making a distribution to a Participant, to the extent such distribution is made to correct a qualification defect in accordance with Section 8.12.

(b) Recovery of Overpayments. Nothing in this Article shall preclude the Administrator from recovering one or more overpayments made to a Participant or Beneficiary, to the extent such overpayment(s) is recovered to correct a qualification defect in accordance with Section 8.12 or to fulfill a fiduciary obligation to collect an overpayment under ERISA's prudence standard and exclusive purpose rule.

ARTICLE VII
AMENDMENT, TERMINATION AND MERGERS

7.1 AMENDMENT

(a) **General rule on Employer amendment.** The Employer shall have the right at any time to amend this Plan, subject to the limitations of this Section. However, any amendment which affects the rights, duties or responsibilities of the Trustee or Administrator may only be made with the Trustee's or Administrator's written consent. Any such amendment shall become effective as provided therein upon its execution. The Trustee shall not be required to execute any such amendment unless the amendment affects the duties of the Trustee hereunder.

(b) **Permissible amendments without affecting reliance.** The Employer may make the modifications described below without affecting reliance on the terms of the Plan. An Employer that amends the Plan for any other reason may not rely on the advisory letter that the terms of the Plan meet the qualification requirements of the Code. Permitted changes include: adding options permitted by the Plan; adding or deleting provisions that are optional under the volume submitter specimen plan; changing effective dates within the parameters of the volume submitter specimen plan; adding a list of benefits that must be preserved as protected benefits within the meaning of Code §411(d)(6) and the Regulations thereunder; amending provisions dealing with the administration of the Trust; a change to the name of the Plan, Employer, Trustee, Custodian, Administrator or any other fiduciary; the Plan Year; the Limitation Year (subject to the provisions of Section 1.33); amendments to conform to the requirements of Act Section 402(a) (relating to named fiduciaries), Act Section 503 (relating to claims procedures), or DOL Field Assistance Bulletin 2008-01 (relating to the duty to collect delinquent contributions); amendments to adjust the limitations under Code §§ 415, 402(g), 401(a)(17) and 414(q)(1)(B) to reflect annual cost-of-living increases; and any sample or model amendment published by the IRS (or other required good-faith amendments) which specifically provide that their adoption will not cause the plan to be treated as an individually designed plan.

(c) **Sponsoring practitioner amendments.** The Employer (and every Participating Employer) expressly delegates authority to the sponsoring organization of this Volume Submitter Plan (i.e., the "volume submitter practitioner") the right to amend the Plan by submitting a copy of the amendment to each Employer (and Participating Employer) who has adopted this Volume Submitter Plan, after first having received a ruling or favorable determination from the Internal Revenue Service that the Volume Submitter Plan as amended qualifies under Code §401(a) (unless a ruling or determination is not required by the IRS). However, the volume submitter practitioner shall cease to have the authority to amend on behalf of an Employer that adopts an impermissible plan type or impermissible plan provision (as described in Section 24.03 of IRS Revenue Procedure 2011-49 and any subsequent guidance). The volume submitter practitioner will maintain a record of the Employers that have adopted the Plan, and the practitioner will make reasonable and diligent efforts to ensure that adopting Employers adopt new documents when necessary. This subsection supersedes other provisions of the Plan to the extent those other provisions are inconsistent with this subsection.

(d) **Impermissible amendments.** No amendment to the Plan shall be effective if it authorizes or permits any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries or estates, or causes any reduction in the amount credited to the account of any Participant, or causes or permits any portion of the Trust Fund to revert to or become property of the Employer.

7.2 TERMINATION

(a) **Termination of Plan.** The Employer shall have the right at any time to terminate the Plan by delivering to the Trustee and Administrator written notice of such termination. Upon any full or partial termination, all amounts credited to the affected Participants' Accounts shall become 100% Vested as provided in Section 6.4 and shall not thereafter be subject to forfeiture.

(b) **Distribution of assets.** Upon the full termination of the Plan, the Employer shall direct the distribution of the assets of the Plan to Participants in a manner which is consistent with the provisions of Section 6.5 except that no Participant or spousal consent is required. Distributions to a Participant shall be made in cash or through the purchase of irrevocable nontransferable deferred commitments from an insurer.

7.3 MERGER, CONSOLIDATION OR TRANSFER OF ASSETS

This Plan may be merged or consolidated with, or its assets and/or liabilities may be transferred to any other plan and trust.

ARTICLE VIII
MISCELLANEOUS

8.1 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon the Employee as a Participant of this Plan.

8.2 ALIENATION OF BENEFITS

(a) **General rule.** The Plan is a governmental plan under Code §414(d) and, therefore, is exempt from the anti-assignment rule under Code §401(a)(13).

(b) **QDRO Applicability.** The Plan may recognize a qualified domestic relations order defined in Code §414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984. The Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. Further, to the extent provided under a qualified domestic relations order, a former Spouse of a Participant shall be treated as the Spouse or surviving Spouse for all purposes under the Plan.

(c) **Certain debts to Plan.** An offset to a Participant's accrued benefit against an amount that the Participant is ordered or required to pay the Plan with respect to a judgment, order, or decree issued, or a settlement entered into in accordance with Code §§401(a)(13)(C) and (D) shall be permitted.

8.3 PLAN COMMUNICATIONS, INTERPRETATION AND CONSTRUCTION

(a) **Applicable laws.** This Plan shall be construed and enforced according to the Code and the laws of the State of Texas, other than its laws respecting choice of law, to the extent not preempted by federal law (but as a governmental plan under Code §414(d), is exempt from ERISA Title I).

(b) **Single subsections.** This Plan may contain single subsections. The existence of such single subsections shall not constitute scrivener's errors.

(c) **Separate Accounts.** Unless otherwise specified by a particular provision, the term "separate account" does not require a separate fund, only a notational entry in a recordkeeping system.

(d) **Headings.** The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

(e) **Masculine and feminine.** Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply.

(f) **Singular and plural.** Whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

(g) **Tense.** Whenever any words are used herein in the past or present tense, they shall be construed as though they were also used in the other form in all cases where they would so apply.

(h) **Administrator's discretion.** The Administrator has total and complete discretion to interpret and construe the Plan and to determine all questions arising in the administration, interpretation and application of the Plan. Any determination the Administrator makes under the Plan is final and binding upon any affected person. The Administrator must exercise all of its Plan powers and discretion, and perform all of its duties in a uniform and nondiscriminatory manner.

(i) **Communications.** All Participant or Beneficiary notices, designations, elections, consents or waivers must be made in a form the Administrator (or, as applicable, the Trustee or Insurer) specifies or otherwise approves. Any person entitled to notice under the Plan may waive the notice or shorten the notice period unless such actions are contrary to applicable law.

(j) **Evidence.** Anyone, including the Employer, required to give data, statements or other information relevant under the terms of the Plan ("evidence") may do so by certificate, affidavit, document or other form which the person to act in reliance may consider pertinent, reliable and genuine, and to have been signed, made or presented by the proper party or parties. The Administrator, Trustee and Insurer are protected fully in acting and relying upon any evidence described under the immediately preceding sentence.

(k) **Plan terms binding.** The Plan is binding upon all parties, including but not limited to, the Employer, Trustee, Insurer Administrator, Participants and Beneficiaries.

(l) **Parties to litigation.** Except as otherwise provided by applicable law, a Participant or a Beneficiary is not a necessary party or required to receive notice of process in any court proceeding involving the Plan, the Trust or any Fiduciary. Any final judgment (not subject to further appeal) entered in any such proceeding will be binding upon all parties, including the Employer, the Administrator, Trustee, Insurer, Participants and Beneficiaries.

(m) **Fiduciaries not insurers.** The Trustee, Administrator and the Employer in no way guarantee the Plan assets from loss or depreciation. The Employer does not guarantee the payment of any money which may be or becomes due to any person from the Plan. The liability of the Employer, the Administrator and the Trustee to make any distribution from the Trust at any time and all times is limited to the then available assets of the Trust.

(n) **Construction/severability.** The Plan, the Trust and all other documents to which they refer, will be interpreted consistent with and to preserve tax qualification of the Plan under Code §401(a) and tax exemption of the Trust under Code §501(a) and also consistent with the Act and other applicable law. To the extent permissible under applicable law, any provision which a court (or other entity with binding authority to interpret the Plan) determines to be inconsistent with such construction and interpretation is deemed severed and is of no force or effect, and the remaining Plan terms will remain in full force and effect.

(o) **Uniformity.** All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. In the event of any conflict between the terms of this Plan and any Contract purchased hereunder, the Plan provisions shall control.

8.4 LEGAL ACTION

In the event any claim, suit, or proceeding is brought regarding the Trust and/or Plan established hereunder to which the Trustee, the Employer or the Administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the Trustee, the Employer or the Administrator, they shall be entitled to be reimbursed from the Trust Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable.

8.5 PROHIBITION AGAINST DIVERSION OF FUNDS

(a) **General rule.** Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any Trust Fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants or their Beneficiaries.

(b) **Mistake of fact.** In the event the Employer shall make an excessive contribution under a mistake of fact, the Employer may demand repayment of such excessive contribution at any time within one (1) year following the time of payment and the Trustee shall return such amount to the Employer within the one (1) year period. Earnings of the Plan attributable to the contributions may not be returned to the Employer but any losses attributable thereto must reduce the amount so returned.

8.6 EMPLOYER'S AND TRUSTEE'S PROTECTIVE CLAUSE

The Employer, Administrator and Trustee, and their successors, shall not be responsible for the validity of any Contract issued hereunder or for the failure on the part of any insurer to make payments provided by any such Contract, or for the action of any person which may delay payment or render a Contract null and void or unenforceable in whole or in part.

8.7 INSURER'S PROTECTIVE CLAUSE

Except as otherwise agreed upon in writing between the Employer and the insurer, an insurer which issues any Contracts hereunder shall not have any responsibility for the validity of this Plan or for the tax or legal aspects of this Plan. The insurer shall be protected and held harmless in acting in accordance with any written direction of the Trustee, and shall have no duty to see to the application of any funds paid to the Trustee, nor be required to question any actions directed by the Trustee. Regardless of any provision of this Plan, the insurer shall not be required to take or permit any action or allow any benefit or privilege contrary to the terms of any Contract which it issues hereunder, or the rules of the insurer.

8.8 RECEIPT AND RELEASE FOR PAYMENTS

Any payment to any Participant, the Participant's legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of the Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee and the Employer.

8.9 ACTION BY THE EMPLOYER

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

8.10 APPROVAL BY INTERNAL REVENUE SERVICE

Notwithstanding anything herein to the contrary, if, pursuant to an application for qualification filed by or on behalf of the Plan by the time prescribed by law for filing the Employer's return for the taxable year in which the Plan is adopted, or such later date that the Secretary of the Treasury may prescribe, the Commissioner of Internal Revenue Service or the Commissioner's delegate should determine that the Plan does not initially qualify as a tax-exempt plan under Code §§401 and 501, and such determination is not contested, or if contested, is finally upheld, then if the Plan is a new plan, it shall be void ab initio and all amounts contributed to the Plan by the Employer, less expenses paid, shall be returned within one (1) year after the date the initial qualification is denied, and the Plan shall terminate, and the Trustee shall be discharged from all further obligations. If the disqualification relates to an amended plan, then the Plan shall operate as if it had not been amended.

8.11 ELECTRONIC MEDIA

The Administrator may use any electronic medium to give or receive any Plan notice, communicate any Plan policy, conduct any written Plan communication, satisfy any Plan filing or other compliance requirement and conduct any other Plan transaction to the extent permissible under applicable law. A Participant or a Participant's Spouse, to the extent authorized by the Administrator, may use any electronic medium to make or provide any Beneficiary designation, election, notice, consent or waiver under the Plan, to the extent permissible under applicable law. Any reference in this Plan to a "form," a "notice," an "election," a "consent," a "waiver," a "designation," a "policy" or to any other Plan-related communication includes an electronic version thereof as permitted under applicable law. Notwithstanding the foregoing, any Participant or Beneficiary notices and consent that are required pursuant to the Code must satisfy Regulation §1.401(a)-21.

8.12 PLAN CORRECTION

The Administrator in conjunction with the Employer may undertake such correction of Plan errors as the Administrator deems necessary, including correction to preserve tax qualification of the Plan under Code §401(a) or to correct a fiduciary breach. Without limiting the Administrator's authority under the prior sentence, the Administrator, as it determines to be reasonable and appropriate, may undertake correction of Plan document, operational, demographic and employer eligibility failures under a method described in the Plan or under the IRS Employee Plans Compliance Resolution System ("EPCRS") or any successor program to EPCRS. The Administrator, as it determines to be reasonable and appropriate, also may undertake or assist the appropriate Fiduciary or Plan official in undertaking correction of a fiduciary breach.

SIGNATURE

IN WITNESS WHEREOF, this Plan has been executed this 11th day of April, 2016.

NTMC North Texas Medical Center

EMPLOYER

NTMC NORTH TEXAS MEDICAL CENTER
457 DEFERRED COMPENSATION PLAN
ADOPTION AGREEMENT

NTMC NORTH TEXAS MEDICAL CENTER 457 DEFERRED COMPENSATION PLAN ADOPTION AGREEMENT

The undersigned, NTMC North Texas Medical Center ("Employer"), by executing this Adoption Agreement, elects to become a participating Employer in the THA PDRP Eligible 457 Prototype Plan ("Plan"). The Plan consists of this Adoption Agreement and the accompanying basic plan document. The Employer makes the following elections granted under the provisions of the Plan.

ARTICLE I DEFINITIONS

PLAN **(1.21).** The name of the Plan as adopted by the Employer is NTMC North Texas Medical Center 457 Deferred Compensation Plan.

TYPE OF 457 PLAN **(1.36).** The Type of 457 Plan is a *(Choose one of (a) or (b).):*

[x] (a) **Governmental Eligible 457 Plan.** Plan Section 1.36(A)]

[ ] (b) **Tax-Exempt Organization Eligible 457 Plan.** [Plan Section 1.36(B)] *[Note: A Tax-Exempt Organization must restrict the Plan to a select group of management or highly compensated employees.]*

EMPLOYEE **(1.09).** The following are Excluded Employees and are not eligible to participate in the Plan *(Choose (a) or choose one or more of (b) through (f) as applicable):*

[ ] (a) **No exclusions.**

[ ] (b) **Part-time Employees.** The Plan defines part-time Employees as Employees who normally work less than _____ hours per week.

[ ] (c) **Hourly-paid Employees.**

[ ] (d) **All Employees except top-hat group.** All Employees are Excluded Employees except those Employees who the Employer determines are in a select group of management or highly compensated employees as would constitute a "top-hat" group within the meaning of Title I of ERISA.

[x] (e) **Leased Employees.** The Plan excludes Leased Employees.

[x] (f) *(Specify)* Employees who are customarily employed for less than 33 hours per week or 12 months a year.

[Note: A Tax-Exempt Organization must elect (d) or in (f) must specify top-hat group Participants by name, title or otherwise.]

INDEPENDENT CONTRACTOR **(1.15).** The Plan *(Choose one of (a), (b) or (c))*:

[ ] (a) **Participate.** Permits Independent Contractors to participate in the Plan.

[x] (b) **Not participate.** Does not permit Independent Contractors to participate in the Plan.

[ ] (c) **Specified Independent Contractors.** Permits the following specified Independent Contractors to participate:_____

_____.

[Note: If the Employer elects to permit any or all Independent Contractors to participate in the Plan, the term Employee as used in the Plan includes such participating Independent Contractors.]

COMPENSATION **(1.05).** Subject to the following elections, Compensation for purposes of allocation of Salary Reduction Contributions means W-2 wages (including Elective Contributions). Compensation for an Independent Contractor means the amounts the Employer pays to the Independent Contractor for services, except as the Employer otherwise specifies below.

Modifications to Compensation definition. The Employer elects to modify the Compensation definition as follows. *(Choose (a) or choose one or more of (b) through (f) as applicable):*

[ ] (a) **No modifications.** The Plan makes no modifications to the definition.

[x] (b) **Fringe benefits.** The Plan excludes all reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation and welfare benefits.

[ ] (c) **Elective Contributions.** [Plan Section 1.05(C)] The Plan excludes a Participant's Elective Contributions.

[ ] (d) **Bonuses.** The Plan excludes bonuses.

[ ] (e) **Overtime.** The Plan excludes overtime.

[ ] (f) *(Specify)* _____
_____.

PLAN YEAR **(1.24).** Plan Year means the 12-consecutive month period (except for a short Plan Year) ending every *(Choose one of (a) or (b). Choose (c) as applicable)*:

[x] (a) **December 31.**

[ ] (b) **Other:** _____

[ ] (c) **Short Plan Year:** commencing on: _____ and ending on: _____.

EFFECTIVE DATE **(1.08).** *(Choose one of (a) or (b). Choose (c) as applicable):*

[ ] (a) **New Plan.** The Effective Date of the Plan is _____.

[x] (b) **Restated Plan.** The restated Effective Date is September 1, 2007. This Plan is a substitution and amendment of an existing 457 plan originally established effective as of _____
_____.

[ ] (c) **Special Effective Dates.** The following special Effective Dates apply: _____
_____.

NORMAL RETIREMENT AGE **(1.19).** A Participant attains Normal Retirement Age under the Plan *(Choose one of (a) or (b). Choose (c) as applicable)*:

[x] (a) **Plan designation.** [Plan Section 3.05(B)] When the Participant attains age 65.

[ ] (b) **Participant designation.** [Plan Section 3.05(B) and (B)(1)] When the Participant attains the age the Participant designates, which may not be earlier than age _____and may not be later than age _____ (no later than 70½).

[ ] (c) **Police/firefighters.** [Plan Section 3.05(B)(3)] *(Choose one of (1) or (2))*:

[ ] (1) **Plan designation.** When the Participant attains age _____.

[ ] (2) **Participant designation.** When the Participant attains the age the Participant designates, which may not be earlier than age _____ (no earlier than age 40) and may not be later than age _____ (no later than 70½).

ARTICLE II
EMPLOYEE PARTICIPANTS

2.01 ELIGIBILITY.

Eligibility Conditions. To become a Participant in the Plan, an Employee must satisfy the following eligibility condition(s) *(Choose (a) or choose one or more of (b) through (d) as applicable):*

[ ] (a) **No eligibility conditions.** The Employee is eligible to participate in the Plan as of his/her first day of employment with the Employer.

[ ] (b) **Age.** Attainment of age _____.

[ ] (c) **Service.** Service requirement *(Choose one of (1) or (2))*:

[ ] (1) **Year of Service.** One year of Continuous Service.

[ ] (2) **Month(s) of Service.** _____ months of Continuous Service.

[x] (d) *(Specify)* Completion of 30 days of service
_____.

Plan Entry Date. "Plan Entry Date" means the Effective Date and *(Choose one of (e) through (h))*:

[x] (e) **Monthly.** The first day of the month coinciding with or next following the Employee's satisfaction of the Plan's eligibility conditions.

[ ] (f) **Annual.** The first day of the Plan Year coinciding with or next following the Employee's satisfaction of the Plan's eligibility conditions.

[ ] (g) **Date of hire.** The Employee's employment commencement date with the Employer.

[ ] (h) *(Specify)* _____
_____.

ARTICLE III
SALARY REDUCTION CONTRIBUTIONS

3.01 AMOUNT. The amount of Salary Reduction Contributions to the Plan for a Plan Year or other specified period will equal the dollar or percentage amount by which Participants have reduced their Compensation, pursuant to Salary Reduction Agreements.

3.02 LIMITS ON SALARY REDUCTION CONTRIBUTIONS. A Participant's Salary Reduction Contributions are subject to the following limitation(s) in addition to those imposed by the Code *(Choose (a) or choose one or more of (b) through (d) as applicable):*

[ ] (a) **No limitations.**

[x] (b) **Maximum deferral amount:** 70%.

[x] (c) **Minimum deferral amount:** 1%.

[ ] (d) *(Specify)* _____.

[Note: Any limitation the Employer elects in (b) through (d) will apply on a payroll basis unless the Employer otherwise specifies.]

Age 50 Catch-up Contributions. [Plan Section 3.06] The Plan *(Choose one of (e) or (f))*:

[x] (e) **Permits.** Permits Participants to make age 50 catch-up contributions.

[ ] (f) **Does not permit.** Does not permit Participants to make age 50 catch-up contributions.

[Note: Only a Governmental Eligible 457 Plan may permit age 50 catch-up contributions.]

Sick, Vacation and Back Pay. [Plan Section 3.02(A)] The Plan *(Choose one of (g) or (h))*:

[x] (g) **Permits.** Permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

[ ] (h) **Does not permit.** Does not permit Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

Automatic Enrollment. [Plan Section 3.02(B)] The Plan *(Choose one of (i) or (j))*:

[x] (i) **Does not apply.** Does not apply the Plan's Automatic Enrollment provisions.

[ ] (j) **Applies.** Applies the Plan's Automatic Enrollment provisions. The Employer as a Salary Reduction Contribution will withhold _____% from each Participant's Compensation unless the Participant elects a lesser percentage (including zero) under his/her Salary Reduction Agreement. The automatic election will apply to *(Choose one of (1) or (2))*:

[ ] (l) **All Participants.** All Participants who as of _____ are not making Salary Reduction Contributions at least equal to the automatic amount.

[ ] (2) **New Participants.** Each Employee whose Plan Entry Date is on or following: August 1, 2007.

ARTICLE IV
TIME AND METHOD OF PAYMENT OF BENEFITS

4.02 TIME/METHOD OF PAYMENT OF ACCOUNT. The Plan will distribute to a Participant who incurs a Severance from Employment his/her Vested Account as follows:

Timing. The Plan, in the absence of a permissible Participant election to commence payment later, will pay the Participant's Account (*Choose one of (a) through (e)*):

[ ] (a) **Specified Date.** _____ days after the Participant's Severance from Employment. *[Note: In a Tax-Exempt Organization 457 Plan, the Employer may wish to designate a specific payment date. This date will be the date upon which a Participant's Deferred Compensation is "made available" and therefore becomes taxable to the Participant, absent a proper Participant election to defer payment.]*

[x] (b) **Immediate.** As soon as administratively practicable following the Participant's Severance from Employment.

[ ] (c) **Designated Plan Year.** As soon as administratively practicable in the _____ Plan Year beginning after the Participant's Severance from Employment.

[ ] (d) **Normal Retirement Age.** As soon as administratively practicable after the close of the Plan Year in which the Participant attains Normal Retirement Age.

[ ] (e) *(Specify)*: _____
_____.

Method. The Plan, in the absence of a permissible Participant election of an alternative method, will distribute the Account under one of the following method(s) of distribution *(Choose one or more of (f) through (j) as applicable)*:

[x] (f) **Lump sum.** A single payment.

[ ] (g) **Installments.** Multiple payments made as follows: _____.

[ ] (h) **Installments for required minimum distributions only.** Annual payments are necessary under Plan Section 4.03.

[ ] (i) **Annuity distribution option(s):** _____
_____.

[ ] (j) *(Specify)*_____.

Participant Election. [Plan Sections 4.02(A) and (B)] The Plan *(Choose one of (k), (l) or (m))*:

[ ] (k) **Permits.** Permits a Participant, with Plan Administrator approval of the election, to elect to postpone distribution beyond the time the Employer has elected in (a) through (e) and also to elect the method of distribution (including a method not described in (f) through (j) above).

[x] (l) **Does not permit.** Does not permit a Participant to elect the timing and method of Account distribution.

[ ] (m) *(Specify)*: _____
_____.

4.03 REQUIRED MINIMUM DISTRIBUTIONS. The following elections apply to required minimum distributions under the Plan *(Choose one of (a) or (b) as applicable. Choose (c) and (d) as applicable)*:

[ ] (a) **Five-year rule.** If a Participant with a designated Beneficiary dies before the required beginning date, the Plan will distribute the Participant's Account by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

[ ] (b) **Participant election.** A Participant or designated Beneficiary, on an individual basis in accordance with applicable Treasury regulations, may elect whether to apply the five-year rule or the life expectancy rule to the distribution of a deceased Participant's Account.

[ ] (c) **Effective date.** The required minimum distribution provisions of Section 4.03 apply commencing in 2003, or if later, on the Plan's Effective Date.

[ ] (d) **Special designated Beneficiary election.** A designated Beneficiary who is receiving payments under the five-year rule on or before December 31, 2002, may elect the life expectancy rule, in accordance with applicable Treasury regulations.

[Note: An Employer need not elect any of (a) through (d) above. These elections override certain "default" Plan provisions.]

4.05 DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT. A Participant prior to Severance from Employment, may elect to receive a distribution of his/her Vested Account under the following distribution options *(Choose (a) or choose one or more of (b) through (f) as applicable):*

[ ] (a) **None.** A Participant may not receive a distribution prior to Severance from Employment.

[x] (b) **Unforeseeable emergency**. A Participant may elect a distribution from his/her Account in accordance with Plan Section 4.05(A).

[ ] (c) **De minimis exception**. [Plan Section 4.05(B)] If the Participant: (i) has an Account that does not exceed $5,000; (ii) has not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (iii) has not received a prior Plan distribution under this de minimis exception, then *(Choose one of (1), (2) or (3))*:

[ ] (1) **Participant election.** The Participant may elect to receive all or any portion of his/her Account.

[ ] (2) **Mandatory distribution.** The Plan Administrator will distribute the Participant's entire Account.

[ ] (3) **Hybrid.** The Plan Administrator will distribute a Participant's Account that does not exceed $_____ and the Participant may elect to receive all or any portion of his/her Account that exceeds $_____ but that does not exceed $5,000.

[x] (d) **Age 70½.** A Participant who attains age 70½ prior to Severance from Employment may elect distribution of any or all of his/her Account.

[ ] (e) **Distribution of Rollover Contributions.** A Participant *(Choose one of (1) or (2))*:

[ ] (1) **Distribution without restrictions.** May elect distribution of his/her Rollover Contributions Account in accordance with Plan Section 4.05(C) as follows at any time.

[ ] (2) **No distribution.** May not elect to receive distribution of his/her Rollover Contributions Account until the Participant has a distributable event under Plan Section 4.01.

[ ] (3) *(Specify)* _____.

[ ] (f) *(Specify)*_____.
[Note: An Employer in an Eligible 457 Plan need not permit any in-service distributions. In an Eligible 457 Plan, any election must comply with the distribution restrictions of Code §457(d).]

4.06 QDRO. The QDRO provisions of Plan Section 4.06 *(Choose one of (a), (b) or (c))*:

[x] (a) **Apply.**

[ ] (b) **Do not apply.**

[ ] (c) *(Specify)* _____
_____.

ARTICLE V
PLAN ADMINISTRATOR - DUTIES WITH RESPECT TO PARTICIPANTS' ACCOUNTS

5.07 ALLOCATION OF NET INCOME, GAIN OR LOSS. The Plan Administrator will allocate net income, gain or loss using the following method *(Choose one of (a), (b) or (c)):*

[x] (a) **Account Earnings.** The Plan credits to each Account the Account's actual earnings, including Trust earnings if applicable.

[ ] (b) **Interest.** The Plan credits to each Account interest at the rate of _____% per annum compounded _____.

[ ] (c) *(Specify)* _____
_____.

5.11 VESTING/SUBSTANTIAL RISK OF FORFEITURE. A Participant's Deferral Contributions are *(Choose one of (a), (b), (c) or (d)): [Note: If a Participant incurs a Severance from Employment before the specified events or conditions, the Plan will forfeit the Participant's Account.]*

[x] (a) **100% Vested.** Immediately Vested without regard to additional Service.

[ ] (b) **Forfeiture under Vesting Schedule.** Vested according to the following vesting schedule:

Years of Service	Vested Percentage
_____	_____
_____	_____
_____	_____
_____	_____

For this purpose, a "Year of Service" means: _____.

[ ] (c) **Substantial Risk of Forfeiture.** Vested only when no longer subject to the following Substantial Risk of Forfeiture as follows *(Choose (1) or (2))*:

[ ] (1) The Participant must remain employed by the Employer until _____, unless earlier Severance from Employment occurs on account of death or disability, as the Plan Administrator shall establish.

[ ] (2) *(Specify)* _____
_____.

[ ] (d) *(Specify)* _____
___.

[If the Employer elects (a), it need not elect one of (e) through (h) below.]

Forfeiture Allocation. [Plan Sections 5.11(A) and 5.14] The Plan Administrator will allocate any Plan forfeitures *(Choose one of (e), (f), (g) or (h))*:

[ ] (e) **Reversion.** As a reversion to the Employer. *[Note: Do not elect (e) in a Governmental Eligible 457 Plan.]*

[ ] (f) **Additional Contributions.** As the following contribution type *(Choose one of (1) or (2))*:

[ ] (1) **Nonelective.** As an additional Nonelective Contribution.

[ ] (2) **Matching.** As an additional Matching Contribution.

[ ] (g) **Reduce Fixed Contributions.** To reduce the following fixed contribution *(Choose one of (1) or (2))*:

[ ] (1) **Nonelective.** The reduce the Employer's fixed Nonelective Contribution.

[ ] (2) **Matching.** To reduce the Employer's fixed Matching Contribution.

[x] (h) *(Specify)*: Not applicable, 100% vested
___
_____.

ARTICLE VIII
TRUST PROVISIONS – GOVERNMENTAL ELIGIBLE 457 PLAN

8.01 MODIFICATION OR SUBSTITUTION OF TRUST. The following provisions apply to Article VIII of the Plan *(Choose one of (a) or (b) as applicable)*:

[ ] (a) **Modifications.** The Employer modifies the Article VIII Trust provisions as follows: _____
_____.
The remaining Article VIII provisions apply.

[x] (b) **Substitution.** The Employer replaces the Trust with the **Texas Hospital Association Participant Directed Retirement Program for Member Hospitals Group Trust**.

8.04 DISCRETIONARY/NONDISCRETIONARY TRUSTEE. *(Choose one of (a) or (b))*:

[x] (a) **Discretionary trustee.** [Plan Section 8.04] The Trustee is a discretionary Trustee.

[ ] (b) **Nondiscretionary trustee.** [Plan Section 8.04(A)] The Trustee is a nondiscretionary Trustee.

8.16 CUSTODIAL ACCOUNT/ANNUITY CONTRACT. The Employer will hold all or part of the Deferred Compensation in one or more custodial accounts or annuity contracts which satisfy the requirements of Code §457(g) *(Choose one or more of (a), (b) or (c) as applicable)*.

[x] (a) **Custodial account(s).**

[ ] (b) **Annuity contract(s).**

[ ] (c) *(Specify)*: _____.
[Note: The Employer under (c) may wish to identify the custodial accounts or annuity contracts or to designate a portion of the Deferred Compensation to be held in such vehicles versus held in the Trust.]

PLAN EXECUTION

The Employer hereby agrees to the provisions of the Prototype Plan, as modified by the elections the Employer has made in this Adoption Agreement, and in witness of its agreement, the Employer, by its duly authorized officer or official, has executed this Adoption Agreement, on this 22nd day of August, 2007.

Name of Employer: **NTMC North Texas Medical Center**

Employer's EIN: 75-1091664

Signed: _____ CEO
[Name/Title]

Rudd and Wisdom, Inc.

CONSULTING ACTUARIES

Mitchell L. Bilbe, F.S.A.
Evan L. Dial, F.S.A.
Philip S. Dial, F.S.A.
Philip J. Ellis, A.S.A.
Charles V. Faerber, F.S.A., A.C.A.S.
Mark R. Fenlaw, F.S.A.
Brandon L. Fuller, A.S.A.
Christopher S. Johnson, F.S.A.
Oliver B. Kiel, F.S.A.
Robert M. May, F.S.A.
Edward A. Mire, F.S.A.
Rebecca B. Morris, A.S.A.
Amanda L. Murphy, F.S.A.
Michael J. Muth, F.S.A.
Khiem Ngo, F.S.A., A.C.A.S.
Elizabeth A. O'Brien, F.S.A.
Raymond W. Tilotta
Ronald W. Tobleman, F.S.A.
David G. Wilkes, F.S.A.

June 14, 2017

Ms. Melissa Walker
Chief Financial Officer
NTMC North Texas Medical Center
1900 Hospital Blvd.
Gainesville, TX 76240

Dear Melissa:

At the request of Brian Whitworth of Hilltop Securities, we have prepared actuarial estimates of the plan liabilities of the THA Retirement Plan for North Texas Medical Center NTMC, measured on the basis of a proposed plan termination.

Going Concern Measurement Basis

Liabilities on a plan termination basis are measured differently than when measured on a going-concern basis. As a going concern, plan assets have been invested in a portfolio with an asset mix approximately 75% in equities and 25% in fixed income securities. Over a long period of time, it is reasonable to assume that such a portfolio would earn future investment return in the range of approximately 7.5% per year before expenses. (Historical returns from 1981 through April 30, 2017 averaged a geometrically compounded rate in excess of 8.8%.) Measuring the plan liabilities on the basis of that 7.5% discount rate produced a value of benefits accumulated through April 1, 2016 of $14.7 million. Comparing that measurement of plan liabilities to the market value of plan assets as of April 1, 2016 of $12.1 million produced an asset/liability ratio of 82%.

Updating those figures to June 30, 2017 using the 7.5% discount rate and a census updated to April 1, 2017 produces estimated liabilities of $15.7 million and estimated assets of $13.9 million, with a resulting ratio of 89%.

Plan Termination Measurement Basis

However, when a pension plan terminates, pensions must be settled via the purchase of annuities from insurance companies. The insurance companies, under state law, must

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invest a vast majority of the assets supporting the annuity payments in fixed income securities, in order to provide a high degree of assurance that the obligations will be met. Fixed income securities, in general, produce lower long-term rates of investment return than do equities. Thus, when moving from a going-concern measurement basis to a plan termination measurement basis, a lower discount rate must be used to reflect the lower long-term rate of return anticipated on the fixed income securities that will form the vast majority of the assets underlying the annuities. In addition, margin must be added for insurance company administrative expenses, profit, premium taxes, etc.

After reviewing current annuity market conditions, we have recalculated plan liabilities as of June 30, 2017 using a 2.6% discount rate. With a lower yield on the plan investments, a higher principal amount is necessary in order to produce enough income at the lower yield to provide the pension payment amounts required under the plan terms. Stated succinctly, a lower discount rate inflates the measure of plan liabilities.

Using the 2.6% discount rate we have determined estimated plan liabilities to be $30.0 million as of June 30, 2017. This produces a funding shortfall of approximately $16.1 million as of June 30, 2017.

Recognizing that it may take approximately a year to terminate the plan and purchase the annuities, we estimate that the shortfall may grow to approximately $17.9 million by April 2018.

Both of these amounts are estimates. Actual costs of annuities will be determined by market conditions at the time final distributions occur, which is expected to be sometime in early to mid-2018. Those market conditions cannot be anticipated in advance. If yields on high-grade corporate securities and fixed income obligations were to rise before then, the plan liability measure would deflate. If such yields were to decline in the interim, the liability measures would inflate from the estimates shown above.

For example, we have measured the effect of a potential drop in discount rates of 30 basis points from 2.6% to 2.3%. In that event, the June 30, 2017 shortfall would increase from $16.1 million to $17.7 million. A comparable decline in shortfall would occur if rates were to rise 30 basis points.

Volatility of Plan Asset Values and Remediation Steps

Similarly, the asset values a year from now cannot be predicted with certainty, particularly given the current asset mix in which plan assets are held. Once a decision is made to proceed with the plan termination, consideration should be given to moving the assets to a more conservative asset mix, perhaps one that would mirror the mix which the insurance carrier might utilize to support the obligations.

Alternative 1

We have also valued the plan termination obligations on two alternative measurement bases which anticipate possible plan amendments.

Current plan provisions permit lump sum payments in settlement of the pension obligation only if the value of the pension does not exceed $10,000, with the lump sum value determined using a discount rate of 8% and a mortality table specified in the plan document.

Alternative 1 assumes that the board adopts an amendment to the pension plan prior to its termination to permit lump sums on that basis without any limitation. Because the lump sum payment is calculated using an 8% discount rate, rather than the 2.6% discount rate used in the estimated cost of the annuity, the pension liabilities could be settled for a lower amount, to the extent participants choose the lump sum option. For example, we estimate that the funding shortfall as of June 30, 2017 would be reduced from $16.1 million to $12.9 million on this basis. (In that calculation, we have assumed that all participants under age 50 would select the immediate lump sum option and all participants age 50 or over would select an annuity distribution.)

The savings in Alternative 1 stem from the fact that the lump sum being offered is not economically equivalent to the value of the pension under current market conditions (i.e., historically low discount rates). However, only those participants who elect a lump sum option would be affected and the option could be communicated so as to illuminate the difference between the market value of the pension option and the lower amount of the lump sum settlement.

Alternative 2

Alternative 2 also involves a plan amendment to offer lump sum settlements in excess of $10,000 but the basis for computing the lump sum settlement is modified to mirror the discount rate provisions required for such settlements in private sector plans covered by ERISA. These are the discount rates specified in Internal Revenue Code Section 417(e)(3). On this measurement basis, the estimated plan shortfall would be reduced from $16.1 million to $14.4 million as of June 30, 2017. This is higher than the $12.9 million figure in Alternative 1, because the Section 417(e)(3) rates are intended to more closely match the market value of the pension annuity, albeit without the margin for insurance company administrative expenses, profit margin and premium taxes.

All Calculations Are Estimates

It is important to recognize that all of the above calculations are estimates. Actual plan obligations and value of assets will vary from those presented herein. Actual market

conditions at the time the transaction is consummated will govern the amount of shortfall at that time.

Actuarial Assumptions

With the exception of the discount rates and payment form assumptions mentioned throughout this report, all actuarial assumptions are those used in the most recently complete actuarial valuation of the plan, as of April 1, 2016 as shown in the report dated October 7, 2016.

Variability in Future Actuarial Measurement

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in economic or demographic assumptions;
- Changes in plan provisions or applicable law; and
- Changes in governmental accounting rules promulgated by GASB or federal legislation, which might specify different methods of measuring plan obligations.

We have not been asked to perform and have not performed any stochastic or deterministic sensitivity analyses of the potential ranges of such future measurements. If you have an interest in the results of any such analysis, please let us know.

If you should have any questions or need additional information or if you need us to present this information to the Board or answer their questions, please do not hesitate to call.

Sincerely,

Michael J. Muth, F.S.A.

MJM:ph

cc: Brian Whitworth
Ryan Manns
Lea Anne Porter

EXHIBIT A

TEXAS HOSPITAL ASSOCIATION RETIREMENT PLAN FOR NTMC NORTH TEXAS MEDICAL CENTER

Estimated Plan Termination Liabilities and Shortfall Amounts as of September 1, 2017

			(A) Estimated Liability	(B) Estimated Assets [1]	(C) = (B) - (A) Estimated Shortfall
Scenario 3a	Status Quo Benefits [2,3]				
		Retiree/Benef.	$ 9,980,000		
		Vest Term (Age < 50)	505,000		
		Vest Term (Age > 50)	4,400,000		
		Active (Age < 50)	3,800,000		
		Active (Age > 50)	10,150,000		
		Actives Beyond NRD	1,420,000		
		TOTALS	$ 30,255,000	$ 13,900,000	$ (16,355,000)
Scenario 3b	Lump Sums to some Actives and Vest Terms [2,4]				
		Retiree/Benef.	$ 9,980,000		
		Vest Term (Age < 50)	120,000		
		Vest Term (Age > 50)	4,600,000		
		Active (Age < 50)	800,000		
		Active (Age > 50)	10,200,000		
		Actives Beyond NRD	1,400,000		
		TOTALS	$ 27,100,000	$ 13,900,000	$ (13,200,000)
Scenario 3c	Lump Sums to all Actives and Vest Terms [2,5]				
		Retiree/Benef.	$ 9,980,000		
		Vest Term (Age < 50)	120,000		
		Vest Term (Age > 50)	1,640,000		
		Active (Age < 50)	800,000		
		Active (Age > 50)	3,900,000		
		Actives Beyond NRD	760,000		
		TOTALS	$ 17,200,000	$ 13,900,000	$ (3,300,000)

[1] Estimated asset value derived from assumptions outlined in June 29, 2017 email.

[2] Except where noted, same actuarial assumptions as in April 1, 2016 Actuarial Valuation Report.

[3] Annuities valued with 2.6% discount rate and RP-2014/MP-2016 mortality. Lump sums below $10,000 valued at 8.0% discount rate and UP84 mortality, setback 3 years.

[4] Annuities valued with 2.6% discount rate and RP-2014/MP-2016 mortality. Lump sums (i) below $10,000 or (ii) for vested terminated and active participants under age 50 valued at 8.0% discount rate and UP84 mortality, setback 3 years.

[5] Annuities valued with 2.6% discount rate and RP-2014/MP-2016 mortality. Lump sums for all vested terminated and active participants valued at 8.0% discount rate and UP84 mortality, setback 3 years.

NTMC
North Texas Medical Center

TEXAS HOSPITAL ASSOCIATION
RETIREMENT PLAN FOR
NTMC NORTH TEXAS MEDICAL CENTER

ACTUARIAL VALUATION

AS OF

APRIL 1, 2016

Rudd and Wisdom, Inc.

CONSULTING ACTUARIES

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October 7, 2016

Mr. Randy Bacus
Chief Executive Officer
NTMC North Texas Medical Center
1900 Hospital Blvd.
Gainesville, Texas 76240

Re: 2015-2016 Plan Year Actuarial Valuation of the Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center

Dear Mr. Bacus:

Enclosed is the Actuarial Valuation of the Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center as of April 1, 2016.

Note: This report may be provided to third parties only if distributed in its entirety.

THA Funding Guidelines

Among healthy public sector retirement programs, the industry norm has been to make annual contributions which both pay the current year's normal cost and which will amortize the existing unfunded actuarial accrued liability over a period of usually 30 years or less, but never more than 40 years.

In 1993, the THA Retirement Plan Trustees adopted a minimum funding guideline for participation in the THA Retirement Plan which requires payment of the actuarial normal cost plus a minimum amortization of the unfunded liability. The Trustees' guideline for governmental plans is consistent with the guidelines published by the State Pension Review Board, a Texas state agency with oversight responsibilities for governmental plans in Texas. Effective September 28, 2011, the State Pension Review Board adopted new guidelines. Under the new guidelines, funding should be adequate to amortize the unfunded actuarial accrued liability over a period not to exceed 40 years, with 15 - 25 years being a more preferable target. Benefit increases should not be adopted if all plan changes being considered cause a material increase in the amortization period and if the resulting amortization period exceeds 25 years. The recommended contribution for the 2016-2017 plan year as shown below is consistent with these guidelines.

Any member employer whose contributions on behalf of any plan year (counting contributions made up to eight and one-half months after the close of the plan year) have not exceeded the Trustees' guidelines shall be so notified in the succeeding year's actuarial report. If those guidelines fail to be met in more than one plan year within any five plan year period, the employer shall be informed that if contributions sufficient to satisfy those guidelines for the second such plan year are not made by the time of the next scheduled quarterly Trustee meeting, the Trustees will initiate actions to force the withdrawal of the plan from the THA Retirement Plan. The Trustees are Hospital Administrators and senior financial officers of member hospitals and are appointed by THA to serve rotating terms. Plan records indicate that employer contributions received during the 2015-2016 plan year did meet the minimum established for last year.

Components of Annual Contribution

Any given year's contribution is comprised of two components, the normal cost and an amortization of the unfunded actuarial liability. The unfunded actuarial liability is not a liability in the true accounting sense. Rather, it is derived from a comparison of the plan assets as of the valuation date to a theoretical level of plan assets that would be expected to be on hand if:

1) the current plan provisions had always been in place;

2) the current actuarial funding method had always been in use; and

3) the current actuarial assumptions had always been in use and had exactly matched plan experience.

Thus, the unfunded actuarial liability derives from the fact that plan history diverged from the three assumptions mentioned above. For example, if, at inception, a plan credits past service for employees who had worked prior to the plan's inception, then an unfunded liability is then created. Similarly, if plan experience diverges from the assumptions, then the unfunded liability is increased or decreased accordingly.

You may wish to refer to the attached glossary of definitions in Section VIII for a further description of terms and methodologies. In addition, we can review these matters further in a presentation to management, your board or a subcommittee thereof.

Contribution Alternatives

Last year, we recommended a minimum employer contribution rate equal to at least 9.67% of expected participant payroll for the 2015-2016 plan year. The employer contribution for the 2016-2017 plan year based on a 20-year amortization period is $836,500 as shown on page II-2.

For the last 11 months the hospital has been contributing at the rate of $83,000 per month. We recommend that the employer continue the contributions of $83,000 per month (see Alternative 2 on page II-2) which will amortize the unfunded liability over a period at the low end of the preferred target range of the Texas State Pension Review Board.

You may continue to use the $83,000 per month contribution rate until the results of a subsequent actuarial valuation indicate the need for a change. In the absence of investment gains or losses and/or

liability gains or losses, we expect the employer contributions to change annually in order to remain relatively constant as a percentage of hospital payroll.

You may also wish to contribute more than our above recommendation. See the section entitled "Pension Funding Options to Consider" below.

Comparison with Prior Years

A comparison between the above described recommended contribution amount and the contribution made in prior years, both in dollar amounts and as percentages of annual participant compensation, is as follows:

Year		Contribution		As % of Pension Payroll
1998-99		$ 64,905		2.11%
1999-2000		66,696		1.99
2000-01		55,098		1.59
2001-02		108,168		3.07
2002-03		111,772		2.68
2003-04		182,728		4.07
2004-05		163,560		3.62
2005-06		199,592		4.04
2006-07		185,656		4.02
2007-08 [1]		284,065		5.67
2008-09		293,816		5.42
2009-10		389,207		7.40
2010-11		427,058		7.00
2011-12		465,847		7.25
2012-13		488,145		7.25
2013-14		509,695		7.50
2014-15 [2,3]		828,572		7.70
2015-16 [3]		985,513		9.67
2016-17 [4]		836,500		10.22

1 Plan amended to increase benefits.
2 Plan amended to allow special one-time final entry date.
3 Changes in methods and assumptions.
4 Changes in assumptions.

Pension Funding Options to Consider

As an employer evaluates the amount to contribute to its pension plan, other considerations must be evaluated. These include:

(1) the benefit security of active and retired plan participants;
(2) competing uses of employer cash flow;
(3) costs of borrowing versus expected return on plan assets;
(4) financial reporting effects under GASB requirements (i.e., unfunded liabilities reported in the financial statement); and
(5) employer preferences with respect to predictability of future funding requirements.

Changes in Actuarial Assumptions

The enclosed actuarial valuation reflects different actuarial assumptions from those recognized in the prior valuation prepared for the plan and reflects changes to the investment return and earnings progression assumptions. The current actuarial assumptions are identified in Section V of this report.

No Changes in Plan Provisions

This valuation reflects identical plan provisions to those recognized in the prior valuation prepared for the plan. The current plan provisions are summarized in Section VI of this report.

Variability in Future Actuarial Measurement

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status);
- Changes in plan provisions or applicable law; and
- Changes in governmental accounting rules promulgated by GASB or federal legislation, which might specify different methods of measuring plan obligations.

We have not been asked to perform and have not performed any stochastic or deterministic sensitivity analyses of the potential ranges of such future measurements. If you have an interest in the results of any such analysis, please let us know.

If you have any questions concerning this information, please do not hesitate to call or write.

Respectfully submitted,

RUDD AND WISDOM, INC.

Michael J. Muth, F.S.A.

MJM:ec

Enclosures

cc: Lea Anne Porter, HealthSHARE
Donna Otts
Teresa Westover

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ACTUARIAL VALUATION

AS OF

APRIL 1, 2016

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Section I – Certification of Actuarial Valuation as of April 1, 2016

At the request of the Plan Administrator, we have performed an actuarial valuation of the plan as of April 1, 2016. The purpose of this report is to present the results of our valuation together with the retirement plan contribution requirements for the plan year ending March 31, 2017.

We have based our valuation on employee data as of April 1, 2016 provided by NTMC North Texas Medical Center and asset information as of April 1, 2016 provided by State Street Bank. We have used the actuarial methods and assumptions described in Section V of this report. The actuarial valuation has been performed on the basis of the plan benefits described in Section VI.

To the best of our knowledge, all current employees eligible to participate in the plan as of the valuation date and all other individuals who have a remaining vested benefit under the plan have been included in the valuation. Further, all plan benefits have been considered in the development of plan costs.

The plan sponsor remains solely responsible for the accuracy and comprehensiveness of the data provided. However, to the best of our knowledge, no material biases exist with respect to any imperfections in the data provided by these sources. To the extent that any data imperfections exist in the historical compensation database, we have addressed the imperfections by application of the increase assumptions specified in Section V. To the extent any imperfections exist in service records we have relied on best estimates provided by the employer. We have not audited the data provided, but have reviewed it for reasonableness and consistency relative to previously provided information.

To the best of our knowledge, the actuarial information supplied in this report is complete and accurate, and in our opinion each assumption used is reasonable (taking into account the experience of the plan and reasonable expectations) and represents our best estimate of anticipated experience under the plan solely with respect to that individual assumption.

We hereby certify that we are members of the American Academy of Actuaries who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Christopher S. Johnson, F.S.A.
Enrolled Actuary Number 14-7100
Member of American Academy of Actuaries

Michael J. Muth, F.S.A.
Enrolled Actuary Number 14-3727
Member of American Academy of Actuaries

Section II – Summary of Actuarial Valuation

A. Traditional Entry Age Normal-Level Percent Funding Method

1.	**Valuation Date**	April 1, 2015	April 1, 2016
2.	**Plan Participant Demographics**		
	a. Actives	150	118
	b. Active Participants Beyond Normal Retirement Date	6	5
	c. Vested Terminated and Inactive Participants	64	62
	d. Retirees, Disableds and Beneficiaries	61	68
	e. Total	281	253
3.	**Active Participants Projections**		
	a. Number for Plan Year	149	114
	b. Compensation for Plan Year	$ 10,192,091	$ 8,188,470
4.	**Present Value of Future Benefits**		
	a. Active Participants		
	i. Retirement[1]	$ 13,458,758	$ 12,197,182
	ii. Disability	639,154	584,715
	iii. Death	160,161	144,668
	iv. Vested Termination	870,394	813,857
	v. Total Active	$ 15,128,467	$ 13,740,422
	b. Vested Terminated and Inactive Participants	1,996,000	1,974,203
	c. Retirees, Disableds and Beneficiaries	4,418,979	5,650,267
	d. Total	$ 21,543,446	$ 21,364,892
5.	**Present Value of Future Normal Cost**	$ 4,862,444	$ 3,804,309
6.	**Accrued Liability (Item 4.d. - Item 5)**	$ 16,681,002	$ 17,560,583
7.	**Actuarial Value of Assets**	$ 11,202,634	$ 12,643,698
8.	**Unfunded Accrued Liability (UAL) (Item 6 - Item 7)**	$ 5,478,368	$ 4,916,885
9.	**Normal Cost**		
	a. Total Normal Cost	$ 734,851[2]	$ 594,381[2]
	b. Expected Employee Contributions	(294,356)	(236,775)
	c. Employer Normal Cost	$ 440,495	$ 357,606

[1] Includes active participants who are beyond their normal retirement date.
[2] Includes administrative expenses.

B. Determination of Minimum Employer Contribution

1. **20-Year Level Dollar Employer Contribution**[1]	
a. Employer Normal Cost	$ 357,606
b. Years Remaining in Amortization Period[2]	20
c. Level Dollar Amortization of UAL	$ 448,659
d. Total Employer Contribution [(Item 1.a. + Item 1.c.) x 1.0375]	$ 836,500
e. Total Employer Contribution as a Percentage of Payroll	10.22%
2. **Discount Rate**	7.50%

[1] Per Texas State Pension Review Board guidelines, effective September 28, 2011 funding should be adequate to amortize the unfunded actuarial liability over a period not to exceed 40 years, with 15-25 years being a more preferable target.

[2] Amortization Period re-established this year as the mid-point of 15-25 year period preferred by Texas State Pension Review Board guidelines.

C. Alternative Annual Contribution Rates

	Alternative 1	Alternative 2
1. Employer Contributions for Plan Year April 1, 2016 - March 31, 2017		
a. Total Contributed Year-to-Date [April through September]	$ 498,000	$ 498,000
b. Assumed Total Contribution for Remainder of Year [October through March]	$ 402,000	$ 498,000
c. Assumed Monthly Contributions for Remainder of Year [October through March]	$ 67,000	$ 83,000
d. Annual Employer Contribution	$ 900,000	$ 996,000
e. Contribution Rate	10.99%	12.16%
2. Beginning of Year Value of Employer Contribution[1]	$ 868,037	$ 960,628
3. Beginning of Year Employer Normal Cost	$ 357,606	$ 357,606
4. Unfunded Accrued Liability (UAL)	$ 4,916,885	$ 4,916,885
5. Amount Available for UAL Amortization (Item 2 - Item 3)	$ 510,431	$ 603,022
6. Amortization Factor (Item 4 / Item 5)	9.6328	8.1537
7. Amortization Period for UAL[2]	16 years	12 years

[1] Item 1.d. / $(1.075^{½})$

[2] Based on level dollar amortization.

Section III – Development of Actuarial Experience Gain/(Loss)

	2016
1. **Prior Year Unfunded Accrued Liability**	$ 5,478,368
2. **Prior Year Employer Normal Cost**	440,495
3. **One Year Interest on Item 1 and Item 2**	458,712
4. **Prior Year Employer Contributions**	(1,056,534)
5. **Time Weighted Interest on Item 4**	(41,156)
6. **Current Year Expected Unfunded Accrued Liability**	$ 5,279,885
7. **Increase due to Change in Plan Provisions**	0
8. **Increase due to Change in Assumptions**	272,800
9. **Current Year Unfunded Accrued Liability**	(4,916,885)
10. **Prior Year Total Experience Gain/(Loss)**	$ 635,800
11. **Investment Gain/(Loss) Component**	$ (1,144,225)
12. **Liability Gain/(Loss) Component**	$ 1,780,025

Section IV – Plan Accounting Information

A. Summary of Assets as of April 1, 2016

Investment Category	Market Value
1. **Cash**	**$ 0**
2. **Cash equivalents**	**0**
3. **Receivables**	
a. Employer Contributions	**0**
b. Employee Contributions	**0**
c. Accrued Income	**0**
4. **U.S. Government securities**	**0**
5. **Corporate debt and equity**	**0**
6. **Pooled or Mutual Funds**	
a. Cash equivalents	**0**
b. Debt	**0**
c. Equity	**0**
7. **Real estate and mortgages**	**0**
8. **Unallocated insurance contracts**	**0**
9. **Other**	
a. Participant loans	**0**
b. Cash value of insurance contracts	**0**
c. Limited partnerships	**0**
d. Benefits receivable/(payable)	**1,669**
e. Interest in THA Retirement Trust	**12,087,309**
10. **Total assets as of April 1, 2016**	**$ 12,088,978**
11. **Actuarial value of assets as of April 1, 2016**	**$ 12,643,698**

B. Plan Income Statement (Market Value)

1. **Plan Assets as of April 1, 2015**	**$ 11,700,281**
2. **Contributions receivable as of April 1, 2015 from:**	
a. Employer	**0**
b. Employees	**0**
3. **Distributions (receivable)/payable as of April 1, 2015:**	
a. Benefits	**(79)**[1]
b. Expenses	**0**
4. **Total Trust Assets as of April 1, 2015**	**$ 11,700,202**
5. **Contributions received in the plan year from:**	
a. Employer	**1,056,534**
b. Employees	**254,261**
6. **Investment return for the plan year:**	
a. Investment income	**176,542**
b. Net realized and unrealized gains (losses)	**(374,976)**
c. Accrued investment income	**0**
7. **Distributions paid in the plan year:**	
a. Benefits	**(655,899)**
b. Investment-related expenses	**(15,661)**
c. Administrative expenses	**(53,694)**
8. **Total Trust Assets as of April 1, 2016**	**$ 12,087,309**
9. **Contributions receivable as of April 1, 2016 from:**	
a. Employer	**0**
b. Employees	**0**
10. **Distributions receivable/(payable) as of April 1, 2016:**	
a. Benefits	**1,669**[2]
b. Expenses	**0**
11. **Total Plan Assets as of April 1, 2016**	**$ 12,088,978**

[1] Represents a benefit receivable of $1,018.56 for Marie Bowles offset by a benefit payable of $940.29 for Mary Sieger.

[2] Represents a benefit receivable of $1,668.72 for Marie Bowles.

C. Development of Actuarial Value of Assets

Calculation of Actuarial Investment Gain/(Loss) Based on Market Value of Assets	2015-2016	2014-2015	2013-2014	2012-2013
Market Value of Assets as of beginning of year	$ 11,700,281	$ 10,336,952	$ 8,668,862	$ 7,633,745
Employer Contributions	1,056,534	828,572	509,695	488,145
Employee Contributions	254,261	281,561	191,730	182,694
Benefit Payments	(708,003)	(588,872)	(491,131)	(483,213)
Expected Investment Return[1]	930,130	821,313	701,921	618,205
Expected Market Value of Assets as of end of year	$ 13,233,203	$ 11,679,526	$ 9,581,077	$ 8,439,576
Actual Market Value of Assets as of end of year	$ 12,088,978	$ 11,700,281	$ 10,336,952	$ 8,668,862
Actuarial Investment Gain/(Loss)	$ (1,144,225)	$ 20,755	$ 755,875	$ 229,286

[1] assuming (1) uniform distribution of payments and contributions during the plan year, and (2) 7.75% expected annual rate of return for 2015-2016 and 2014-2015 and 8.00% expected annual rate of return for 2013-2014 and 2012-2013

D. Deferred Gain/(Loss) to be Recognized in Future Years

Plan Year	Investment Gain/(Loss)	Deferral Percentage	Deferred Gain/(Loss) Amount as of 4/1/2016
2015-2016	$ (1,144,225)	80%	$ (915,380)
2014-2015	20,755	60%	12,453
2013-2014	755,875	40%	302,350
2012-2013	229,286	20%	45,857
		TOTAL DEFERRED GAIN/(LOSS)	$ (554,720)

E. Calculation of Actuarial Value of Assets

1. **Market Value of Assets as of April 1, 2016**	$ 12,088,978
2. **Deferred Gain/(Loss) to be recognized in future**	$ (554,720)
3. **Total (Item 1 – Item 2)**	$ 12,643,698
4. **80% of Market Value as of April 1, 2016 (minimum)**	$ 9,671,182
5. **120% of Market Value as of April 1, 2016 (maximum)**	$ 14,506,774
6. **Actuarial Value as of April 1, 2016**	$ 12,643,698
7. **Write up/(down) of assets (Item 6 – Item 1)**	$ 554,720

F. Summary of Financial Reporting Data (FASB ASC 960, formerly known as SFAS No. 35)

	04/01/2015	04/01/2016
a. Actuarial Present Value of Accumulated Plan Benefits		
i. Retired participants and beneficiaries of deceased participants	**$ 4,418,979**	**$ 5,650,267**
ii. Terminated participants with vested interests	**1,996,000**	**1,974,203**
iii. Active participants (vested)	**4,579,191**	**4,655,536**
iv. Active participants (nonvested)	**378,558**	**334,590**
v. Employee contributions	**1,993,093**	**2,074,284**
vi. Total	**$ 13,365,821**	**$ 14,688,880**
b. Actuarial Value of Assets	**$ 11,202,634**	**$ 12,643,698**
c. Market Value of Assets	**$ 11,700,281**	**$ 12,088,978**
d. Ratio of (c.) to (a.vi.)	**87.5%**	**82.3%**
e. Discount Rate used for present values	**7.75%**	**7.50%**

Notes:

1. The actuarial value of assets is defined in Section V.

2. A comparison of the actuarial present value of accrued benefits with the actuarial value of assets provides a measure under an active plan of the progress which is being made toward the funding of the benefits which are accruing, according to measurement methods reasonably consistent for all plans. Other actuarial calculations ordinarily are made to determine year-to-year contribution levels, as illustrated in earlier sections of this report.

3. The actuarial values which would apply in the event the plan were terminated would differ from those shown, for many reasons including, but not necessarily limited to, the following:

   (a) Certain plan provisions which may apply in the event of partial or complete plan termination are not reflected in the benefits valued nor in the actuarial assumptions employed.

   (b) Vested benefits may be limited with reference to the value of the assets of the fund.

   (c) Actuarial computations under actuarial assumptions other than those specified herein may be required as a basis for determining plan benefits in the event of a partial or complete termination of the plan.

   (d) Benefits deemed already earned may not be the same as those underlying the actuarial values shown.

4. The benefits reflected above have been determined on the basis of the plan provisions in effect on the respective dates. The actuarial present values shown above for active participants are based on average compensation during the highest consecutive five years out of the last ten years ending on the respective date of determination. Benefits payable under all circumstances - retirement, death, disability and vested termination of employment - are included, to the extent that they are deemed to have accrued as of the computation dates.

5. There have been changes in actuarial assumptions since the previous valuation. The principal actuarial assumptions used in determining the actuarial present values shown are summarized in Section V.

6. There have been no changes in benefits being valued under the plan since the previous valuation. The benefits valued in determining the actuarial present values shown are summarized in Section VI.

7. The following illustration details the development of the actuarial present values over the period April 1, 2015 to April 1, 2016:

Actuarial Present Value of Accrued Benefits as of April 1, 2015		**$ 13,365,821**
Increases/(Decreases) during the year attributable to:		
a. Benefits accumulated[1]	**$ 1,626,607**	
b. Benefits paid	**(654,309)**	
c. Plan amendments	**0**	
d. Change in actuarial assumptions	**350,761**	
Net Increase/(Decrease)		**1,323,059**
Actuarial Present Value of Accrued Benefits as of April 1, 2016		**$ 14,688,880**

[1] Includes actuarial gains and losses.

Section V – Actuarial Methods and Assumptions

A. Actuarial Methods

1. Actuarial Funding Method

The Entry Age Normal actuarial funding method is used in determining the contribution requirements for the plan. The actuarial funding method is the procedure by which the actuary annually identifies a series of annual contributions which, along with current assets and future investment earnings, will fund the expected plan benefits. The Entry Age Normal funding method compares the excess of the present value of expected future plan benefits over the current value of plan assets. This difference represents the expected present value of current and future contributions that will be paid into the plan. The contributions are divided into two components: an annual normal cost (or current cost) and an amortization charge for the unfunded accrued liability.

The normal cost for the plan is the sum of individually determined normal costs for each active participant. Each active participant's normal cost is the current annual contribution in a series of annual contributions which, if made throughout the participant's total period of employment, would fund his expected benefits from the plan. Each participant's normal cost is calculated to be an annual constant percentage of his expected compensation in each year of employment.

The plan's current accrued liability is the excess of the present value of expected future benefits over the present value of all future remaining normal cost contributions of active participants. The unfunded accrued liability is the amount by which the accrued liability exceeds the current plan assets. The unfunded accrued liability is recalculated each time a valuation is performed and is amortized annual contributions expressed as a level dollar amount in accordance with employer funding goals and GASB, THA and Texas State Pension Review Board guidelines. Experience gains and losses, which represent deviations of the unfunded accrued liability from its expected value based on the prior valuation, are determined at each valuation and are amortized as part of the newly calculated unfunded accrued liability.

The method used in this valuation establishes the employer contribution rate as a percentage of payroll designed to pay the normal cost for the year and amortize the unfunded accrued liability over a period not to exceed 25 years. If, in any year the actuarial value of assets equals or exceeds the accrued actuarial liability, the contribution is reduced in subsequent years to equal the Employer Normal Cost reduced by the excess of plan assets over the accrued liability. Subsequently, if the accrued liability again exceeds plan assets, a new contribution rate will be established based on a renewed amortization of the unfunded accrued liability over a period not to exceed 25 years.

On the other hand, if, in any year the implicit amortization period of the unfunded accrued liability at the current contribution rate exceeds 25 years, the contribution rate is re-established at a higher level determined to reduce the implicit amortization period back below 25 years, recognizing the preferred target range of 15 to 25 years promulgated by the Texas State Pension Review Board.

2. Actuarial Value of Assets

Market Value of Assets equals Fair Value plus any receivable contributions made for a prior plan year. Actuarial Value of Assets is determined by adjusting the Market Value of Assets to reflect investment gains and losses during each of the last five years at the rate of 20% per year. Actuarial Value shall be adjusted as to not be in excess of 120% of Market Value nor to be less than 80% of Market Value.

B. Actuarial Assumptions

1. Mortality: The participants of the plan are expected to exhibit mortality in accordance with the following published mortality tables:

   a. Pre-retirement Mortality: RP-2014 Total Employee Table (adjusted from the 2006 Base Year using Scale MP-2015) and projected using the Scale MP-2015 mortality improvement rates

   b. Post-retirement Mortality: RP-2014 Total Healthy Annuitant Table (adjusted from the 2006 Base Year using Scale MP-2015) and projected using the Scale MP-2015 mortality improvement rates

   c. Post-disability Mortality: RP-2014 Disabled Retiree Table (adjusted from the 2006 Base Year using Scale MP-2015) and projected using the Scale MP-2015 mortality improvement rates

2. Withdrawal: The active participants are assumed to terminate their employment for causes other than death, disability or retirement in accordance with annual rates as illustrated below.

Attained Age	Terminations per 1,000 Participants
20	288
25	235
30	185
40	113
50	60
55 and above	0

3. Investment Return: Current and future plan assets are assumed to reflect an annual investment return of 7.50% net of investment management expenses.

4. Earnings Progression: The increase in the levels of participant compensation is assumed to occur at an annual rate of 5.0%.

5. Retirement Age: A participant is assumed to retire in accordance with annual rates as illustrated below:

Age	Rate of Retirement
55-58	2%
59-61	3%
62	20%
63-64	10%
65 and above	100%

6. Disability: Active participants are expected to become disabled as defined under the plan in accordance with annual rates as illustrated below:

Attained Age	Disabilities per 1,000 Participants
20	0.59
25	0.74
30	0.98
40	1.89
50	4.90
60	11.96

7. Expenses: Investment expenses necessary to the operation of this plan are assumed to be paid from plan assets and are offset against expected investment returns in establishing the net investment return rate. The Normal Cost reflects a load in the amount of actual administration expenses paid from the trust during the prior plan year.

8. Recognition of IRC Sections 401(a)(17) and 415(b) Limitations: The limitations under IRC Sections 401(a)(17) and 415(b) have been reflected in the determination of plan costs.

   For purposes of projecting limits pursuant to these IRC Sections, an annual CPI increase of 3% has been assumed.

9. Marital Status: 100% of the plan population is assumed to be married at the time of separation from service. Female spouses are assumed to be three years younger than their male counterparts.

10. Form of Payment: Upon termination or retirement, active participants are assumed to receive the value of their employee contributions with interest immediately. The remainder of their benefit is assumed to be paid as a life annuity at 65 or a life annuity commencing immediately, if the active participant meets early retirement requirements. Vested Terminated participants are assumed to elect a life annuity commencing at their Normal Retirement Date.

11. Changes in Actuarial Assumptions:

Reflected in this valuation are revised assumptions from the prior valuation as follows:

i) Investment Return
   a. Current: See item B.3. above
   b. Prior: 7.75%

ii) Earnings Progression
   a. Current: See item B.4. above
   b. Prior: 5.5%

These changes were made to reflect the actuary's best expectations of future plan experience.

Section VI – Outline of Principal Plan Eligibility and Benefit Provisions

1. Identifying Data

   a. Plan name: Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center
   b. Type of plan: Defined benefit
   c. Adopting Employer: NTMC North Texas Medical Center
   d. Plan Year: April 1 through March 31

2. Participation

   a. Minimum Age: 25
   b. Maximum Age at Hire: none
   c. Service: three years, except no waiting period for the one-time final entry date of June 1, 2014.
   d. Employee Classification: except as noted in bold below, all full-time employees are eligible for participation
   e. Entry Date: first April after eligible (special one-time final entry date of June 1, 2014)
   f. For employees first hired between April 1, 2001 and December 31, 2002, such employee's most recent period of continuous service with Muenster Memorial Hospital shall be deemed service with NTMC for purposes of determining eligibility and vesting service.

   After June 1, 2014, no current or future employee shall be eligible to enter or re-enter the plan.

3. Contributions

   a. Participant: equal to 3% of compensation
   b. Employer: balance necessary to adequately finance plan benefits on an actuarially determined basis

4. Eligibility for Retirement

   a. Normal Retirement: age 65 plus 5 years of vesting service
   b. Early Retirement: age 55 plus 10 years of vesting service

5. Retirement Benefit Monthly Amounts

   a. Normal Retirement: 1.60% of average monthly compensation per year of service
   b. Late Retirement: the greater of:
      i.) the same formula as normal retirement, but reflecting service and compensation up to actual retirement, or
      ii.) monthly amount actuarially equivalent to normal retirement benefit at normal retirement age
   c. Early Retirement: amount equal to monthly normal retirement benefit accrued at early retirement date reduced 1/15 for each year early retirement precedes normal retirement (up to 5 years) and reduced 1/30 for each additional such year

d. Disability: amount equal to monthly accrued vested retirement benefit calculated as of disability date (i.e., same benefit as for vested termination)

6. Normal Form of Monthly Payment

Life annuity; other actuarially equivalent payment forms are available; including lump sum distributions

7. Vested Termination Benefits

a. Benefit: entitlement to vested percentage of accrued normal retirement benefit

b. Vesting Schedule:

Years of Vesting Service	Vesting Percent
less than 1	0%
1	20
2	40
3	60
4	80
5 or more	100

c. A year of vesting service is credited for each year of active membership in the plan.

d. A participant is always 100% vested in the portion of the accrued normal retirement benefit attributed to employee contributions

e. Accrued Normal Retirement Benefit: Defined as the monthly benefit that a participant has accrued before reaching normal retirement age payable in the normal form of payment beginning at normal retirement age. The amount of the accrued benefit is determined when a participant terminates his employment and is calculated like the normal retirement benefit but using only years of service and compensation credited at date of termination.

8. Pre-retirement Death Benefits

Payment of benefit which is actuarially equivalent to present value of vested accrued normal retirement benefit

9. Basis of Actuarial Equivalence

8% and UP-1984 Mortality Table (with a 3 year age setback for males and females) for monthly benefits and for converting monthly benefits to single payment amounts

10. Average Monthly Compensation

Averaged over highest 5 consecutive and complete calendar years during the last 10 calendar years; annual compensation limits under IRC Section 401(a)(17) are determined pursuant to grandfather rules in IRC Section 401(a)(17) regulations applicable to public plans.

11. In-Service Withdrawals

Participants may elect to withdraw their contributions (with interest) from the plan. However, doing so results in forfeiture of all service credits (including vested amounts, if any) for periods prior to withdrawal. The employee is treated for all purposes in the future (eligibility, vesting, benefit accrual) as if he or she were a new employee hired on the date of any subsequent re-entry into the plan.

As of June 1, 2014, no current or future employee shall be eligible to enter or re-enter the plan.

12. Interest on Employee Contributions

Interest is credited on employee contributions at the rate of 5% per year.

13. Tax Treatment of Employee Contributions

Employee contributions are made on an after-tax basis. Therefore, these amounts are returned without taxation (in accordance with the provisions of IRC Section 72) at the time of distribution. Employer provided benefits and interest on employee contributions are taxable when paid as benefits.

Section VII – Summary of Participant Data

A. Participant Data Reconciliation

	Active Participants[1]	Current Payment Status	Vested Terminated[2]	Total
1. As of April 1, 2015	156	61	64	281
2. Change of status				
a. normal retirement	(1)	2	(1)	0
b. late retirement	(3)	6	(3)	0
c. early retirement	0	0	0	0
d. disability	0	0	0	0
e. death	(1)	(1)	0	(2)
f. withdrawal	(4)	0	4	0
g. termination	(24)	0	24	0
h. completion of payment	0	0	(26)	(26)
i. other	0	0	0	0
j. net changes	(33)	7	(2)	(28)
3. New participants	N/A	N/A	N/A	N/A
4. As of April 1, 2016	123	68	62	253

[1] Includes any participant who might be beyond Normal Retirement Date.
[2] Includes withdrawn participants and benefits associated with prior periods of employment for currently active participants.

B. Age/Service Tables

Age and Service Table For Actives as of April 1, 2016

	Current Years of Benefit Service														*Row*	*Percent*
Current Age	*0 <= t < 1*	*1 <= t < 2*	*2 <= t < 3*	*3 <= t < 4*	*4 <= t < 5*	*0 <= t < 5*	*5 <= t < 10*	*10 <= t < 15*	*15 <= t < 20*	*20 <= t < 25*	*25 <= t < 30*	*30 <= t < 35*	*35 <= t < 40*	*t >=40*	*Totals*	*of Total*
x < 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
25 <= x < 30	0	1	1	2	1	5	0	0	0	0	0	0	0	0	5	4.07%
30 <= x < 35	0	1	4	4	2	11	4	2	0	0	0	0	0	0	17	13.82%
35 <= x < 40	0	1	2	4	1	8	4	0	0	0	0	0	0	0	12	9.76%
40 <= x < 45	0	0	1	1	3	5	2	7	3	0	0	0	0	0	17	13.82%
45 <= x < 50	0	0	2	2	1	5	3	0	3	1	0	0	0	0	12	9.76%
50<= x < 55	0	0	4	4	2	10	3	1	1	1	0	0	0	0	16	13.01%
55<= x < 60	0	1	2	2	1	6	4	1	2	5	4	0	1	0	23	18.70%
60<= x < 65	0	1	0	1	2	4	4	0	3	2	2	1	0	0	16	13.01%
65<= x < 70	0	0	0	0	0	0	1	1	2	1	0	0	0	0	5	4.07%
x >=70	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Column Totals	0	5	16	20	13	54	25	12	14	10	6	1	1	0	123	100.00%
Percent of Total	0.00%	4.07%	13.01%	16.25%	10.57%	43.90%	20.33%	9.76%	11.38%	8.13%	4.88%	0.81%	0.81%	0.00%	100.00%	

Average Attained Age: 48.45

Average Service: 9.84

Average Compensation by Age and Service Table For Actives as of April 1, 2016

	Current Years of Benefit Service														*Row*	*Percent*
Current Age	*0 <= t < 1*	*1 <= t < 2*	*2 <= t < 3*	*3 <= t < 4*	*4 <= t < 5*	*0 <= t < 5*	*5 <= t < 10*	*10 <= t < 15*	*15 <= t < 20*	*20 <= t < 25*	*25 <= t < 30*	*30 <= t < 35*	*35 <= t < 40*	*t >=40*	*Averages*	*of Total*
x < 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
25 <= x < 30	0	27,691	23,842	43,185	21,765	31,934	0	0	0	0	0	0	0	0	31,934	1.89%
30 <= x < 35	0	146,818	99,816	61,749	57,875	82,621	55,789	54,797	0	0	0	0	0	0	73,034	14.73%
35 <= x < 40	0	32,473	57,875	49,701	31,135	47,270	70,930	0	0	0	0	0	0	0	55,157	7.85%
40 <= x < 45	0	0	68,222	138,151	69,917	83,225	78,396	69,147	74,167	0	0	0	0	0	75,262	15.18%
45 <= x < 50	0	0	65,914	65,929	61,562	65,049	52,188	0	66,669	67,171	0	0	0	0	62,416	8.89%
50<= x < 55	0	0	68,949	79,762	86,230	76,730	64,354	72,755	48,331	75,532	0	0	0	0	72,312	13.73%
55<= x < 60	0	76,279	59,290	73,088	43,907	64,157	72,798	71,870	68,107	83,711	96,818	0	48,062	0	75,570	20.62%
60<= x < 65	0	34,279	0	29,350	57,994	44,904	103,750	0	47,677	82,560	98,581	73,683	0	0	73,351	13.92%
65<= x < 70	0	0	0	0	0	0	21,147	50,690	51,504	94,489	0	0	0	0	53,867	3.20%
x >=70	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
Column Averages	0	63,508	70,830	64,838	59,409	65,183	69,625	65,745	60,935	82,087	97,406	73,683	48,062	0	68,533	100.00%
Percent of Total	0.00%	3.77%	13.44%	15.38%	9.16%	41.76%	20.65%	9.36%	10.12%	9.74%	6.93%	0.87%	0.57%	0.00%	100.00%	

Average Annual Compensation 68,533

Section VIII – Glossary

Present Value of Future Benefits: This is computed by projecting the total future benefit cash flow from the plan using actuarial assumptions and then discounting the cash flow to the valuation date.

Normal Cost: Computed differently under different actuarial cost methods, the normal cost generally represents the value of the portion of the participants' anticipated retirement, termination and/or death and disability benefits attributed to the current plan year.

Accrued Liability: This is also computed differently under different actuarial cost methods. Generally, the accrued liability represents the value of the portion of the participant's anticipated retirement, termination and/or death and disability benefits attributed to periods preceding the valuation date.

Present Value of Accumulated Plan Benefits: Computed in accordance with FASB ASC 960 (formerly known as FASB 35), this quantity is determined independently from the plan's actuarial cost method. Basically, this is the present value of a participant's accrued benefit as of the valuation date, assuming the participant will earn no more credited service and will receive no future salary.

Actuarial Gain or Loss: From one valuation date to the next, if the experience of the plan differs from that anticipated by the actuarial assumptions, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust earned 12% for a year while the assumed rate of return used in the valuation was 8%.

Initial
Initial

AMENDMENT TO MANAGEMENT SERVICES AGREEMENT

This **AMENDMENT** (the "**Amendment**") is entered into and effective this 3rd day of May ~~April~~, 2017 (the "**Effective Date**"), by and between **GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER**, a political subdivision of the State of Texas ("**District**"), and **MCALLEN MEDICAL CENTER PHYSICIANS, INC.**, a Texas nonprofit corporation ("**Manager**").

RECITALS

WHEREAS, District and Manager entered into a certain *Management Services Agreement*, dated January 20, 2017 (the "**Agreement**");

WHEREAS, Paragraph 15.L. of the Agreement provides that the parties may amend the Agreement through a writing signed by the parties;

WHEREAS, District and Manager have agreed to amend the Agreement as set forth herein in order to clarify the commencement date of the Term (as defined in the Agreement) and the financial terms applicable following the conclusion of the Start-Up Period (as defined in the Agreement).

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. **Amendments to the Agreement**.

(a) Paragraph 1.B. of the Agreement is hereby amended in its entirety to read as follows:

> *"B. Term. This Agreement shall commence at 12:01 a.m. on January 23, 2017 (the "Effective Date") and, unless otherwise terminated in accordance with the terms hereof, shall automatically terminate upon the earlier of: (1) January 22, 2020; or (2) when the APA and Lease permitted by the Option close (the "Term"). Nothing contained herein shall prevent the parties hereto, by mutual agreement, from seeking approval for this Agreement from the applicable bankruptcy court."*

(b) Paragraph 12.Q.(2) of the Agreement is hereby amended in its entirety to read as follows:

> *"(2) Following the Start-Up Period and during each month of the Term hereof, an amount equal to the greater of: (a) the cash remaining in the Concentration Account and any Operating Accounts after payment of Hospital Expenses; or (b) $0.00. In the event that the Start-Up Period terminates prior to the one year anniversary of the Effective Date, the Management Fee shall not exceed an amount determined by multiplying the number of days between the termination of the Start-Up Period and the earlier of (i) the one year anniversary of the Effective Date; or (ii) the termination of this Agreement, by $22,906.84 (i.e., $8,361,000 per annum). In the event*

that the Start-Up Period does not terminate prior to the one year anniversary of the Effective Date, the parties agree to obtain an updated fair market value opinion pursuant to Paragraph 1.G. prior to the conclusion of the Start-Up Period and on each anniversary thereof. Such fair market value opinion shall be used to determine the cap on the Management Fee for the immediately following twelve (12) month period." Manager agrees to promptly repay District any Management Fee(s) received by Manager pursuant to this Section 12.Q.(2) that are determined to have been paid in excess of the cap listed above.

(c) Section 10.D.(3) is hereby added to the Agreement to read as follows:

"(3) If Manager has not exercised the Option within one hundred eighty (180) days after conclusion of the Hospital's pending bankruptcy and the final resolution of all unresolved federal or state investigations, self-disclosures and discovered overpayments, then District may terminate the Agreement, without cause, upon sixty (60) days prior written notice to Manager."

(d) Paragraph 10.E.(5) of the Agreement is hereby amended in its entirety to read as follows:

"(5) At any time upon thirty (30) days written notice in the event that the APA and Lease needed to exercise the Option are not mutually agreed in form by parties within thirty (30) days following the conclusion of the Start-Up Period."

(e) Paragraph 12.I. of the Agreement is hereby amended in its entirety to read as follows:

"I. Reserved."

(f) Paragraph 12.X. of the Agreement is hereby amended in its entirety to read as follows:

"X. Start-Up Period shall mean that period beginning on the Effective Date and ending on a date to be determined by mutual agreement between Hospital and Manager, but in no event shall the Start-Up Period extend sixty (60) days beyond the conclusion of the Hospital's pending bankruptcy and the final resolution of all unresolved federal or state investigations, self-disclosures and discovered overpayments."

(g) The opening paragraph in Paragraph 13 of the Agreement is hereby amended in its entirety to read as follows:

*"13. **Irrevocable Option**. At any time during the Term of this Agreement (the "**Option Period**"), District hereby grants to Manager, and any Affiliate assignee of Manager, the option to purchase the Hospital operations in accordance with the APA, the Lease, Applicable Law, including but not limited to Sections 285.051 and 285.052 of the Texas Health and Safety Code, and lease the real property, fixtures and equipment*

necessary (in Manager's sole determination) needed to successfully and efficiently operate the Hospital in accordance with the terms of the APA and the Lease (the "Option"). The parties intend that the APA and Lease will be executed within a reasonable period of time following the conclusion of the Hospital's pending bankruptcy. Notwithstanding the foregoing, the parties shall work in good faith to negotiate the terms of the APA and Lease and shall acknowledge that the terms of such agreements are mutually acceptable to the parties prior to the conclusion of the Start-Up Period. Components of the APA and Lease that cannot be determined until the conclusion of the pending bankruptcy will be clearly identified by the parties prior to the conclusion of the Start-Up Period. The APA and Lease shall contain terms which shall include, but shall not be limited to, the following:"

For the avoidance of doubt, the remainder of Paragraph 13 shall remain unchanged.

2. **Authorization of Substitute Pages**. Manager and District, by approval of this Amendment, authorize the law firm of Husch Blackwell LLP, to insert substitute pages into the Agreement which reflect the Amendments set forth herein.

3. **Miscellaneous**.

(a) Full Force and Effect. Except as amended herein, all other terms and conditions of the Agreement shall remain in full force and effect.

(b) Severability. If any provision of this Amendment is determined by any court of competent jurisdiction to be invalid or unenforceable in any jurisdiction, the remaining provisions of this Amendment shall not be affected thereby, and the invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable that provision in any other jurisdiction. It is understood, however, that the parties intend each provision of this Amendment to be valid and enforceable and each of them waives all rights to object to any provision of this Amendment.

(c) Binding. This Amendment shall be binding upon and inure solely to the benefit of the parties and their respective successors and permitted assigns.

(d) Governing Law. This Amendment shall be governed by and construed in accordance with the law of the State of Texas.

(e) Counterparts. This Amendment may be executed in one or more counterparts, including by facsimile signature, each of which, when executed and signed by all parties and delivered thereto, shall be deemed an original, but all of such counterparts shall together constitute one and the same agreement, and shall be binding upon all the parties hereto.

(f) No Third-Party Benefit. The provisions of this Amendment shall be deemed to be for the exclusive benefit of District and Manager, and shall not be deemed to be for the benefit of, or enforceable by, any third-party.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first set forth above and this Amendment, having been duly adopted in accordance with the terms of Paragraph 15.L. of the Agreement, shall be effective as of the date first set forth above.

MANAGER:

MCALLEN MEDICAL CENTER PHYSICIANS, INC.

By: _____
Name: ~~Steve Filton~~ George Brunner
Title: ~~President~~ Secretary

DISTRICT:

GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER

By: Robbie Baugh
Name: Robbie Baugh
Title: Chair, Gainesville Hospital District

MANAGEMENT SERVICES AGREEMENT

This **MANAGEMENT SERVICES AGREEMENT** ("**Agreement**") is made as of the 20th day of January, 2017 by and between **MCALLEN MEDICAL CENTER PHYSICIANS, INC.**, a Texas nonprofit corporation ("**Manager**"), and **GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER**, a political subdivision of the State of Texas ("**District**") and is effective on the Effective Date (as defined below).

BACKGROUND:

WHEREAS, District operates a Texas licensed general hospital located at 1900 Hospital Boulevard, Gainesville, Texas 76240, as well as other healthcare facilities and clinics (collectively, the "**Hospital**");

WHEREAS, District is currently in bankruptcy and needs managerial assistance;

WHEREAS, as additional consideration for entering into this Agreement, District has granted Manager the Option (as defined in Paragraph 13 below) pursuant to which Manager shall have the right to purchase the Hospital's operations pursuant to the APA and lease the Hospital's premises and related buildings and equipment pursuant to the Lease;

WHEREAS, Manager is capable of providing comprehensive administrative, management, information and other services to healthcare facilities as more specifically described in this Agreement; and

WHEREAS, Manager desires to provide the management services to District to assist District in operating the Hospital.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, District hereby agrees to purchase from Manager the administrative, management, information and other support services herein described and Manager agrees to provide such services on the terms and conditions provided in this Agreement.

AGREEMENT:

1. Appointment and Relationship of the Parties.

A. Appointment. Pursuant to Chapter 1077 of the Texas Special District Local Laws Code, District hereby engages Manager and Manager hereby agrees to be engaged to serve as the exclusive manager of Hospital and provide the services described herein and manage the day to day operations of the Hospital during the Term of this Agreement. District acknowledges that many of the management services provided by Manager herein may be provided by employees of the Manager.

B. Term. This Agreement shall commence at 12:01 a.m. on day after this Agreement is approved by the applicable bankruptcy court (the "Effective Date") and, unless otherwise terminated in accordance with the terms hereof, shall automatically terminate when the APA permitted by the Option closes or this Agreement is otherwise terminated as provided herein (the "**Term**").

C. Independent Relationship. The relationship between Manager and District is that of independent contracting parties and neither Manager nor District, nor their respective employees, servants, agents or representatives shall be considered the employee, servant, agent or representative of

the other, except with respect to duties specifically delegated to Manager under this Agreement. Each party shall be responsible solely for and shall comply with all federal, state, county and municipal laws and regulations pertaining to employment taxes, income withholding, unemployment compensation contributions and other employment related statutes applicable to that party.

D. Responsibility of Parties. Manager understands that the governance of Hospital is vested in District's Board of Directors for the Hospital (the "**Board**") and that the Board retains ultimate control over the policies and operations of Hospital. Manager agrees to perform the services set forth herein in accordance with such policies and directives of the Board. All matters involving professional medical judgment shall remain the responsibility of Hospital in consultation with the Hospital's medical staff and medical executive committee. District hereby delegates to the Manager those powers and responsibilities necessary for Manager to perform the services set forth herein.

E. No Patient Referrals. The parties agree that the benefits to Hospital do not require, and are not in payment for, and are not in any way contingent upon the admission, referral, or any other arrangement for the provision of any item or services offered by Manager or any of its Affiliates to any patient of the Hospital. Likewise, the parties agree that the benefits to the Manager do not require, and are not in payment for, and are not in any way contingent upon the admission, referral, or any other arrangement for the provision of any item or services offered by District to any patient of Manager or its Affiliates.

F. Non-Assumption of Liability. District acknowledges and agrees that Manager does not assume, and District will remain solely liable for, all obligations, expenses and liabilities of District and Hospital arising prior to the end of the Start-Up Period, regardless of when such amounts become due and payable, as well as all District Expenses incurred throughout the Term.

G. Fair Market Value. The parties will request fair market value opinions as to the fees paid under the Agreement. Upon receipt of such opinions, the parties agree to modify any terms of the Agreement as may be necessary to ensure that the management fees are consistent with fair market value.

2. Duties and Responsibilities of Manager.

A. General Duties and Responsibilities. Manager is authorized to manage, operate, maintain and supervise Hospital in accordance with the terms and conditions of this Agreement and to provide such services in a manner consistent with the prudent and workmanlike management, operation, maintenance and supervision of entities similar to Hospital. Additionally, the Manager will assist District in providing medical and hospital care for the District's needy inhabitants in a manner consistent with the District's constitutional and statutory responsibilities.

B. Services. Without limiting the provisions of Paragraph 2.A., above, Manager shall provide the following services for District:

(1) *Preparation of Budgets*. Manager shall prepare annual and operating budgets reflecting in reasonable detail the anticipated revenues, expenses and sources of capital growth of Hospital and present such budgets to the Board.

(2) *Service Development*. At least annually, Manager shall conduct an analysis to assess the possible expansion of Hospital's service lines, opportunities to provide new services or new technologies, including new and/or replacement equipment.

(3) *Financial Statements, Tax Returns, Medicaid DSH and Waiver*. Manager shall prepare annual financial statements for the operation of Hospital and present such financial statements to the Board. Manager shall prepare unaudited monthly income statements reflecting the financial results of Hospital for such month. Manager shall prepare, or cause to be prepared, the Hospital's annual income tax return. Manager shall assist the Hospital in complying with and participating in all Medicaid supplemental reimbursement programs available to the Hospital, including, but not limited to, the Medicaid disproportionate share hospital payment program ("**DSH**"), and the Texas Medicaid 1115 Healthcare Transformation Waiver (the "**Medicaid Waiver**"). District acknowledges that the funding available through the Medicaid Waiver and DSH is critical to the financial viability of the Hospital. District agrees to use its best efforts to assist Manager in ensuring that the Hospital accesses the maximum amount of Medicaid supplemental reimbursement funding to which the Hospital is entitled.

(4) *Inventory and Supplies*. Manager shall cause to be ordered and purchased inventory and supplies, and such other ordinary or appropriate material which are necessary for the operation of the Hospital in a manner necessary to deliver quality medical services.

(5) *Systems and Procedures*. Manager shall develop and implement all systems and procedures required for the efficient operations of Hospital. Notwithstanding any provision to the contrary, except for those Systems paid for by District pursuant to the terms hereof, Manager shall retain all ownership and other rights in all Systems and nothing in this Agreement shall be construed as a license or transfer of such Systems or any portion thereof, either during the Term of this Agreement or thereafter. Upon the termination or expiration of this Agreement, Manager shall have the right to retain all such Systems, and District shall, upon request, deliver to Manager all such Systems in its possession.

(6) *Records and Confidentiality*. Manager shall maintain or cause to be maintained a comprehensive system of records, books and accounts for Hospital, which records, books and accounts shall, to the extent possible, be maintained on the premises of Hospital. Manager shall, in connection with the performance of the services, maintain the confidentiality of all financial information of Hospital as well as protected health information of Hospital's patients in accordance with the requirements of the Health Insurance Portability and Accountability Act of 1996, and its implementing regulations (collectively, "**HIPAA**"). Manager shall enter into a Business Associate Agreement with District, attached hereto as Exhibit 2.B(6), in compliance with the requirements of HIPAA.

(7) *Compliance with Laws*. Manager shall assist District in connection with any and all actions as may be necessary to comply with Applicable Laws and all Health Laws and Legal Requirements. Manager shall comply with all Applicable Laws in connection with its performance of Manager's services under this Agreement.

(8) *Personnel*. Manager or its Affiliate shall provide employees to assist District in operating the Hospital. Manager shall ensure that Manager's personnel and any personnel employed directly by District, who provide services at the Hospital, act in accordance with District's and Hospital's applicable policies. Manager shall advise and assist District to investigate, employ, supervise and discharge personnel necessary to the successful operation of the Hospital. Additionally, Manager shall supervise the preparation and filing of all necessary forms for disability insurance, hospitalization and group life insurance, unemployment insurance for District's employees who work at the Hospital, withholding and social security taxes and all

other forms required by any federal, state, municipal or other governmental District or by any labor union agreement.

(9) *Insurance*.

(a) Manager shall cause to be purchased or maintained all forms of insurance required by Applicable Laws or deemed necessary or advisable to adequately protect District, the Hospital and its properties, whether owned or leased by it.

(b) Manager shall also cause to be purchased or maintained professional liability insurance on behalf of District and its subsidiaries in form and such amounts as required by Applicable Laws or deemed necessary or advisable to adequately protect District and the Hospital.

(c) All insurance coverage shall be placed or maintained with such companies, in such amounts, and with such beneficial interest appearing therein as shall be acceptable to District. Manager shall supervise the prompt investigation and filing of full timely written reports to the insurance companies as to all accidents and claims for damages relating to the ownership, operation and maintenance of Hospital's properties and business and shall supervise the preparation of any and all reports required by any insurance in connection therewith. All such reports shall be timely filed with insurance as required under the terms of insurance policy involved.

(d) The costs related to the maintenance of all insurance coverage set forth in this Paragraph 2.B.(9), including, but not limited to premiums and deductibles, shall be a Hospital Expense.

(10) *Legal Actions*. Manager shall assist and advise District regarding any and all legal actions or proceedings it deems necessary or advisable to protect and maintain Hospital as commercially profitable enterprises. The Manager shall retain the right to select and retain legal counsel on the District's behalf to provide advice and counsel on day-to-day Hospital matters, provided however, that the District shall retain the sole right to hire additional legal counsel to represent the District in matters of governance of and operations of the District.

(11) *Contract Negotiation*. Except for those agreements between the Manager or its Affiliates and the District (which will be negotiated directly by District), Manager shall negotiate on behalf of and in the name of Hospital such agreements as Manager deems necessary or advisable for the furnishing of goods and services necessary for the operation of the Hospital, including, without limitation, professional health care provider services agreements, maintenance agreements, and real and personal property lease or sublease agreements and such other agreements (collectively, "**Hospital Agreements**"). Compensation to third parties for services provided under Hospital Agreements shall be a Hospital Expense. To the extent permissible under applicable anti-trusts laws, Manager shall provide or make arrangement for managed care contracting on behalf of the Hospital.

(12) *Collections and Disbursements; Operating Accounts*. Manager shall be responsible for the billing and collection for services provided by Hospital. Except for: (i) taxes pledged to pay current or hereafter outstanding bonds; and (ii) amounts withheld (the "Withhold") by District from its taxes collected to pay its budgeted governance and operating expenses as provided for in Exhibit 2.B.(12) (the "District's Budgeted Expenses"), all monies collected from Hospital operations and any other funds collected independently by or on behalf of the District (including, but not limited to, any and all taxes collected by or on behalf of the District that are not part of the Withhold or pledged to pay current or hereafter outstanding bonds) shall be deposited in such commercial bank or banks as Manager from time to time designates, in demand, deposit or savings accounts opened for and on behalf of District and Hospital (such accounts hereinafter referred to as the "**Operating Accounts**"), and from the revenues so collected and deposited on behalf of Hospital, Manager will supervise the regular and punctual payment of all Secured Loans, the Management Fee and all expenses of the Hospital, other than District Expenses. No District Expenses will be paid from the Operating Accounts. Instead, District Expenses will be paid by District from District's account (the "**District Account**") and all amounts withheld by District for District's Budgeted Expenses shall be deposited in the District Account. To pay District Expenses from the District Account, District shall: (a) use the Withhold; (b) request Secured Loans as described in Section 6(B); or (c) raise funds through bonds. Notwithstanding, at District's request and prior to deducting Hospital related expenses and the Management Fee, Manager will agree to timely transfer to District Account from Operating Account any District Expenses defined as an inter-governmental transfer amount to the extent District decides to participate in a Medicaid supplemental reimbursement funding program benefiting the Hospital. All interest accruing on the Operating Accounts shall serve to increase the Operating Accounts. The parties agree that after the Start-Up Period and for the remainder of the Term, Manager shall be solely responsible and liable for payment of all Hospital Expenses. The parties further agree that District shall be responsible and liable for payment of the Management Fee (subject to Paragraph 7.A. and 6.C.(2)), Start-Up Period Hospital Expenses and District Expenses.

(13) *District's Budgeted Expenses.* Beginning on the first (1st) anniversary of the Effective Date, and on each anniversary of the Effective Date thereafter during the remainder of the Term, the District's Budgeted Expenses (less any outstanding bonds) shall be increased by a factor equal to the greater of: (i) two percent (2%); or (ii) the percentage increase in the CPI (as hereafter defined) over the preceding twelve (12) months, up to and including, the latest prior month for which statistics are available (the most recent available month published). As used herein, the term "CPI" means the Medical Component of the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. All City Average Report, published by the United States Department of Labor. If such an index shall no longer be published on an anniversary date, the substitute index (or similar measure) shall be used. At any time during the Term, in the event that the District actually incurs a reasonable expense that supports the Hospital or is otherwise a necessary District Expense under law and such reasonable expense is not included in the District's Budgeted Expenses, then District shall provide Manager written notice of its intended adjustment to District's Budgeted Expenses ("Notice of Budget Change"). The Notice of Budget Change shall set forth in writing, with sufficient detail, the reason for the change and why the additional expense is reasonable, supports the Hospital, or is otherwise a necessary District Expense under law. Within thirty (30) days of receiving such Notice of Budget Change, the parties will meet in good faith to discuss whether the additional expense is a reasonable District Expense that supports the Hospital or is otherwise a necessary District Expense under law and if so agreed, will mutually agree to adjust the District's Budgeted Expenses to include said additional expense. For avoidance of doubt, in no event shall the District's Budgeted Expenses be increased without the mutual written consent of the parties through an amendment to Exhibit

2.B(12). If the parties fail to meet within such thirty (30) day period or are unable to agree, either party may demand arbitration (pursuant to Paragraph 2.B(14)) to resolve the dispute, provided that the only disputes which may be resolved by such arbitration are disagreements as to whether the additional expense is reasonable and supports the Hospital or is otherwise a necessary District Expense under law. This Paragraph 2.B(13) shall not infringe on or otherwise limit Manager's right to terminate this Agreement pursuant to Paragraph 10.E(4) if, for example, such added expense depletes the Collateral.

(14) *Arbitration of Additional District's Budgeted Expenses.* If a dispute is submitted to an Arbiter the District and Manager shall instruct the Arbiter to, and the Arbiter shall, make a final determination of all such matters (but only such matters) which remain in dispute and are appropriate for arbitration under Paragraph 2.B(13). Manager and District shall reasonably cooperate with the Arbiter during the term of its engagement. District and Manager shall request the Arbiter to deliver its final determination in writing and within thirty (30) days following final submission of the disputed matters to it. The fees and expenses of the Arbiter pursuant to this Paragraph shall be borne equally by the parties. The parties agree that any Arbitration proceeding that is necessary under this paragraph shall be conducted in Dallas, Texas and according to arbitration rules mutually agreeable to the parties, or if the parties cannot agree on the arbitration rules in accordance with the arbitration rules of the American Health Lawyers Association Dispute Resolution Service.

(15) *Taxes*. All taxes and assessments properly levied with respect to the Hospital shall be paid by Manager in the name and for the account of District from the Operating Accounts.

C. Events Excusing Performance. Manager shall not be liable to District for failure to perform any of the services required herein in the event of strikes, lock-outs, calamities, acts of God, unavailability of supplies or other events over which Manager has no control for so long as such events continue, and for a reasonable period of time thereafter.

3. Limitations on Authority of Manager. Manager shall not, without the prior written consent of District, perform any of the following actions on behalf of District:

A. Acquire any real property except as approved by District;

B. With the exception of arranging for the Secured Loans as described in Paragraph 6(B), borrow money or incur any indebtedness on behalf of District;

C. Pledge or provide a security interest in any assets of District;

D. Sell or otherwise dispose of any assets of District; or

E. Confess a judgment or settle any claim that relates to pre-Effective Date obligations of the District or the Hospital.

4. Representations and Warranties

A. District. As of the date of this Agreement and throughout the Term of this Agreement, District represents and warrants to Manager as follows:

(1) The execution and delivery by District of this Agreement will not violate or cause District to be in default under any agreements, indentures, documents or instruments to which District is a party.

(2) District is in material compliance with and will continue to be in material compliance with federal, state and local laws, regulations, rules and ordinances relating to operations of District, including the right to participate in state and federal health programs, including Medicare and Medicaid if applicable.

(3) District has obtained all approvals, consents, and governing body votes necessary to authorize the execution of this Agreement.

B. Manager. As of the date of this Agreement and throughout the Term of this Agreement, Manager represents and warrants to District as follows:

(1) The execution and delivery by Manager of this Agreement will not violate or cause Manager to be in default under any agreements, indentures, documents or instruments to which Manager is a party.

(2) Manager is in material compliance with and will continue to be in material compliance with federal, state, and local laws, regulations and ordinances relating to its business and the services that Manager provides hereunder, including the right to participate in state and federal health programs, including Medicare and Medicaid, if applicable.

(3) Manager and its employees, agents, subcontractors and other staff have, and will continue to maintain, at Manager's sole cost and expense, any and all licenses or qualifications required by law for Manager and/or its employees, agents, subcontractors and other staff to perform the services described in this Agreement and will perform its duties hereunder in accordance with applicable law.

5. Obligations of District.

A. Cooperation of District. District shall provide Manager with all information necessary for Manager's performance of the services hereunder.

B. Prompt Board Action. District acknowledges that Manager's performance hereunder shall from time to time require the approval of, guidance by, or cooperation by District and the Board. District shall require that the Board respond reasonably promptly to requests by Manager for approvals and consult with and cooperate with Manager for Manager's performance of its duties hereunder.

C. Use of Name, Logos, Etc. During the Term of this Agreement, District authorizes Manager to utilize the name, trademarks, logos, and symbols identifying District, including the right to represent to the public and the healthcare industry that the operations of District are managed by Manager. The District and Manager shall work collaboratively to establish a plan to address the future branding of the Hospital in light of the transactions contemplated by the parties.

D. District Expenses. District shall ensure that all District Expenses are paid by the District in a timely manner from the funds deposited in the District Account in accordance with Section 2.B.(12) above.

E. Tax Revenues Pledged to the Payment of Bonds. Tax revenues levied and collected for the payment of any currently or hereafter outstanding bonds of the District shall not be subject to any pledge, lien, grant or attachment of tax revenues provided pursuant to the terms of this Agreement.

6. Cash Management System.

A. Participation in Cash Management System. Manager and District agree that during the Term of this Agreement, Manager shall have the option to require the Hospital to participate in the Manager's Cash Management System as hereinafter defined to facilitate the use of such system to manage the efficient and effective payment of Start-Up Period Hospital Expenses and Hospital Expenses. For purposes of this Agreement the "**Cash Management System**" shall mean the system maintained by Manager in which Operating Accounts of Hospital are swept every day and the monies swept are deposited into the master account of Universal Health Services, Inc. ("**UHS**") (Manager's parent organization) with Bank of America, Chicago, Illinois or such other replacement account (the "**Master Account**") and credited to Hospital and disbursements made by Manager on behalf of District to pay Start-Up Period Hospital Expenses and Hospital Expenses, which amounts are funded out of the Master Account of Manager's parent and debited to District. District acknowledges that the Cash Management System is utilized to manage the cash of all of UHS subsidiaries and that the cash of all such subsidiaries are deposited into the Master Account on a daily basis. Manager shall establish and maintain a memorandum account for the purpose of accounting for the deposits from the Operating Accounts of Hospital into the Master Account and the disbursements from the Master Account to pay for Start-Up Period Hospital Expenses and Hospital Expenses. Subject to the terms of the Secured Loans and payment of expenses (including but not limited to Start-Up Period Hospital Expenses, Hospital Expenses and the Management Fee), monies deposited in the Cash Management System pursuant to this Agreement shall remain at all times the sole property of the District and shall be returned to the District immediately upon request at any time. Manager acknowledges and agrees that it shall comply with TEXAS GOVERNMENT CODE CHAPTER 2256 in its holding, disbursement, and/or investment of any District monies deposited in the Cash Management System and/or Master Account. Notwithstanding the provisions of this Paragraph, the District shall at all times be authorized to maintain District Account outside of Manager's Cash Management System, provided, however, that, none of the funds in the District Account shall include any amounts that are required to be deposited in Operating Accounts as provided in Paragraph 2(B)(12) and that upon request, District shall provide Manager with the balance in such District Account.

B. Secured Loans. At any time, in its sole discretion, Manager may loan District funds to pay District Expenses (collectively, the "**District Expense Loans**") except for inter-governmental transfer amounts as described in the definition of District Expenses. During the Start-Up Period, Manager may loan District funds to pay other expenses of District or the Hospital that relate to the operations of the Hospital including Start-Up Period Hospital Expenses (the "**Start-Up Loans**"; together with the District Expense Loans, the "**Secured Loans**"). Notwithstanding any provision to the contrary, the District acknowledges and agrees that any Secured Loans will be structured as DIP loans and will be payable solely upon the terms of the applicable DIP loan documents, including but not limited to the DIP Loan's documents, and that no provisions in this Agreement will be construed to limit, modify or amend any such DIP loan documents including the DIP Loan's documents.

C. Termination Payment.

(1) Upon the termination of this Agreement, (a) all funds in the Cash Management System attributable to the Hospital, (b) any ordinary revenue in any depository account not included in the Cash Management System, but attributable to the Hospital, (c) any

Supplemental Payments received thereafter attributable to the operation of the Hospital prior to Termination, and (d) any receivables existing at the time of termination attributable to the operation of the Hospital (collectively "**Termination Funds**") shall be paid in the following order: (x) to pay any Secured Loans; (y) to pay Start-Up Period Hospital Expenses and Hospital Expenses that accrued prior to Termination; and (z) to pay Manager, all accrued but unpaid Management Fees.

(2) In the event that this Agreement is terminated following the Start-Up Period, District's liability to pay Manager the post-Start-Up Period Management Fee on Termination pursuant to Paragraph 6.C.(1) above shall not exceed the amount of Termination Funds remaining, if any, after payment of the above.

(3) In the event that this Agreement is terminated during the Start-Up Period, the then outstanding balance of any Secured Loan shall be increased by the amount of any Management Fees then unpaid after application of the Termination Funds pursuant to Paragraph 6.C.(1) above.

(4) Manager acknowledges and agrees that it shall remain solely liable for any outstanding Hospital Expenses that remain due and owing after application of the Termination Funds above.

(5) The reconciliation and timing of these payments will be completed as soon as practicable after Termination of this Agreement. The provisions of this Paragraph 6.C shall survive any termination of this Agreement.

7. **Financial Arrangements**.

A. Management Fee.

(1) For each year of the Term of this Agreement, District shall pay the Management Fee (as defined in Paragraph 12) to Manager, as compensation for services rendered hereunder, in accordance with the following:

(a) During the Start-Up Period, the District shall pay the Manager the Management Fee monthly in arrears on a pro rata basis within five (5) business days after the closing of the previous month's books. Under no circumstances shall District withhold amounts needed to pay Manager if they are available. If during the Start-Up Period, there are insufficient amounts in the Concentration Account (after payment of Start-Up Period Hospital Expenses only) to pay the Management Fee (including any prior unpaid Management Fees), any unpaid Management Fee shall be considered an Unpaid Monthly Liability and Manager, in its discretion, and provided that there are still adequate amounts to pay Start-Up Period Hospital Expenses, may deduct any then existing Unpaid Monthly Liabilities from the Concentration Account when sufficient funds are available in future periods. The aggregate amount of any unpaid Monthly Liabilities shall accrue interest at a rate per annum equal to twelve percent (12%) until the earlier of the termination of this Agreement or the conclusion of the Start-Up Period; provided,

however, in no event shall the rate of interest hereunder exceed the maximum non-usurious rate of interest permitted by the applicable laws of the State of Texas or the United States of America. The aggregate amount of Unpaid Monthly Liabilities existing as of the termination of this Agreement or the conclusion of the Start-Up Period shall either be treated as a Secured Loan (to the extent there are no then existing Secured Loans) or increase the then current balance of any then existing Secured Loan.

(b) Following the Start-Up Period, the District shall pay the Manager the Management Fee monthly in arrears on a pro rata basis within five (5) business days after the closing of the previous month's books. Under no circumstances shall District withhold amounts needed to pay Manager if they are available. District shall have no obligation to pay the Management Fee if there are insufficient amounts in the Concentration Account after payment of Hospital Expenses.

B. Payments. District shall issue a revocable instruction to the financial institution to sweep the amounts deposited into the Operating Accounts on a daily basis into an account established by Manager, which shall be the sole and exclusive property of District (**"Concentration Account"**). To the extent that the Manager requests the District participate in the Manager's Cash Management System, the Concentration Account shall be the Master Account defined in Paragraph 6.A. District hereby agrees that all such amounts deposited into the Operating Account shall be transferred pursuant to such instruction to the Concentration Account in connection with District's obligations pursuant to this Agreement and that from such Concentration Account Manager will collect (subject to the provisions of Paragraph 7.A.), each month, the Management Fee, and will pay the Start-Up Period Hospital Expenses and Hospital Expenses. Manager acknowledges that District's instructions given to the applicable financial institution pursuant to this Paragraph shall be revocable at the sole and exclusive direction of District. Manager shall make disbursements of any and all moneys deposited in the Concentration Account strictly in accordance with the terms of this Agreement. Manager acknowledges and agrees that it shall comply with TEXAS GOVERNMENT CODE CHAPTER 2256 in its holding, disbursement, and/or investment of any District monies deposited in the Concentration Account.

C. Participation in Supplemental Payment Programs. District may, in its discretion, participate in Medicaid supplemental reimbursement funding programs for the sole benefit of the Hospital. In the event, District chooses to participate in supplemental payment or other programs distinct from Hospital operations, District shall promptly notify Manager in writing and shall provide Manager, with specificity acceptable to Manager, the details and financing of such participation. The District further agrees that it may not authorize or allow any encumbrance or lien to attach to the Hospital assets owned by the District for the purpose of participating in these programs. The District agrees that its participation in supplemental payment or other programs distinct from Hospital operations shall not impact the District's participation in other supplemental payment programs, including the Medicaid 1115 Waiver or DSH to benefit the Hospital. Further, District agrees to consult with Manager regarding uses of such funding.

8. Records.

A. During the Term of this Agreement, District and/or Hospital or its designees shall have reasonable access during normal business hours to the financial records of Manager applicable to the

management services provided hereunder, including, but not limited to, records of collections, expenses and disbursements as kept by Manager in performing the services under this Agreement, and District and/or Hospital may copy any or all such records at its own expense.

B. During the Term of this Agreement, and for six (6) years thereafter, Manager and its designees shall have reasonable access during normal business hours, including the right to make and retain copies at its own expense, to the records (including medical records) maintained by District and/or Hospital to defend any claim regarding services rendered pursuant to this Agreement.

9. Indemnification.

A. To the extent permitted by law, District shall indemnify Manager and all agents, employees and representatives of Manager against any and all claims, damages, costs, fees and expenses (including settlements, judgments, court costs and attorneys' fees, regardless of the outcome of such claim or action) (collectively, "**Damages**") resulting from (1) the services provided by Manager to District under this Agreement, except if such Damages are caused by the willful misconduct or gross negligence of Manager; (2) the operation of the Hospital, including, but not limited to, medical services provided by the Hospital to patients; (3) the District's failure to timely pay any District Expenses or, Start-Up Period Hospital Expenses; and (4) District's obligations under the District's agreements with any and all third parties. Such indemnification obligations shall include an indemnity to Manager from suits and claims stemming from its own negligence. To the extent permitted by Applicable Law, and in the event that Applicable Law requires that the Damages be capped, such cap shall be an amount equal to the total tax revenue received by the District and not pledged to the payment of any outstanding bonds during the immediately preceding calendar year.

B. Manager shall indemnify District and all agents, employees and representatives of Manager against any and all Damages resulting (1) solely from the gross negligence or willful misconduct of the Manager in performing the services hereunder; (2) a material, uncured breach of, or failure to perform or satisfy any of, the representations, warranties and covenants made by Manager in this Agreement; or (3) Manager's failure to timely pay any Hospital Expenses after the Start-Up Period through the end of the Term.

C. The following procedure shall apply with respect to any claims or proceedings covered by the promises in this Agreement regarding a party's duty to indemnify and hold harmless:

> The party seeking indemnification (the "**Indemnitee**") shall give written notice to the party obligated to provide an indemnity hereunder (the "**Indemnitor**") within a reasonable period of time following receipt of a claim and upon determining that indemnity is owed. Indemnitor shall have the obligation to provide a defense of the claim on behalf of Indemnitee at Indemnitor's sole expense. Indemnitor shall have the right to select and employ counsel of its own choosing, to defend against any such claim or proceeding and to assume control of the defense of such claim or proceeding, all at the expense of Indemnitor. Indemnitor shall notify Indemnitee of counsel retained to represent Indemnitor pursuant to the indemnity. Within fifteen (15) days of such notification, Indemnitee has the right to object and request that substitute counsel be selected, provided that the objection shall be reasonable and with good cause. Further, Indemnitee has the right to demand that separate counsel be selected to represent Indemnitee at the expense of Indemnitor distinct from any representation provided to Indemnitor, if appropriate, necessary, reasonable and with good cause. The parties will fully cooperate in any such action and shall make available to each other any information related to and useful for the defense of any such claim or proceeding and provide access to any personnel necessary to defend the action or claim. Indemnitee may elect to participate in the defense of any such third party claim, and may, at its

sole expense, retain separate counsel in connection therewith. In the event that Indemnitor fails to agree to defend and indemnify any claim following written request for same, Indemnitee shall be entitled to retain counsel of its choosing to represent it and settle or defend any and all claims without prejudicing its rights to subsequently seek recovery for indemnification and damages including recovery of all attorneys' fees and costs in defense of the third-party action as well as those incurred in prosecution of a breach of the indemnity provisions of this Agreement. Further, in the event that Indemnitor fails to agree to defend and indemnify any claim to which indemnity is owed, Indemnitor waives any right to object to or dispute the reasonableness of any settlement which Indemnitee may make and is precluded from raising same as a defense to any subsequent action brought to enforce the indemnification.

10. Termination of this Agreement.

A. Termination by District and Manager. This Agreement may be terminated at any time upon the mutual written consent of District and Manager.

B. Automatic Termination. This Agreement shall automatically terminate upon the Closing of the APA (as defined in the APA).

C. By either Party for Change in Law or Regulation. If Manager asserts that there is a change in the law, the adoption of new legislation, or a change in any third party reimbursement system, any of which materially and adversely affects the manner in which Manager may perform or be compensated for its services under this Agreement, the parties will promptly enter into good faith negotiations regarding the execution of a new service arrangement or basis for compensation for the services furnished pursuant to this Agreement that complies with the law and that approximates as closely as possible the economic position of the parties prior to the change. If the parties fail to enter into a new agreement to the satisfaction of either party within thirty (30) days following written notice from the Manager to the District of such legal change, then either party may terminate this Agreement effective immediately upon written notice to the other party.

D. Termination by District. District may terminate this Agreement as follows:

(1) In the event of the filing of a petition in voluntary bankruptcy or an assignment for the benefit of creditors by Manager, or upon other action taken or suffered, voluntarily or involuntarily, under any federal or state law for the benefit of debtors by Manager, except for the filing of a petition in involuntary bankruptcy against Manager which is dismissed within thirty (30) days thereafter, District may give notice of the immediate termination of this Agreement.

(2) In the event Manager shall materially default in the performance of any services set forth in this Agreement and such default shall continue for a period of sixty days (60) days after written notice thereof has been given to Manager by District, District may give notice of the immediate termination of this Agreement.

E. Termination by Manager. Manager may terminate this Agreement as follows:

(1) In the event that District shall materially default in the performance of any duty or obligation imposed upon it by this Agreement, and such default shall continue for a period of (30) days after written notice thereof has been given to District by Manager, or District shall fail to remit the payments due as provided in Paragraphs 2.B(12), 6 and 7 hereof and such

failure to remit shall continue for a period of seven (7) days after written notice thereof, Manager may give notice of the immediate termination of this Agreement.

(2) In the event District takes any action to voluntarily dissolve or wind-up its affairs or liquidate a substantial portion of its assets or in the event a proceeding shall have been instituted in a court having jurisdiction seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of District or for any substantial part of its assets, or for the winding up or liquidation of its affairs, and such proceeding shall remain un-dismissed or un-stayed and in effect for a period of thirty (30) consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding, Manager may give notice of the immediate termination of this Agreement.

(3) At any time, without cause, after having given the District sixty (60) days prior written notice.

(4) At any time upon written notice in the event the District defaults under any Secured Loans or in the event that, in Manager's sole opinion, the Collateral for the Secured Loans falls below 150% of the then current Secured Loans' balance.

(5) At any time upon written notice in the event that the APA and Lease needed to exercise the Option are not mutually agreed in form by parties within the forty five (45) day time frame required in Paragraph 13.

11. Non-Solicitation. District shall not, directly or indirectly, during the Term of this Agreement, solicit, employ, interfere with, or attempt to entice away, or entice or assist another person to solicit, employ, interfere with, or attempt to entice away from the Manager or any of its Affiliates to hold a Hospital position, any person who is, or was during the Term of this Agreement, an employee or independent contractor of the Manager or any of its Affiliates. For a period of five (5) years after the Term of this Agreement, District or its employees or Affiliates shall not solicit, employ, interfere with, or attempt to entice away, from the Manager or any of its Affiliates any person holding the position of Manager's Chief Executive Officer, Chief Financial Officer, or Chief Clinical Officer.

12. Definitions

A. *Adjustments* shall mean any (1) adjustments on an accrual basis to Hospital's gross billings for uncollectible accounts, discounts, Medicare and Medicaid disallowances, workers' compensation discount, employee/dependent healthcare benefit programs, professional courtesies, and other activities that do not generate a collectible fee; and (2) retroactive payment adjustments in capitation contracts to which Hospital is a party or as to which Hospital is a participant. Any adjustments under clause (1) above shall be based on a reasonable historical basis or a reasonable prospective basis should a new payor agreement apply and shall be periodically modified during the year to reflect the actual adjustments. Final Adjustments and any resulting payments owed by one party to the other shall be made within thirty (30) days after completion of the Fiscal Year audit.

B. *Affiliates or Affiliate* shall mean shall mean a person or entity that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the person or entity specified.

C. *APA* shall mean the Asset Purchase Agreement to be finalized and agreed upon by the parties that is referred to in Paragraph 13, or another Asset Purchase Agreement agreed to by the parties arising out of the Option.

D. *Applicable Law* shall mean all laws, rules, regulations, interpretive guidelines, accreditation standards, orders and requirements of any federal, state, county or municipality or accrediting body, including that relate to the operations of the Hospital or the District.

E. *Arbiter.* A mutually acceptable independent accounting firm or health care lawyer reasonably acceptable to the Manager and District. If the parties cannot agree on one arbiter, each shall pick one arbiter who meets the above qualifications and those two arbiters shall select a third arbiter – the three of which shall, collectively, constitute the Arbiter and shall rule by majority vote.

F. *Collateral* shall have the meaning ascribed in the DIP Loan.

G. *Damages* shall have the meaning ascribed in Paragraph 9.A.

H. *DIP Loan* shall mean the Secured First Lien Super-Priority Debtor-in-Possession Credit Agreement as authorized by the United States Bankruptcy Court, Eastern District of Texas, Plano Division in the **Interim Order Granting Approval Of Agreement For Post-petition Secured Credit And Scheduling Final Hearing dated January 19, 2017.**

I. .

J. *District's Account* shall have the meaning ascribed in Paragraph 2.B(12).

K. *District's Budgeted Expenses* shall have the meaning ascribed in Paragraph 2.B(12).

L. *District Expenses* shall mean the following expenses, which, for the avoidance of doubt, shall be the solely attributable to the District: (1) except where Manager has a duty to indemnify District under Paragraph 9.B., any penalties, costs, fines, and any and all expenses directly or indirectly related to or associated with District's bankruptcy, liabilities, overpayments, self-disclosures to any governmental authorities (including but not limited to the self-disclosure dated December 8, 2016 to the Assistant Inspector General for Investigative Operations of the Office of Inspector General) or other compliance violations of any nature resulting from any action or inactions prior to or during the Term, including but not limited to legal, accounting, financial and other professionals assisting District; (2) except where Manager has a duty to indemnify District under Paragraph 9.B, expenses associated with District's consultants, including but not limited to legal, accounting, financial and other professionals related to disputes or litigation arising, commencing or related to activities prior to or during the Term; (3) the annual cost of the governance and operating obligations of the District unrelated to the Hospital's operations, including the District's Budgeted Expenses; (4) expenses, salaries, benefits, and costs associated with any necessary District employees; (5) any expenses or costs associated with the District and Hospital's defined benefit plan (s); (6) any inter-governmental transfers amounts needed to participate in a Medicaid supplemental reimbursement funding program (which the parties agree will be made at District's sole discretion and shall not be funded by Secured Loans); (7) any Damages; and(8) expenses, including but not limited to interest expenses, on all District indebtedness existing on or after the Effective Date, including, but not limited to, indebtedness associated with existing or future bonds. Finally, District Expenses, and any amounts withheld by the District pursuant to Paragraph 2.B.(12), shall be reviewed by Manager from time-to-time to ensure that amounts withheld by the District and expenses being allocated to Start-Up Period Hospital Expenses or Hospital Expenses, as the case may be, are reasonable and accurate in light of the operation of the Hospital and District. In the event that Manager identifies amounts that are not reasonably being withheld by the District, or expenses that it reasonably believes should be the sole responsibility of the District, Manager shall provide the Hospital and District with notice of same and thereafter after consultation and agreement by District, which shall not be

unreasonably withheld, such amounts and expenses shall be allocated and adjusted as agreed upon by the parties.

M. *Health Laws* shall mean any and all laws, statutes, ordinances, rules, regulations, orders or determinations of any governmental entity (including common law duties established by courts or governmental entities) pertaining to the provision of healthcare, use of healthcare information, government health plans or programs, payment, billing and collection requirements or practices by providers of healthcare services, contractual arrangements involving providers of healthcare services, and operation of healthcare facilities, including Medicare and Medicaid participation and program requirements, the False Claims Act, federal and/or state inducement to beneficiaries laws, federal and/or state physician self-referral ("**Stark**") laws, federal and/or state fraud and abuse and anti-kickback laws, Texas patient solicitation act, the Emergency Medical Treatment and Active Labor Act, the Health Information Portability and Accountability Act, the Patient Protection and Affordable Care Act, Texas hospital licensing laws, Texas corporate practice of medicine prohibitions, the Texas Medical Practice Act and the Texas Health and Safety Code.

N. *Hospital Expense(s)* means all usual and customary expenses attributable to the operation of the Hospital that accrue after the Start-Up Period and during the Term. For the avoidance of doubt, Hospital Expenses shall not include District Expenses and Start-Up Period Hospital Expenses.

O. *Lease* shall mean the lease agreement to be finalized and agreed upon by the parties that is referred to in Paragraph 13, or another lease agreed to by the parties arising out of the Option.

P. *Legal Requirements* means all laws and all recorded or unrecorded agreements, covenants, restrictions, easements or conditions, as now in effect and as hereafter amended, issued, promulgated or otherwise coming into effect.

Q. *Management Fee* shall mean an amount equal to the following:

(1) During the Start-Up Period, an amount equal to two percent (2%) of Net Hospital Revenues during the applicable month (or partial month, as the case may be).

(2) Following the Start-Up Period and during each month of the Term hereof, an amount equal to the greater of: (a) the cash remaining in the Concentration Account and any Operating Accounts after payment of Hospital Expenses; or (b) $0.00.

R. *Net Hospital Revenues* shall mean the revenues received from gross billings, capitation payments and fees, co-payments, and Cost of Care Savings/Losses, including outpatient department revenue, Disproportionate Share payments, uncompensated care, DSRIP payments, and any other revenues of a nature that have historically been recorded by Hospital for the delivery of medical and other services to patients, and other fees or income generated by Hospital or Hospital Employees (acting within the scope of their duties to Hospital) for services rendered in an inpatient or outpatient setting less Adjustments. Net Hospital Revenues shall also include any tax revenue deposited into the Operating Accounts in accordance with the requirements of Paragraph 2.B.(12).

S. *No Shop Period* shall have the meaning ascribed in Paragraph 14.

T. *Option* shall have the meaning ascribed in Paragraph 13.

U. *Option Period* shall have the meaning ascribed in Paragraph 13.

V. *Start-Up Period Hospital Expenses* means all usual and customary expenses attributable to the operation of the Hospital that accrue on the Effective Date through the end of the Start-Up Period.

W. *Secured Loans* shall have the meaning ascribed in Paragraph 6.B.

X. *Start-Up Period* shall mean the first four (4) months of the Term. By way of example, if the Effective Date is January 13, 2017, the Start-Up Period shall last until April 13, 2017, inclusive.

Y. *Systems* shall mean all systems, manuals, computer software, materials and other information, in whatever form, provided by or developed by Manager in the performance of its services and obligations hereunder.

Z. *Term* shall have the meaning ascribed in Paragraph 1.B.

AA. *Withhold* shall have the meaning ascribed in Paragraph 2.B(12).

13. Irrevocable Option. At any time during the Term of this Agreement (the "**Option Period**"), District hereby grants to Manager, and any Affiliate assignee of Manager, the option to purchase the Hospital operations and lease the real property, fixtures and equipment necessary (in Manager's sole determination) needed to successfully and efficiently operate the Hospital in accordance with the terms of the APA and the Lease (the "**Option**"). Such agreements shall be mutually agreed to in writing by the parties no later than forty five (45) days following the Effective Date and shall contain terms which shall include, but shall not be limited to, the following:

A. APA: Acquired assets will be limited to Hospital's operations (not hard assets) in exchange for a purchase price equal to $1,000. APA will include standard representations and warranties, and indemnity provisions for breaches. Purchaser shall employ all of the then current Hospital employees (subject to usual and customary limitations – e.g., background checks, etc.). APA will include a change of ownership of Hospital's Medicare Provider Number, Medicaid Number and applicable licenses.

B. Lease: Triple Net lease with annual rent of $500,000 to become effective as of closing of APA and will continue until 2042. Tenant will have right to terminate without cause on 180 day notice or in the event that Medicaid supplemental funding is materially adversely impacted or the District lowers its tax rate and such lowering would result in a decrease in the total amount of tax revenue that was collected in the previous year and dedicated to the provision of actual health care (as opposed to debt service) in the District's community. Lease to include other usual and customary termination provisions for both parties. Rental amount shall increase by an amount equal to the lesser of 2% per annum or CPI. Lease includes a set-off right benefiting Tenant in the event an indemnification claim is made under the APA. Lease shall restrict the use of the premises to the delivery of hospital services and other healthcare services for the benefit of the residents of Cooke County, Texas. Additionally, Lease will at all times require Tenant to provide medical and hospital care for the District's needy inhabitants in a manner consistent with the District's constitutional and statutory responsibilities but such Lease provisions will not prohibit the Tenant from billing and collecting from the District for indigent care provided to the District's residents as agreed upon between the parties. Notwithstanding the above, the parties will request a fair market value opinion as to the rent payable under the Lease. Upon receipt of such opinion, the parties agree to modify any terms of the Lease as may be necessary to ensure that the annual rent is consistent with fair market value.

For the avoidance of doubt, both the APA and Lease shall include usual and customary provisions consistent with transactions such as those contemplated.

14. No Shop. To protect Manager's Option, during the Option Period (the "**No Shop Period**"), District shall not enter into any agreement, discussion, or negotiation with (and shall terminate any existing discussions or negotiations with), or provide information to, or solicit, encourage, entertain or consider any inquiries or proposals from, any person with respect to any transaction related to the purchase or lease of all or part of the Hospital, its buildings, equipment or operations or with respect to any other transaction inconsistent with this Agreement or the Option. During the No Shop Period, District shall not, without the prior consent of Manager, directly or indirectly solicit, initiate, or participate in any discussions or negotiations with, or encourage or respond to any inquiries or proposals by, any person or group other than Manager or its Affiliate concerning the acquisition of all or part of the Hospital, except as specifically required by Applicable Law or order, if any, of the applicable bankruptcy court with jurisdiction. Each party further agrees that if any restriction contained in this Paragraph is held by any court of competent jurisdiction to be unenforceable or unreasonable, a lesser restriction shall be severable therefrom and shall be enforced in its place and the remaining restrictions contained herein shall be enforceable independently of each other. In the event of a threatened breach of any covenants contained in this Agreement, the Manager and its Affiliates shall be entitled to all available remedies including, but not limited to, injunctive relief, without the necessity of posting a bond, cash or otherwise if so ordered by the court. The parties hereto agree that the covenants in this Paragraph shall survive termination or expiration of this Agreement.

15. General Provisions.

A. Assignment. Except with respect to an assignment by Manager to any subsidiary or affiliate of Manager, which may be made by Manager without District's consent, neither Manager nor District shall have the right to assign their respective rights and obligations hereunder without the written consent of the other parties hereto.

B. Notices. All notices required or permitted by this Agreement shall be in writing and shall be deemed given if sent postage prepaid, certified mail, return receipt requested to the registered address of the other party.

C. Binding on Successors. This Agreement shall be binding upon the parties hereto, and their successors and assigns.

D. Waiver of Provisions. Any waiver of any terms and conditions hereof must be in writing, and signed by the parties hereto. The waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms and conditions hereof.

E. Governing Law. The validity, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, notwithstanding any conflicts of law provisions to the contrary.

F. Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

G. Additional Documents. Each of the parties hereto agrees to execute any document or documents that may be reasonably requested from time to time by the other party to implement or complete such party's obligations pursuant to this Agreement.

H. Confidentiality. Unless required by Applicable Law, no party shall disseminate or release to any third party any information regarding any provision of this Agreement, or any financial information regarding any other party (past, present or future) that was obtained in the course of the negotiations of this Agreement or in the course of the performance of this Agreement, without the written approval of the party to which the information pertains.

I. Remedies Cumulative. No remedy set forth in this Agreement or otherwise conferred upon or reserved to any party shall be considered exclusive of any other remedy available to any party, but the same shall be distinct, separate and cumulative and may be exercised from time to time as often as occasion may arise or as may be deemed expedient.

J. Language Construction. The language of this Agreement shall be construed, in all cases, according to its fair meaning, and not for or against any party hereto. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

K. No Obligation to Third Parties. None of the obligations and duties of Manager or District under this Agreement shall in any way or in any manner be deemed to create any obligation of Manager or District to, or any rights in, any person or entity not a party to this Agreement.

L. Amendments. This Agreement may be amended, but only in writing, signed by the parties hereto.

M. Entire Agreement. This Agreement, including all Exhibits thereto, contains the entire agreement of the parties related to the subject matter hereof. This Agreement supersedes and replaces in its entirety any existing management services agreement between Manager and District.

N. Counterparts and Facsimiles. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which shall constitute one in the same agreement. Furthermore, this Agreement may be executed by the facsimile or scanned signature of any party hereto, it being agreed that the facsimile or scanned signature of any party hereto shall be deemed an original for all purposes.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf as of the day and year first above written.

MANAGER:

MCALLEN MEDICAL CENTER PHYSICIANS, INC

By:_____

Name:_____

Title:_____

DISTRICT:

GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER

By: Robbie Baugh

Name: Robbie Baugh

Title: Chair, Gainesville Hospital District

IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf as of the day and year first above written.

MANAGER:

MCALLEN MEDICAL CENTER PHYSICIANS, INC

By: _____

Name: STEVE GILTIN

Title: PRESIDENT

DISTRICT:

GAINESVILLE HOSPITAL DISTRICT D/B/A NORTH TEXAS MEDICAL CENTER

By: _____

Name: _____

Title: _____

Exhibit 2.B(6)

HIPAA BA AGREEMENT

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("Agreement") effective as of January 20, 2017 ("Effective Date") is entered into by and between McAllen Medical Center Physicians, Inc ("Business Associate") and Gainesville Hospital District d/b/a North Texas Medical Center ("Covered Entity").

RECITALS

The purpose of this Agreement is to enable the parties to comply with the applicable requirements of HIPAA, the HIPAA Regulations and the HITECH Act (defined below) that involve Protected Health Information ("PHI") (including but not limited to Electronic Protected Health Information ("ePHI")) that is accessed, maintained, transmitted, used or disclosed by Business Associate (and/or any agent or Subcontractor of Business Associate that creates, receives, maintains or transmit PHI on behalf of Business Associate or Covered Entity) in connection with services performed on behalf of Covered Entity pursuant to any oral or written agreement(s) for the provision of services to Covered Entity that has been or may be entered into ("Services Agreement").

NOW THEREFORE, the parties agree as follows.

DEFINITIONS

Terms used, but not defined below, shall have the meaning as set forth in HIPAA, the HIPAA Regulations, HITECH provisions of the American Recovery and Reinvestment Act of 2009 ("Stimulus Act"), Title XIII and related regulations.

"Administrative Safeguards" means safeguards consisting of administrative actions, policies and procedures designed to protect the privacy of PHI from intentional or unintentional use or disclosure in violation of HIPAA and other legal requirements, and to manage the selection, development, implementation, and maintenance of security measures to protect Electronic PHI, as well as managing the conduct of the workforce relating to the protection of that information.

"Availability" means the property that data or information is accessible and useable upon demand by an authorized person, as set forth at 45 C.F.R. § 164.304.

"Breach" means the unauthorized acquisition, access, use, or disclosure of PHI which compromises the security or privacy of such information. For the purposes of reporting to the Covered Entity under this Agreement, Business Associate shall presume that any unauthorized acquisition, access, use or disclosure of PHI is a "Breach." A Breach excludes:

(i) Any unintentional acquisition, access, or use of PHI by a workforce member or person acting under the authority of the Covered Entity or Business Associate, if such acquisition, access or use was made in good faith and within the scope of authority and such information is not further acquired, accessed, used or disclosed in a manner not permitted under HIPAA, the HIPAA Regulations, or HITECH;

(ii) Any inadvertent disclosure by a person who is authorized to access PHI at a facility operated by Covered Entity or Business Associate to another person authorized to access PHI at the same facility, and the information received as a result of such disclosure is not further used or disclosed in a manner not permitted under HIPAA, the HIPAA Regulations, or HITECH; or

(iii) A disclosure of PHI where Covered Entity or Business Associate has a good faith belief that an unauthorized person to whom the disclosure was made would not reasonably have been able to retain such information.

"Breach Notification Regulations" means the rules set forth primarily at set forth primarily at 45 C.F.R. Part 164, Subpart D.

"Business Associate" means the entity so designated in the preamble to this Agreement.

"Confidentiality" means the property that data or information is not made available or disclosed to unauthorized persons or processes, as set forth at 45 C.F.R. § 164.304.

"Covered Entities" or **"Covered Entity"** means the entity or entities as designated in the preamble to this Agreement.

"Days" means a calendar day unless a provision specifies "business days."

"Discovery" or **"Discovery of a Breach"** means that Business Associate, or an employee, officer or agent of Business Associate, has acquired actual knowledge of a Breach or by the exercise of reasonable diligence should have acquired knowledge of a Breach.

"Electronic Protected Health Information," "Electronic PHI." or **"ePHI"** means PHI in electronic form. All references to "Protected Health Information" or "PHI" in this Agreement include ePHI.

"Encrypted" or "Encryption" means the use of an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key, as set forth at 45 C.F.R. § 164.304.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996 Pub. L. No. 104-191.

"HIPAA Regulations" means the Privacy Regulations, the Security Regulations, the Breach Notification Regulations and such other applicable regulations set forth in 45 C.F.R. Parts 160 and 164.

"HITECH" or **"HITECH Act"** means the Health Information Technology for Economic and Clinical Health Act privacy and security provisions of the Stimulus Act and implementing regulations.

"Identifiers" means the identifiers listed in the HIPAA Privacy Rule at 45 C.F.R. Section 164.514(b)(2), which include, among other identifiers: name, address, zip code, all elements of dates other than the year that directly relating to an individual (such as birthdate, admission date, discharge date, date of death), telephone numbers, email address, fax numbers, social security numbers, medical record numbers, vehicle identifiers, license numbers, and all other identifiers of an individual, or of the individual's relatives, employers, or household members described in Section 164.514(b)(2).

"Individual" means the person who is the subject of PHI and shall include a person who qualifies as a personal representative under 45 C.F.R. Section 164.502(g).

"Integrity" means the property that data or information have not been altered or destroyed in an unauthorized manner, and that data from one system is consistently and accurately transferred to other systems, as set forth at 45 C.F.R. § 164.304.

"Physical Safeguards" means safeguards consisting of physical measures, policies, and procedures to protect electronic information systems and related buildings and equipment, from natural and environmental hazards and unauthorized intrusion.

"Protected Health Information" or **"PHI"** means individually identifiable health information created or received by Business Associate from or on behalf of a Covered Entity that relates to the past, present, or future physical or mental health or condition of an Individual, the provision of health care to an Individual, or the past, present, or future payment for the provision of health care to an Individual, as set forth at 45 C.F.R. § 160.103. PHI can be oral, written, electronic, or recorded in any other form. All references to "Protected Health Information" or "PHI" in this Agreement include Electronic Protected Health Information (ePHI).

"Privacy Regulations" means the rules set forth primarily at 45 C.F.R. Part 160 and Part 164, Subparts A and E.

"Required by Law" means a mandate contained in law that compels an entity to make a use or disclosure of PHI and that is enforceable in a court of law, as set forth at 45 C.F.R. § 164.103. Required by Law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of

participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing public benefits.

"Secretary" or **"HHS Secretary"** means the Secretary of the Department of Health and Human Services ("HHS").

"Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system, as set forth at 45 C.F.R. § 164.304. The term "Security Incident" is very broad and includes attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations.

"Security Measures" relates to the means (process and technology) by which a Covered Entity and/or Business Associate protect the privacy and security of information, as set forth at 45 C.F.R. § 164.304. Security Measures keep information secured, and decrease the means of tampering, destruction, or inappropriate access. Security encompasses all of the administrative, physical, and technical safeguards in an information system.

"Security Regulations" means the rules set forth primarily at 45 C.F.R. Part 160 and Part 164, Subparts A and C.

"Subcontractor" means a person or entity to whom the Business Associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of the Business Associate, whether by written agreement or otherwise.

"Technical Safeguards" means safeguards consisting of technology and the policy and procedures for the use of the technology that protect ePHI and control access.

"Unsecured PHI" means PHI that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the HHS Secretary in the guidance issued under section 13402(h)(2) of HITECH on the HHS Web site.

1. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

1.1 Business Associate agrees not to use or disclose PHI ("PHI") except as permitted or required by this Agreement or as Required by Law. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the PHI other than as provided for by this Agreement.

1.2 Business Associate and its agents or Subcontractors, if any, shall only request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure in accordance with HIPAA, the HIPAA Regulations and HITECH.

1.3 Business Associate agrees to use appropriate safeguards and comply with the applicable requirements of the HIPAA Regulations, including 45 CFR Subpart C with respect to ePHI and Subpart E of 45 CFR with respect to PHI. This shall include, without limitation, using appropriate Security Measures and developing, implementing, maintaining and using appropriate and reasonable Administrative, Physical, and Technical Safeguards for the privacy and security of PHI to insure the Integrity, Confidentiality and Availability of, and to prevent non-permitted uses and disclosures of PHI that it creates, receives, maintains, or transmits on behalf of Covered Entity. Business Associate further acknowledges and agrees that pursuant to HITECH it will implement and document its Security Measures and will comply with 45 C.F.R. sections 164.306 (Security Standards), 164.308 (Administrative Safeguards), 164.310 (Physical Safeguards), 164.312 (Technical Safeguards), 164.314 (Organizational Safeguards), and 164.316 (Policy and Procedures and documentation requirements), and all other applicable requirements of HIPAA, the HIPAA Regulations, HITECH and other applicable privacy and security laws. Business Associate agrees to adopt the technology and methodology standards provided in guidance issued by the HHS Secretary pursuant to HITECH.

1.4 Business Associate agrees to take prompt action to correct any deficiencies and to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of an access, use, disclosure, modification or destruction of PHI by Business Associate, its agents or Subcontractors, if any, in violation of the requirements of this Agreement.

1.5 Business Associate agrees to promptly notify Covered Entity within forty-eight (48) hours of any access, use, disclosure, modification or destruction of PHI not provided for by this Agreement or that is in violation of the requirements of this Agreement, and to provide Covered Entity or its designee such information as may be reasonably requested by Covered Entity to investigate the violation. Business Associate shall report to Covered Entity any Security Incident of which it becomes aware. If Business Associate has been requested orally or in writing by law enforcement officials that notification of affected Individuals of a Breach may impede a criminal investigation, Business Associate shall so inform Covered Entity.

1.6 Business Associate further agrees to provide a report in writing to Covered Entity within ten (10) days of, and to cooperate with Covered Entity in investigating and resolving, any of the following as they relate to PHI under this Agreement:

(i) Any unauthorized access, use, disclosure, modification or destruction of PHI of which Business Associate becomes aware;

(ii) Any Security Incident of which Business Associate becomes aware;

(iii) The receipt of a request from an Individual (or their authorized personal representative) for access to, amendment to, an accounting of disclosures of, a copy or electronic copy of, or a restriction on the use or disclosure of PHI; or

(iv) Any Breach or potential Breach of Unsecured PHI of which Business Associate becomes aware. In such event, Business Associate will document its investigation and provide such additional information as may reasonably be requested to enable Covered Entity to determine the extent to which the PHI has been compromised. Notice to affected Individuals will be made by or at the direction of Covered Entity at Business Associate's expense.

The written report from Business Associate required by this Section shall set forth the following:

(i) A brief description of what happened, including the date of any unauthorized access, use, disclosure, modification or destruction, and, if known, the date of Discovery, the number of individuals affected, the time period involved, and the nature and extent of any harm resulting from the violation;

(ii) A description of the type(s) of PHI and Identifiers involved (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, and other types of information were involved);

(iii) Information regarding whether and to what extent the PHI was Unsecured PHI, Encrypted, or was rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the HHS Secretary in the guidance issued under section 13402(h)(2) of HITECH on the HHS Web site;

(iv) A description of the manner in which the PHI could be identified or, if known, how and whether the PHI could be re-identified;

(v) To the extent possible, the name of each Individual whose PHI has been, or is reasonably believed to have been accessed, used, disclosed, modified or destroyed;

(vi) To the extent possible, the name of the unauthorized person and entity who used the PHI or to whom the disclosure was made;

(vii) To the extent possible, whether the unauthorized person or entity is another covered entity, business associate, employee of Business Associate, Subcontractor or entity affiliated with Business Associate;

(viii) Whether any opportunity existed for an unauthorized person to acquire, view, transfer or otherwise compromise the PHI;

(ix) Whether the PHI was actually acquired, viewed, transferred or otherwise compromised by an unauthorized person;

(x) Any steps Individuals should take to protect themselves from potential harm resulting from the unauthorized access, use, disclosure, modification or destruction of PHI; and

(xi) A description of what the Business Associate is doing to investigate, mitigate harm to Individuals, and protect against any further unauthorized access, use, disclosure, modification or destruction of PHI.

1.7 Business Associate agrees that any Subcontractor that creates, receives, maintains, or transmits PHI on behalf of the Business Associate or Covered Entity will enter into in an enforceable written HIPAA-compliant business associate agreement requiring that the Subcontractor:

(a) agrees to comply with the HIPAA Privacy Regulations, HIPAA Security Regulations, HITECH law, and other applicable laws and regulations related to privacy and security of PHI, including ePHI;

(b) agrees to the same restrictions, reporting and contracting obligations, and conditions that apply in this Agreement to Business Associate with respect to PHI including, by way of example and without limitation, that the Subcontractor develop, implement, maintain and use appropriate and reasonable Security Measures and Administrative, Physical, and Technical Safeguards for the privacy and security of PHI to insure the Integrity, Confidentiality and Availability of, and prevent non-permitted access, use, disclosure, modification or destruction of PHI, including ePHI; that the Subcontractor enter into business associate agreements with its subcontractors that create, receive, maintain or transmit PHI on behalf of Subcontractor, Business Associate or Covered Entity; and that the Subcontractor adopt a HIPAA compliance program and policies and procedures.

If Business Associate becomes aware of a pattern of activity or practice of a Subcontractor that constitutes a material breach of their written business associate agreement, Business Associate shall take reasonable steps to cure the breach or end the violation, as applicable, and if such steps are unsuccessful, terminate the contract.

1.8 Business Associate agrees to provide access to and copies of PHI maintained in a Designated Record Set to Covered Entity or, when requested in writing by Covered Entity, to an Individual in order for Covered entity to meet the requirements of 45 C.F.R. §164.524. Business Associate shall provide access to and copies of PHI in a reasonable time, not to exceed fifteen (15) days (unless the parties reasonably agree otherwise in writing) and in a reasonable manner. If requested by Covered Entity or an Individual, Business Associate shall provide access to ePHI to Covered Entity or, when requested in writing by Covered Entity, to an Individual in the electronic form and format requested by Covered Entity or by the Individual, as applicable, if it is readily producible and, if not, in a readable electronic form and format as agreed by the Covered Entity or Individual, as applicable.

1.9 Business Associate agrees to make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate, on behalf of Covered Entity available to the Secretary, in the time and manner designated by the Secretary, for purposes of the Secretary determining compliance with the HIPAA Regulations. Upon receipt of a request from the Secretary, Business Associate shall notify Covered Entity in writing unless such notification would be contrary to law.

1.10 Business Associate agrees to make any amendment(s) to PHI in a Designated Record Set that Covered Entity determines is required to enable Covered Entity to comply with 45 C.F.R. §164.526. Except for good cause shown in writing to Covered Entity, Business Associate shall act upon Covered Entity's request for an amendment within thirty (30) days of receipt Covered Entity's request.

1.11 Business Associate agrees to identify, track and document disclosures of PHI and other information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. §164.528. Business Associate agrees to provide the information collected to Covered Entity or to an Individual when requested by Covered Entity, in writing and not later than thirty (30) days after receiving a request under this

subsection, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. §164.528. Upon written request, Business Associate shall furnish to Covered Entity a copy of its policies or procedures that it has, and will maintain, that describe how it carries out its obligations under this subsection.

1.12 Business Associate agrees that if it has a legal obligation to disclose any PHI, it will notify Covered Entity as soon as reasonably practicable after it learns of such obligation, sufficiently in advance of the proposed release date such that the rights of Covered Entity and the Individual to whom the PHI relates would not be prejudiced. If Covered Entity or the Individual objects to the release of such PHI, Business Associate will allow Covered Entity and/or the Individual to exercise any legal rights or remedies Covered Entity and/or the Individual might have to object to the release of the PHI, and Business Associate agrees to provide such assistance as Covered Entity or the Individual may reasonably request in connection therewith.

2. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

2.1 General Use and Disclosure Provision. Business Associate agrees to use or disclose PHI only as permitted or required for the purpose of performing its obligations under the Services Agreement, provided such use or disclosure of PHI would not violate the HIPAA Regulations if done by Covered Entity, including the minimum necessary requirements in the HIPAA Regulations and Subpart E of 45 CFR Part 164, or violate the terms of this Agreement.

2.2 Specific Use and Disclosure Provisions:

(i) Except as otherwise limited in this Agreement, Business Associate may use and disclose PHI for the proper management and administration of the Business Associate or to carry out its legal responsibilities, provided that disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law, or for the purpose for which it was disclosed to the person, and the person notified the Business Associate of any instances of which it is aware in which the Confidentiality of the information has been breached.

(ii) Only when specifically authorized by Covered Entity in writing separate from this Agreement or in accordance with a specific provision of the Services Agreement, Business Associate may use PHI: (a) to provide data aggregation services to Covered Entity as permitted by 45 C.F.R. §164.504(e)(2)(i)(B); or (b) to create de-identified health information in accordance with 45 C.F.R. §164.514.

(iii) Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. §164.502(j)(1).

3. OBLIGATIONS OF COVERED ENTITY

3.1 Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices, prepared for compliance with 45 C.F.R. §164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.

3.2 Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.

3.3 Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. §164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

3.4 Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Regulations if done by Covered Entity.

4. TERM AND TERMINATION

4.1 Term. The term of this Agreement shall be effective as of the Effective Date, and shall terminate after the exercise of any of the termination provisions set forth below and when all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity and no copies of PHI are retained, or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions in this Section.

4.2 Termination by Covered Entity. Covered Entity may immediately terminate this Agreement and any Services Agreement if Covered Entity makes the determination that Business Associate has breached a material term of this Agreement. Alternatively, Covered Entity may provide Business Associate with thirty (30) days written notice of the existence of an alleged material breach and afford Business Associate an opportunity to cure upon mutually agreeable terms. Nonetheless, in the event that mutually agreeable terms cannot be achieved within thirty (30) days, Business Associate must cure said breach to the satisfaction of the Covered Entity. Failure to cure in the manner set forth in this Section is grounds for the immediate termination of this Agreement and any Services Agreement. Nothing contained herein shall be deemed to require Covered Entity to terminate this Agreement if termination is not feasible.

4.3 Termination by Business Associate. If Business Associate makes the determination that a condition material to the performance of this Agreement has changed under any Services Agreement or this Agreement, or that Covered Entity has breached a material term of this Agreement, Business Associate may provide (30) days notice of its intention to terminate this Agreement and the Services Agreement. Business Associate agrees, however, to cooperate with Covered Entity find a mutually satisfactory resolution to the matter prior to terminating and further agrees that, notwithstanding this provision, it shall not terminate this Agreement so long as any Services Agreement is in effect.

4.4 Automatic Termination. This Agreement will automatically terminate without any further action of the parties upon the termination or expiration of the last Service Agreement in effect between the parties.

4.5 Effect of Termination. Upon any termination pursuant to this Section or otherwise, Business Associate shall return or destroy all PHI pursuant to 45 C.F.R. §164.504(e)(2)(ii)(J) if it is feasible to do so, and shall not retain any copies of the PHI. If return or destruction is not feasible, Business Associate will notify Covered Entity in writing, including: (i) a statement that Business Associate has determined that it is infeasible to return or destroy the PHI, and (ii) the specific reason(s) for such determination, which reason(s) must be agreed to by Covered Entity. Business Associate further agrees to extend any and all protections, limitations and restrictions contained in this Agreement to Business Associate's use and/or disclosure of any PHI retained after the termination of this Agreement, and to limit any further uses and/or disclosures to the purposes that make the return or destruction of the PHI infeasible. Business Associate further agrees to recover any PHI in the possession of its Subcontractors or agents and to return or destroy the PHI as set forth in this Section; if infeasible, Business Associate must provide a written explanation to Covered Entity and require the Subcontractors and agents to agree to extend any and all protections, limitations and restrictions contained in this Agreement to the Subcontractors' and/or agents' use and/or disclosure of any PHI retained after the termination of this Agreement, and to limit any further uses and/or disclosures to the purposes that make the return or destruction of the PHI infeasible.

5. INDEMNIFICATION

Business Associate shall indemnify, defend and hold harmless Covered Entity and its parent corporation, subsidiaries and related entities, their directors, officers, agents, servants, and employees (collectively "the Indemnitees") from and against all claims, causes of action, liabilities, judgments, fines, assessments, penalties, damages, awards or other expenses of any kind or nature whatsoever, including, without limitation, attorney's fees, expert witness fees, and costs of investigation, litigation or dispute

resolution, incurred by the Indemnitees and relating to or arising out of any breach or alleged breach of the terms of this Agreement by Business Associate or any agent or Subcontractor of Business Associate.

6. NOTICE

All notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing, shall be effective upon receipt of attempted delivery, and shall be sent by (a) personal delivery; (b) certified or registered United States mail, return receipt requested; (c) overnight delivery service with proof of delivery; or (d) facsimile with return facsimile acknowledging receipt. Except as otherwise herein provided notices shall be sent to the address below. Neither party shall refuse delivery of any notice hereunder.

If to Covered Entity: Gainesville Hospital District d/b/a North Texas Medical Center
1900 Hospital Blvd.
Gainesville, TX 76240
Attention: CEO

If to Business Associate: McAllen Medical Center Physicians, Inc.
367 South Gulph Road
King of Prussia, PA 19406
Attention: General Counsel

7. MISCELLANEOUS

7.1 Regulatory References. A reference in this Agreement to a section in the Code of Federal Regulations ("C.F.R.") means the section as in effect as of the effective date of this Agreement, or as thereafter amended.

7.2 Independent Contractor. The parties to this Agreement are independent contractors in carrying out the duties and obligations of this Agreement. This Agreement is not intended, and shall not be construed, to create any relationship between the parties that would allow one party to exercise direction or control over the manner or method by which the other party performs services, duties or obligations under this Agreement.

7.3 Amendment. The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity and Business Associate to comply with legal requirements including, without limitation, the requirements of HIPAA, the HIPAA Regulations and the HITECH Act. Except as provided specifically herein, this Agreement may not be modified or amended except by an instrument in writing declared to be an amendment hereto and executed by both parties.

7.4 Survival. The respective rights and obligations of each party under Sections 1.4, 1.5, 1.6, 1.9, 4, and 5 of this Agreement shall survive the termination of this Agreement.

7.5 Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity and Business Associate to comply with HIPAA, the applicable HIPAA Regulations, the HITECH Act and related statutory provisions and regulations.

7.6 No Third Parties. This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective successors and assigns. There are no third parties to this Agreement and nothing herein is intended for the benefit of a third person.

7.7 Coordination of Documents. In the event of a conflict between a provision of this Agreement and a provision of a Services Agreement, the provision of this Agreement shall control.

7.8 Choice of Law. This Agreement shall be governed and construed by applicable federal law and by the laws of the state where Covered Entity is physically located without regard to laws relating to choice of law or conflicts of law.

7.9 Entire Agreement. This Agreement constitutes the entire agreement between the parties on this subject matter and supersedes all other proposals, understandings or agreements, whether written or oral, regarding the subject matter hereof, including any prior Business Associate Agreement.

7.10 Disputes. If any controversy, dispute, or claim arises between the parties with respect to this agreement, the parties shall make good faith efforts to resolve such matters informally.

7.11 Disclaimer. Covered Entity makes no warranty or representation that compliance by Business Associate with this Agreement or the statutes and regulations cited herein will be adequate or satisfactory for Business Associate's own purposes. Business associate is solely responsible for adequately safeguarding PHI in accordance with applicable law.

8. FURTHER ASSURANCES

The parties agree that from time to time they will amend the Agreement to account for changes in the applicable law or regulations including, without limitation, those arising out of the HITECH Act or other applicable acts and regulations subsequently promulgated and that, on and after the effective date of this Agreement, such then applicable provisions shall be incorporated by reference into the Agreement as written until such time as the parties may amend the Agreement to otherwise specifically provide for the subject matter of such provisions but in no case for a period longer than one year from the effective date of any such statutory or regulatory provision, during which time the parties shall negotiate further assurances in good faith.

IN WITNESS WHEREOF, the parties hereto hereby set their hands and seals as of the 20 day of January 2017.

McAllen Medical Center Physicians, Inc. (BUSINESS ASSOCIATE)

By:_____

Name & Title: _____

Date:_____

GAINESVILLE HOSPITAL DISTRICT d/b/a
NORTH TEXAS MEDICAL CENTER (COVERED ENTITY)

By: Robbie Baugh

Name & Title: Robbie Baugh

Date: 4/20/2017

7.9 Entire Agreement. This Agreement constitutes the entire agreement between the parties on this subject matter and supersedes all other proposals, understandings or agreements, whether written or oral, regarding the subject matter hereof, including any prior Business Associate Agreement.

7.10 Disputes. If any controversy, dispute, or claim arises between the parties with respect to this agreement, the parties shall make good faith efforts to resolve such matters informally.

7.11 Disclaimer. Covered Entity makes no warranty or representation that compliance by Business Associate with this Agreement or the statutes and regulations cited herein will be adequate or satisfactory for Business Associate's own purposes. Business associate is solely responsible for adequately safeguarding PHI in accordance with applicable law.

8. FURTHER ASSURANCES

The parties agree that from time to time they will amend the Agreement to account for changes in the applicable law or regulations including, without limitation, those arising out of the HITECH Act or other applicable acts and regulations subsequently promulgated and that, on and after the effective date of this Agreement, such then applicable provisions shall be incorporated by reference into the Agreement as written until such time as the parties may amend the Agreement to otherwise specifically provide for the subject matter of such provisions but in no case for a period longer than one year from the effective date of any such statutory or regulatory provision, during which time the parties shall negotiate further assurances in good faith.

IN WITNESS WHEREOF, the parties hereto hereby set their hands and seals as of the 20th day of January 2017.

MCALLEN MEDICAL CENTER PHYSICIANS, INC. (BUSINESS ASSOCIATE)

By: _____

Name & Title: STEVE EILTON, PRESIDENT

Date: 01/20/17

GAINESVILLE HOSPITAL DISTRICT d/b/a
NORTH TEXAS MEDICAL CENTER (COVERED ENTITY)

By: _____

Name & Title: _____

Date: _____

Exhibit 2.B.(12)

District's Budgeted Expenses

Continuing Hospital District Expenses

	Anticipated Cost	
Insurance:		
D & O	$ 28,586	
Property & Casualty	$ 500	Lake Kiowa Property
General & Professional Liab (tail?)	$ 114,190	1 x for tail coverage
Fiduciary Liabilty	$ 990	tail coverage
Other Coverage to discuss:		
Privacy & Network Liability	$ 10,969	
Crime	$ -	
Kidnap and Ransom	$ -	
Business Auto	$ -	
excluded worker's comp		
TORCH Dues	$ 3,500	
THA Dues	$ 9,294	
Audit Fees and Cost Report:		
Audit Fees	$ 25,000	
Cost report preparation	$ 21,000	may be more, we have 3 cost reports to re-open
Cost report re-openings		
Cost report audit defense		
Taxing Authority Expense:		
Collections Fees to Cooke County	$ 62,400	
Legal Fess to collect delinquent taxas	15% contingency	
Legal:		
Ongoing issues	$ 35,000	

Continuing Hospital District Expenses

Accounting:		
Payment of accounts payable		
Accounting for the hospital district		
Indigent Program:		
Indigent Program Software	$	12,660
Staff to take applications and perform interviews		
Costs related to possible re-design of the program		
GHD Board Related Expense:	$	5,000
Meals		
Training/Education		
Supplies		
Staff to manage the agendas, minutes, accounting, public information requests, elections, tax collections, day-to-day operations etc.	$	75,000
Misc.	$	25,000
	$	429,089
Tail Coverage is a one-time expense	$	(114,190)
Estimated Annual Expense	$	314,899

ORDER AUTHORIZING THE ISSUANCE OF GAINESVILLE HOSPITAL DISTRICT, TEXAS, LIMITED TAX REFUNDING BONDS, TAXABLE SERIES 20__; ESTABLISHING PROCEDURES AND DELEGATING AUTHORITY FOR THE SALE AND DELIVERY OF THE BONDS; PROVIDING FOR THE SECURITY AND PAYMENT OF SAID BONDS; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

THE STATE OF TEXAS §
COUNTY OF COOKE §
GAINESVILLE HOSPITAL DISTRICT §

WHEREAS, the Gainesville Hospital District (the "Issuer" or "District") was created under Article IX, Section 9, Texas Constitution and Chapter 211, Acts 64th Legislature, Regular Session, 1975, recodified as Chapter 1077, Special District Local Laws Code (the "Act") and has authority to levy an ad valorem tax of not more than $0.75 on each $100 valuation of taxable property in the Issuer; provided however the Act provides that no more than $0.65 per $100 valuation of such tax may be levied for the purpose of paying interest on and crediting a sinking fund for the Issuer's bonds; and

WHEREAS, the liabilities and financial obligations of the Issuer identified in Schedule I attached hereto, collectively, the "Eligible Refunded Obligations" are currently outstanding;

WHEREAS, the Eligible Refunded Obligations were incurred in connection with the Issuer's ownership, maintenance and operation of the Issuer's North Texas Medical Center (the "Hospital") and the provision of indigent care within the District;

WHEREAS, the Issuer now desires to restructure, refund and defease the Eligible Refunded Obligations, and those Eligible Refunded Obligations designated to be restructured, refunded and defeased by the Pricing Officer in the Pricing Certificate, each as defined below, are herein referred to as the "Refunded Obligations"; and upon such restructuring, refunding and defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the cash and investments, if any, held for such purpose by the Escrow Agent pursuant to the Escrow Agreement (hereinafter defined) and such Refunded Obligations will not be deemed as being outstanding liabilities or financial obligations of the Issuer payable from ad valorem taxes or other revenues of the Issuer;

WHEREAS, on January 17, 2017 the Issuer filed a voluntary petition for relief under Chapter 9 of title 11 of the United States Code in the United States Bankruptcy Court for the Eastern District of Texas (the "Bankruptcy Court"), thereby commencing the Issuer's municipal debt adjustment case (the "Chapter 9 Proceeding");

WHEREAS, pursuant to the Chapter 9 Proceeding the Issuer has undertaken a plan to restructure, refinance and pay its outstanding liabilities and financial obligations, including the Refunded Obligations (the "Bankruptcy Plan");

WHEREAS, Chapter 1207, Texas Government Code, authorizes the Issuer to issue refunding bonds (the "Bonds") and to deposit the proceeds from the sale thereof, together with any other available funds or resources, directly with a trust company or commercial bank that does not act as a depository for the Issuer and is named in these proceedings, and such deposit, if made before the payment dates of the Refunded Obligations, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations;

WHEREAS, Chapter 1207, Texas Government Code, further authorizes the Issuer to enter into an escrow agreement with a trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such trust company or commercial bank may agree;

WHEREAS, the escrow agreement, hereinafter authorized constitutes an escrow agreement of the kind authorized and permitted by said Chapter 1207;

WHEREAS, this Board of Directors of the Issuer (the "Board of Directors") hereby finds and determines that it is a public purpose and in the best interests of the Issuer to restructure, refinance and defease the Refunded Obligations in order to pay the Issuer's outstanding liabilities and financial obligations in accordance with the Bankruptcy Plan and to continue its operations and provide indigent care in the District;

WHEREAS, this Board of Directors further finds and determines that it is a public purpose and in the best interests of the Issuer to issue the Bonds with a final maturity date later than the date on which the Refunded Obligations are currently due and payable and to restructure the amounts due on such Refunded Obligations in order to pay the Refunded Obligations over time and lessen the tax rate impact resulting from the issuance of the Bonds and from the issuance of additional refunding bonds for such purposes as may be issued by the Issuer in the future, as necessary;

WHEREAS, this Board of Directors hereby finds and determines that the restructuring, refunding and defeasance of the Refunded Obligations on a taxable basis and extending the dates on which such Refunded Obligations are due and payable (i.e. the final maturity) are in the best interests of the Issuer in accordance with the Bankruptcy Plan;

WHEREAS, this Board of Directors hereby further finds and determines that the manner in which the restructuring, refunding and defeasance of the Refunded Obligations is being executed, in that the amount of the Refunded Obligations are to be determined at a future date pursuant to the provisions of this Order and the Final Judgment (defined herein) and the payments on such Refunded Obligations are to paid over time in accordance with the Bankruptcy Plan, does not make it practicable to make the determination required by subsection 1207.008(a)(2) of the amount of debt service loss that will result from the restructuring, refunding and defeasance of the Refunded Obligations;

WHEREAS, all the Refunded Obligations are due and payable or mature or are subject to redemption prior to maturity within 20 years of the date of the Bonds hereinafter authorized;

WHEREAS, on _____, 2017, the Issuer filed a bond validation action with the Bankruptcy Court in the form of an adversary proceeding seeking an expedited declaratory judgment pursuant to Chapter 1205 of the Texas Government Code in connection with the issuance of the Bonds and the restructuring, refunding and defeasance of the Refunded Obligations (the "Validation Proceeding");

WHEREAS, on _____, 2017, the Bankruptcy Court entered a final judgment in connection with the Validation Proceeding ("Final Judgment"), setting forth the maximum amount of each of the Refunded Obligations as set forth in Schedule I;

WHEREAS, the Bonds hereinafter authorized are to be issued, sold and delivered pursuant to Article IX, Section 9, Texas Constitution, the Act, the Final Judgment and the general laws of the State of Texas, including Chapter 1207, Texas Government Code; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Order has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Order, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code; Now, Therefore

BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE GAINESVILLE HOSPITAL DISTRICT:

Section 1. RECITALS, AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS.

(a) The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

(b) The Bonds of the Issuer are hereby authorized to be issued and delivered, from time to time, in one or more series as may be necessary, in the aggregate principal amount hereinafter provided solely for the public purpose of providing funds to restructure, refund and defease the Refunded Obligations and to pay costs related to the issuance of the Bonds.

(c) Each Bond issued pursuant to this Order shall be designated: "GAINESVILLE HOSPITAL DISTRICT, LIMITED TAX REFUNDING BOND, TAXABLE SERIES 20__," and initially there shall be issued, sold, and delivered hereunder fully registered Bonds, in one or more series as may be necessary, without interest coupons, payable to the respective registered owner or owners thereof (with the initial Bonds being made payable to the initial purchaser as described in Section 9 hereof), or to the registered assignee or assignees of the Bonds or any portion or portions thereof (in each case, the "Registered Owner"). The Bonds shall be in the respective denominations and principal amounts, shall be numbered, shall mature and be payable on the date or dates in each of the years and in the principal amounts, and shall bear interest to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the Pricing Certificate.

Section 2. DELEGATION TO PRICING OFFICER.

(a) As authorized by Chapter 1207, Texas Government Code, as amended, the President and/or the Vice President of the Board of Directors and/or the [Chief Financial Officer][_____] of the Issuer (each a "Pricing Officer") are each hereby authorized to act on behalf of the Issuer in selling and delivering the Bonds, from time to time, in one or more series as may be necessary, determining which of the Eligible Refunded Obligations shall be restructured, refunded and defeased and carrying out the other procedures specified in this Order, including, determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature or become due in installments, the principal amount to mature or be payable in installments in each of such years, the rate of interest to be borne by each such maturity, and the manner in which interest is calculated whether at a fixed rate or a rate subject to adjustment, the interest payment and record dates, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions and adjustments or conversions of mandatory sinking fund redemption schedules, and all other matters relating to the issuance, sale, and delivery of the Bonds and the restructuring, refunding and defeasance of the Refunded Obligations, including without limitation obtaining municipal bond insurance for all or any portion of the Bonds and providing for the terms and provisions thereof applicable to the Bonds (including the execution of any commitment agreements, membership agreements in mutual insurance companies, and other similar agreements), establishing the final payment or redemption dates for and effecting the redemption and final payment of the Refunded

Obligations, and the final FORM OF BOND, all of which shall be specified in the Pricing Certificate; provided that:

(i) the aggregate principal amount of the Bonds authorized pursuant to this Order shall not exceed $[_____];

(ii) the true interest cost of the Bonds shall not exceed 15%; provided that the net effective interest rate on the Bonds shall not exceed the maximum rate set forth in Chapter 1204, Texas Government Code, as amended;

(iii) the final maturity of the Bonds shall not be later than [_____]; and

(iv) the delegation made hereby shall expire if not exercised by the Pricing Officer within one hundred eighty (180) days from the date of adoption of this Order.

(b) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in Subsection (a)(i) hereof, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs related to the issuance of the Bonds. The Bonds shall be sold with and subject to such terms as set forth in the Pricing Certificate.

(c) The Pricing Officer shall select the Eligible Refunded Obligations to be refunded in accordance with the limitations set forth above and in the Final Judgment. Prior to the issuance of any Bonds authorized by this Order, the Bankruptcy Court will certify the aggregate amount of each respective Refunded Obligation to be restructured, refunded and defeased in a declaratory judgment, subsequent orders or such other instruments as may be necessary and such declaratory judgment, subsequent orders or other instruments evidencing the aggregate amount of each respective Refunded Obligation to be restructured, refunded and defeased will be attached to the Pricing Certificate for the Bonds issued to restructure, refund and defease such Refunded Obligations.

(d) The Pricing Officer shall determine whether the Bonds will be sold by private placement or negotiated or competitive sale. If the Bonds are sold by private placement, the Pricing Certificate shall so state, and the Pricing Certificate may conform this Order to reflect such private placement of the Bonds including, as applicable, provision that the book-entry-only system of registrations, payment and transfers will not be utilized in connection with the Bonds, the Bonds are exempt from United States Securities and Exchange Commission Rule 15c2-12, and replacing the provisions set forth in Section 10 of this Order with an agreement to provide alternative continuing disclosure of information requested by the purchaser as permitted by applicable law. The Pricing Certificate will contain such provisions as may be necessary in connection with the sale of the Bonds by private placement or negotiated or competitive sale, including any changes to the FORM OF BOND as may be necessary or required to reflect the substance of the sale of the Bonds in any such manner.

Section 3. CHARACTERISTICS OF THE BONDS.

(a) Appointment of Paying Agent/Registrar. The selection and appointment of the paying agent/registrar for the Bonds (the "Paying Agent/Registrar") shall be as provided in the Pricing Certificate. The Pricing Officer is authorized and directed to execute and deliver in the name and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar.

(b) Registration, Transfer, Conversion and Exchange. The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three (3) days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Order and as finalized in the Pricing Certificate. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

(c) Authentication. Except as provided in subsection (j) of this section, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Order, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(d) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Order. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Order. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(e) Payment to Registered Owner. Notwithstanding any other provision of this Order to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in

whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the Registered Owners, as shown in the Registration Books as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Order.

(f) Paying Agent/Registrar. The Issuer covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Order, and that the Paying Agent/Registrar will be one entity. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Order, and a certified copy of this Order shall be delivered to each Paying Agent/Registrar.

(g) Substitute Paying Agent/Registrar. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than one hundred-twenty (120) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar.

(h) Book-Entry Only System. Upon initial issuance, the ownership of the Bonds may, if so designated by the Pricing Officer, be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry Only System hereinafter described and the provisions of subsections (j), (k) and (l) of this Section shall apply to the Bonds, and except as provided in subsections (n) of this Section, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(i) Blanket Letter of Representations. The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representations is hereby incorporated herein and its provisions shall prevail over any other provisions of this Order in the event of conflict.

(j) Bonds Registered in the Name of Cede & Co. With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to

hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks being mailed to the Registered Owner at the close of business on the Record Date, the words "Cede & Co." in this Order shall refer to such new nominee of DTC.

(k) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

(l) Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(m) General Characteristics of the Bonds. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Order and as finalized in the Pricing Certificate. The Bond initially issued and delivered pursuant to this Order is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Order the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Bond, in the FORM OF BOND set forth in this Order and as finalized in the Pricing Certificate.

(n) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the purchaser designated in Section 9 or its designee, executed by manual or facsimile signature of the President and Secretary of the Board of Directors, approved by the Attorney General of Texas, and registered and manually signed by the

Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for such initial Bond, the Paying Agent/Registrar shall cancel such initial Bond and deliver to DTC on behalf of such purchaser one registered definitive Bond for each year of maturity of such Bonds, in the aggregate principal amount of all of the Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 4. FORM OF BOND. The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Order, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Order and with any additional changes as may be necessary to reflect the final terms of the Bonds, all as set forth and included in the FORM OF BOND attached to the Pricing Certificate.

(a) Form of Bond.

FORM OF BOND

[THIS BOND WAS VALIDATED AND CONFIRMED BY A JUDGMENT ENTERED ON THE ____ DAY OF _____, _____, BY THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF TEXAS SHERMAN DIVISION, CASE NO. 17-40101, WHICH PERPETUALLY ENJOINS THE INSTITUTION OF ANY SUIT, ACTION OR PROCEEDING INVOLVING THE VALIDITY OF THIS BOND, OR THE PROVISION MADE FOR THE PAYMENT OF THE PRINCIPAL THEREOF AND THE INTERST THEREON.]

[The Bonds may be transferred, through the facilities of The Depository Trust Company, New York, New York, in authorized denominations of $100,000 and any multiple of $5,000 in excess thereof, to qualified institutional buyers, as defined in Rule 144A promulgated under the Securities Act of 1933, as amended.]

NO. R-1

UNITED STATES OF AMERICA
STATE OF TEXAS

GAINESVILLE HOSPITAL DISTRICT
LIMITED TAX REFUNDING BOND
TAXABLE SERIES 20___

PRINCIPAL AMOUNT
$_____

INTEREST RATE	DELIVERY DATE	MATURITY DATE	CUSIP NO.

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the Gainesville Hospital District, in Cooke County, Texas (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer

promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the Interest Rate per annum specified above, until the applicable Adjustment Dates (hereinafter defined) set forth below, at which time the principal amount from time to time remaining unpaid will bear interest at the applicable Adjustment Rates as set forth below. Interest is payable on _____and semiannually on each _____ and _____ thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

ON _____ (the "Initial Adjustment Date"), the per annum interest rate on the unpaid balance of the principal amount of this Bond shall be adjusted to an interest rate of _____ percent (___%) per annum (the "Initial Adjustment Rate"), provided that the net effective interest rate on the Bonds shall not exceed the maximum rate set forth in Chapter 1204, Texas Government Code, as amended. Beginning on the Initial Adjustment Date, the interest rate on the unpaid balance of the principal amount of this Bond shall then be adjusted to equal the Initial Adjustment Rate.

ON _____ (the "Final Adjustment Date", and together with the Initial Adjustment Date, the "Adjustment Dates"), the per annum interest rate on the unpaid balance of the principal amount of this Bond shall be adjusted to an interest rate of _____ percent (___%) per annum (the "Final Adjustment Rate", and together with the Initial Adjustment Rate, the "Adjustment Rates"), provided that the net effective interest rate on the Bonds shall not exceed the maximum rate set forth in Chapter 1204, Texas Government Code, as amended. Beginning on the Final Adjustment Date, the interest rate on the unpaid balance of the principal amount of this Bond shall then be adjusted to equal the Final Adjustment Rate.

DURING the ninety (90) day period between the Initial Adjustment Date and the Final Adjustment Date, the Initial Mandatory Sinking Fund Redemption Schedule (hereinafter defined) set forth below may be converted to the Final Mandatory Sinking Fund Redemption Schedule (hereinafter defined), if a majority in principal amount of the Registered Owners of the Bonds then outstanding (the "Majority Owners") submit a written request to the Issuer and the Paying Agent/Registrar (hereinafter defined) within such ninety (90) day period requesting conversion to the Final Mandatory Sinking Fund Redemption Schedule for the Bonds (the "Notification"). Notwithstanding the foregoing, if at the time of receipt of the Notification, the Issuer determines that the Final Mandatory Sinking Fund Redemption Schedule causes the tax rate necessary to be levied by the Issuer to pay the debt service requirements on the Bonds as set forth in the Final Mandatory Sinking Fund Redemption Schedule and any other debt service payments then required to be made from the Issuer's limited ad valorem tax to exceed the limits imposed by law (the "Determination"), then, in such event, the Issuer shall expeditiously notify the Majority Owners and the Paying Agent/Registrar of the Determination and the Initial Mandatory Sinking Fund Redemption Schedule shall remain in full force and effect until such payment requirements are paid in full or redeemed prior to maturity as set forth herein. If the Issuer determines that the Final Mandatory Sinking Fund Redemption Schedule does not cause the tax rate necessary to be levied by the Issuer to pay the debt service requirements on the Bonds as set forth in the Final Mandatory Sinking Fund Redemption Schedule and any other debt service payments then required to be made from the Issuer's limited ad valorem tax to exceed the limits imposed by law, the Issuer shall provide the Paying Agent/Registrar written notice and expeditiously cause the Paying Agent/Registrar to notify all Registered Owners of the

conversion to the Final Mandatory Sinking Fund Redemption Schedule through dissemination of such notice in the format as provided by the Issuer.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of _____, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Order authorizing the issuance of this Bond (the "Bond Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the _____ day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment or redemption at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for any payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated _____, 20___, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $_____for the public purposes of restructuring, refunding and defeasing certain outstanding liabilities and financial obligations of the Issuer set forth in the Pricing Certificate; and to pay the costs incurred in connection with the issuance of the Bonds.

ON _____, 20___, or on any date thereafter, the Bonds of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof,

to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in denominations of $100,000 and any multiple of $5,000 in excess thereof), on any date during the periods set forth below and at the following prices expressed in percentages of their principal amount, plus accrued interest to the redemption date:

Period During Which Redeemed	Redemption Price
_____	_____%

THE BONDS are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, via a lottery system, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Bonds.

THE BONDS will initially be subject to scheduled mandatory redemption on the dates and in the respective principal amounts, set forth in the following schedule (the "Initial Mandatory Sinking Fund Redemption Schedule").

INITIAL MANDATORY SINKING FUND
REDEMPTION SCHEDULE
Maturity: _____

Mandatory Redemption Date	Principal Amount($)
_____	_____

In the event the Initial Mandatory Sinking Fund Redemption Schedule is converted to the Final Mandatory Sinking Fund Redemption Schedule as provided above, the Bonds will be subject to scheduled mandatory redemption on the dates and in the respective principal amounts, set forth in the following schedule (the "Final Mandatory Sinking Fund Redemption Schedule").

FINAL MANDATORY SINKING FUND
REDEMPTION SCHEDULE
Maturity: _____

Mandatory Redemption Date	Principal Amount($)
_____	_____

The principal amount of the Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Bonds of the same maturity which, at least fifty (50) days prior to a mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed

pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

WITH RESPECT TO ANY OPTIONAL REDEMPTION OF THE BONDS, unless certain prerequisites to such redemption required by the Bond Order have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Issuer shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

AT LEAST THIRTY (30) DAYS prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the close of business on the business day next preceding the date of mailing such notice; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations of $100,000 and any multiple of $5,000 in excess thereof, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Order.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in $100,000 denominations and any multiple of $5,000 in excess thereof. As provided in the Bond Order, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or in authorized denominations of $100,000 and any multiple of $5,000 in excess thereof as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, (i) this Bond may only be transferred or assigned to qualified institutional buyers as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, and (ii) this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the

assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within forty-five (45) days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been irrevocably pledged for such payment, within the limit prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation).

THE ISSUER HAS RESERVED THE RIGHT to amend the Bond Order as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Order, agrees to be bound by such terms and provisions, acknowledges that the Bond Order is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Order constitute a contract between each Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of said Board of Directors, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

(signature)	(signature)
Secretary	President

(SEAL)

b. Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an executed
Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____.

_____
as Paying Agent/Registrar

By: _____
Authorized Representative

c. Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

For value received, the undersigned hereby sells, assigns and transfers unto: _____

_____

Transferee's Social Security or Taxpayer Identification Number: _____

Transferee's name and address, including zip code: _____

_____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, attorney, to register the transfer of
the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

_____
NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

_____
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

d. Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Bond and that this Bond has been registered this day by me.

Witness my signature and seal this _____.

_____
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

e. The initial Bond shall be in the form set forth in paragraph (f) of this Section, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.
B. the first paragraph shall be deleted and the following will be inserted:

"THE GAINESVILLE HOSPITAL DISTRICT, in Cooke County, Texas (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on _____ in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule, subject to interest rate adjustment to the applicable Adjustment Rates (hereinafter defined) on the applicable Adjustment Dates (hereinafter defined) as set forth below:

Year	Principal Amount ($)	Interest Rate (%)

(Information from Pricing Certificate to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date at the respective Interest Rate per annum specified above, until the Initial Adjustment Date set forth below, at which time the principal amount from time to time remaining unpaid will bear interest at the applicable Adjustment Rates set forth below. Interest is payable on _____, and semiannually on each _____ and _____ thereafter to the date of payment of the Principal Amount specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

Section 5. INTEREST AND SINKING FUND.

(a) A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer as a separate fund or account and the funds therein shall be deposited into and held in an account at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer, and shall be used only for paying the interest on and principal of said Bonds. Any amounts received from the sale of the Bonds as accrued interest shall be deposited upon receipt to the Interest and Sinking Fund and all ad valorem taxes levied and collected for and on account of said Bonds shall be deposited, as collected, to the credit of said Interest and Sinking Fund and shall not be diverted to any other purpose. During each year while any of said Bonds are outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on said Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Bonds as such principal matures; and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said Issuer, for each year while any of said Bonds are outstanding and unpaid, and shall be applied solely to the payment of principal and interest on the Bonds, as the same shall become due and shall be used for no other purpose, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds, as such interest comes due and such principal matures, are hereby absolutely and irrevocably pledged for such payment, within the limit prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation).

(b) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the Registered Owners of the Bonds a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur. In addition, this Order is intended to constitute a "Security Agreement" as defined in 11 U.S.C. Section 101(50).

(c) The Issuer shall create one or more sub-accounts in the Interest and Sinking Fund, as necessary, for (i) the deposit of any funds remaining on deposit with the Escrow Agent pursuant to the Escrow Agreement approved in Section 13 of this Order after the defeasance, redemption and final payment of the Refunded Obligations, which any such remaining funds shall be transferred by the Escrow Agent to the Issuer for deposit into such sub-account to be maintained by the Issuer as a separate sub-account of the Interest and Sinking Fund and (ii) the deposit of any other funds that the Issuer may use to pay principal of and interest on the Bonds that was not collected pursuant to the ad valorem tax pledge established in Section 5(a) of this Order. Any such sub-account of the Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer, and shall be used only for paying the interest on and principal of the Bonds. Only funds derived from the ad valorem tax pledge established in Section 5(a) of this Order may be placed into the main Interest and Sinking Fund account, and no other funds shall be commingled with such ad valorem tax revenues.

Section 6. DEFEASANCE OF BONDS.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in Subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in Subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Bonds.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Order.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new Bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen or destroyed Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Bond, the Registered Owner applying for a replacement Bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Bond, the Registered Owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Registered Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Order equally and proportionately with any and all other Bonds duly issued under this Order.

(e) Authority for Issuing Replacement Bonds. In accordance with Section 1206.022, Government Code, this Section 7 of this Order shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 3(b) of this Order for Bonds issued in conversion and exchange for other Bonds.

Section 8. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED; ENGAGEMENT OF BOND COUNSEL.

(a) Each of the Pricing Officers is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said

Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Bond. The approving legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel") and the assigned CUSIP numbers, if any, may, at the option of the Issuer, be printed on the Bonds issued and delivered under this Order, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Bonds is subject to the initial purchaser being furnished with the final, approving opinion of Bond Counsel, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the initial purchaser. The engagement of Bond Counsel by the Issuer in connection with issuance, sale and delivery of the Bonds is hereby approved, ratified and confirmed.

Section 9. SALE OF BONDS AND APPROVAL OF OFFERING DOCUMENTS; FURTHER PROCEDURES.

(a) The Bonds shall be sold and delivered subject to the provisions of Section 1 and Section 2 and pursuant to the terms and provisions of a purchase agreement or purchase letter (the "Purchase Agreement") which the Pricing Officer is hereby authorized to execute and deliver and in which the purchaser of the Bonds shall be designated. The Bonds shall initially be registered in the name of the purchaser thereof as set forth in the Pricing Certificate.

(b) The Secretary of the Board of Directors and any Pricing Officer are further authorized and directed to execute and deliver for and on behalf of the Issuer copies of a Preliminary Official Statement and Official Statement or a Preliminary Limited Offering Memorandum and Limited Offering Memorandum, as applicable, and if prepared in connection with the offering of the Bonds by the purchaser (the "Offering Documents"), in final forms as may be required by the purchaser, and such Offering Documents in the form and content as approved by the Pricing Officer or as manually executed by said officials shall be deemed to be approved by the Board of Directors and constitute the Offering Documents authorized for distribution and use by the purchaser, as necessary. The form and substance of the Offering Documents for the Bonds and any addenda, supplement or amendment thereto, all as approved by the Pricing Officer, are hereby deemed to be approved in all respects by the Board of Directors, and the Preliminary Official Statement, if applicable, is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purpose of paragraph (b)(1) of the Rule (hereinafter defined).

(c) The Secretary of the Board of Directors and any Pricing Officers of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Issuer such documents, certificates and other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Bonds, the sale of the Bonds and the Offering Documents. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 10. COMPLIANCE WITH RULE 15c2-12. To the extent any changes to this Section are necessary in connection with the issuance and sale of the Bonds, the Pricing Officer will include such changes and necessary provisions in the Pricing Certificate.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six (6) months after the end of each fiscal year ending in or after 20__, financial information and operating data with respect to the Issuer of the general type included in the final Offering Document authorized by Section 9 of this Order, being the information described in the Pricing Certificate. The Issuer will additionally provide audited financial statements when and if available, and in any event, within twelve (12) months after the end of each fiscal year ending in or after 20__. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the Issuer will file unaudited financial statements within such twelve (12) month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the applicable appendix to the Offering Document, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

(ii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notices. The Issuer shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;[1]
7. Modifications to rights of holders of the Bonds, if material;

[1] Not applicable to the Bonds, which are being issued as taxable bonds.

8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor trustee or change in the name of the trustee, if material.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by subsection (b). As used in clause (c)12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if jurisdiction has been assumed by leaving the Board of Directors and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(d) Limitations, Disclaimers, and Amendments.

(i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Order or applicable law that causes Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON

ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Order for purposes of any other provision of this Order. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Registered Owners and beneficial owners of the Bonds. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 11. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Order subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Order in order to (i) cure any ambiguity, defect or omission in this Order that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, so long as such grant does not impair or adversely affect the pledge of ad valorem taxes contained in this Order or the treatment of such pledge by any law, including but not limited to, Title 11 of the United States Code, (iii) add events of default as shall not be inconsistent with the provisions of this Order and that shall not materially adversely affect the interests of the holders, (iv) qualify this Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Order as shall not be inconsistent with the provisions of this Order and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the

holders in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Order or in any of the Bonds so as to:

(1) Make any change in the maturity of any of the outstanding Bonds;

(2) Reduce the rate of interest borne by any of the outstanding Bonds;

(3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;

(4) Modify the terms of payment of principal of or interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or

(5) Change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Order under this Section, the Issuer shall send by U.S. mail to each Registered Owner of the affected Bonds a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Order pursuant to the provisions of this Section, this Order shall be deemed to be modified and amended in accordance with such amendatory Order, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of such consent, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the date of such consent by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

For the purposes of establishing ownership of the Bonds, the Issuer shall rely solely upon the registration of the ownership of such Bonds on the registration books kept by the Paying Agent/Registrar.

Section 12. DEFAULT AND REMEDIES.

(a) Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Issuer.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer for the purpose of protecting and enforcing the rights of the Registered Owners under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Order, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Order, do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Issuer or the Board of Directors, except in the case of fraud, willful misconduct or intentional misrepresentation.

Section 13. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS. In furtherance of authority granted by Section 1207.007(b), Texas Government Code, the Pricing Officer is further authorized to enter into and execute on behalf of the Issuer with the escrow agent selected and appointed in the Pricing Certificate, an escrow or similar agreement, in the form and substance as shall be approved by the Pricing Officer, which agreement will provide for the payment in full of the Refunded Obligations. In addition, the Pricing Officer is authorized to purchase such securities, to execute such subscriptions for the purchase of the Escrowed Securities (as defined in the agreement), if any, and to authorize such contributions for the escrow fund as provided in the agreement.

Section 14. REDEMPTION AND FINAL PAYMENT OF REFUNDED OBLIGATIONS.

(a) Subject to execution and delivery of the Purchase Agreement with the purchaser, the Issuer hereby directs that the final payment of the Refunded Obligations be made on the dates and in the

amounts as set forth in the Pricing Certificate. The Pricing Officer is hereby authorized and directed to issue or cause to be issued any requisite notices of payment, redemption or defeasance as may be necessary in connection with the restructuring, refunding and final payment of the Refunded Obligations, with any such notices to be completed with information set forth in the Pricing Certificate.

(b) In addition, the Pricing Officer is hereby directed to make or to cause to be made appropriate arrangements so that the Refunded Obligations may be redeemed and paid in accordance with their respective terms and the Bankruptcy Plan and the Final Judgment, as applicable. The Refunded Obligations shall not bear interest after the date fixed for such payment and redemption.

(c) The source of funds for payment of the amounts due on the Refunded Obligations shall be from the funds deposited with the Escrow Agent pursuant to the Escrow Agreement approved in Section 13 of this Order.

Section 15. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Order, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Order, despite such invalidity, which remaining portions shall remain in full force and effect.

Section 16. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Order shall be effective immediately upon its adoption by the Board of Directors.

(*Execution Page Follows*)

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE GAINESVILLE HOSPITAL DISTRICT, this _____ day of _____, 20_____.

ATTEST:

_____
President, Board of Directors of the Gainesville Hospital District

_____
Secretary, Board of Directors of the
Gainesville Hospital District

[DISTRICT SEAL]

Schedule I
Schedule of Refunded Obligations

[DEBTOR-IN-POSSESSION LOAN

The amount borrowed and remaining unpaid on the Debtor-In-Possession Loan dated _____ and maturing on _____ between the Gainesville Hospital District d/b/a North Texas Medical Center and UHS of Delaware, Inc. and/or its affiliates in the maximum amount of $_____ (the "DIP Loan"), plus interest thereon, the associated costs and fees related to the implementation of the DIP Loan under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding the DIP Loan (the "DIP Loan Liability").] [Pursuant to this Bond Order and the Final Judgment, the maximum principal amount of Bonds to be issued to restructure and refinance the DIP Loan Liability cannot exceed $_____.]

[SUBSEQUENT DEBTOR-IN-POSSESSION INDEBTEDNESS

The amount borrowed and remaining unpaid on the Debtor-In-Possession Loan dated _____ and maturing on _____ between the Gainesville Hospital District d/b/a North Texas Medical Center and UHS of Delaware, Inc. and/or its affiliates in the maximum amount of $_____, plus interest thereon, the associated costs and fees related to the implementation of such indebtedness under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such indebtedness (the "Subsequent DIP Indebtedness").] [Pursuant to this Bond Order and the Final Judgment, the maximum principal amount of Bonds to be issued to restructure and refinance the Subsequent DIP Indebtedness cannot exceed $_____.]

[PREPETITION AND UNPAID POSTPETITION OBLIGATIONS

The past due operating expenses and financial obligations to be paid by the Gainesville Hospital District (the "District"), incurred in connection with the ownership, maintenance and operation of the hospital and the provision of indigent care within the District in the maximum amount of $_____, including but not limited to, Budgeted Expenses, Prepetition Obligations, Employee Obligations (as such terms are defined in the Original Petition for Expedited Declaratory Judgment (the "Petition")) and all other unpaid postpetition obligations, including costs of the District related to the Chapter 9 Proceeding, the validation proceedings, the District's affiliation with UHS of Delaware, Inc. and/or its affiliates relating to the long-term lease of the District's hospital facilities, unpaid issuance costs of Bonds refunding other obligations of the District that are not paid by either the DIP Loan or Subsequent DIP Indebtedness, and any other unpaid obligations of the District; plus the associated costs and fees related to such obligations under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such obligations (collectively, the "Prepetition and Unpaid Postpetition Obligations").] [Pursuant to this Bond Order and the Final Judgment, the maximum principal amount of Bonds to be issued to restructure and refinance the Prepetition and Unpaid Postpetition Obligations cannot exceed $_____.]

[PENSION LIABILITY

The unfunded accrued pension liability of the Gainesville Hospital District's Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center, effective April 1, 1973, as amended, as set forth in the Actuarial Valuation dated April 1, 2017, as updated on June 14, 2017, in the maximum amount of $_____, plus the associated costs and fees related to such unfunded pension liability under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such unfunded pension liability (the "Pension Liability").] [Pursuant to this Bond Order and the Final Judgment, the

maximum principal amount of Bonds to be issued to restructure and refinance the Pension Liability cannot exceed $_____.]

[MEDICARE OBLIGATION

The liability to be paid by the Gainesville Hospital District (the "District") in connection with the District's reporting of Medicare funds received by the District and the subsequent self-disclosure filed with the Office of Inspector General, Department of Health and Human Services on _____ in the maximum amount of $_____, plus the associated costs and fees related to such amounts owed under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such amounts owed (the "Medicare Obligation").] [Pursuant to this Bond Order and the Final Judgment, the maximum principal amount of Bonds to be issued to restructure and refinance the Medicare Obligation cannot exceed $_____.]

[OFFICE OF INSPECTOR GENERAL OBLIGATION

The liability to be paid by the Gainesville Hospital District (the "District") in connection with the Request for Information or Assistance dated September 22, 2016 and the Supplemental Request for Information or Assistance dated March 1, 2017 from the Office of Inspector General, Department of Health and Human Services in the maximum amount of $_____, plus the associated costs and fees related to such amounts owed under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such amounts owed (the "OIG Obligation").] [Pursuant to this Bond Order and the Final Judgment, the maximum principal amount of Bonds to be issued to restructure and refinance the OIG Obligation cannot exceed $_____.]

ESCROW AGREEMENT
relating to

Gainesville Hospital District
Limited Tax Refunding Bonds, Taxable Series 20__

_____

THIS ESCROW AGREEMENT, dated as of _____, 20__ (herein, together with any amendments or supplements hereto, called the "Agreement"), is entered into by and between the Gainesville Hospital District of Cooke County, Texas, (herein called the "Issuer") and _____, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The addresses of the Issuer and the Escrow Agent are shown on **Exhibit "A"** attached hereto and made a part hereof.

W I T N E S S E T H:

WHEREAS, the Issuer heretofore incurred the liabilities and financial obligations (the "Refunded Obligations") described in **Exhibit "B"**, which is made a part hereof; and

WHEREAS, the Refunded Obligations are to be payable at such times and in such amounts as are set forth in **Exhibit "B"**; and

WHEREAS, when firm banking arrangements have been made for the payment of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with a trust company or commercial bank that does not act as a depository for the Issuer, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with a trust company or commercial bank that does not act as a depository for the Issuer, with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such trust company or commercial bank may agree, provided that such deposits may be invested only in obligations described in Section 1207.062 of Chapter 1207, which obligations may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Refunded Obligations as set forth in **Exhibit "B"**; and

WHEREAS, the Escrow Agent is a trust company or commercial bank that does not act as a depository for the Issuer and this Agreement constitutes an escrow agreement of the kind authorized and required by said Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the parties to which the Refunded Obligations are owed the amounts required to provide for the final payment of the amounts due and payable on such liabilities and financial obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the Gainesville Hospital District Limited Tax Refunding Bonds, Taxable Series 20___ (the "Refunding Obligations") are being issued, sold and delivered for the purpose of obtaining the funds required to provide for the final payment and extinguishment of the Refunded Obligations and to pay costs related to the issuance of the Refunding Obligations; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Obligations to the purchasers thereof, certain proceeds of the Refunding Obligations, together with certain other available funds of the Issuer, if applicable, shall be deposited to the Escrow Fund and held in cash or applied to purchase certain obligations described in Section 1207.062 of Chapter 1207, hereinafter defined (and including any cash deposits) as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay the Refunded Obligations in full; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at a corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a party to this Agreement and acknowledges its acceptance of the terms and provisions of this Agreement in such capacity.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means, subject to any restrictions set forth in any order, ordinance or resolution of the Issuer authorizing the issuance of the Refunded Obligations, the cash and/or obligations permitted by Section 1207.062 of Chapter 1207 as set forth in **Exhibit "C"**, or other obligations

permitted by Section 1207.062 of Chapter 1207 substituted therefor pursuant to Article IV of this Agreement.

Section 1.02. Other Definitions. The terms "Agreement", "Issuer", "Escrow Agent", "Refunded Obligations", and "Refunding Obligations," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in **Exhibit "C"**, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Gainesville Hospital District Limited Tax Refunding Bonds, Taxable Series 20___ Escrow Fund (the "Escrow Fund"). Separate accounts will be established in the Escrow Fund for the deposit of funds and Escrowed Securities to be used to pay each of the applicable Refunded Obligations as set forth in **Exhibit "B"**. The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in **Exhibit "C"**. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of the Refunded Obligations. At least _____ (___) days prior to the date on which the applicable Refunded Obligations are to be paid as set forth in **Exhibit "B"**, the Issuer will submit a requisition in the form attached hereto as **Exhibit "D"** (the "Requisition") to the Escrow Agent, complete with such information (including invoices, schedules and/or payoff letters) as is necessary for the Escrow Agent to pay such Refunded Obligations from funds on deposit for such purpose in the Escrow Fund. The Escrow Agent is hereby irrevocably instructed to transfer or disburse

from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the Refunded Obligations in the amounts and at the times shown in the Requisition.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys at the times and in the amounts required to pay the Refunded Obligations when due, all as more fully described in **Exhibit "C"** and the applicable Requisition. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each applicable party to which the Refunded Obligations are owed, to make the payments set forth in Section 3.02 hereof, notice of any such insufficiency shall be given to the Issuer by the Escrow Agent as promptly as practicable as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the parties to which the Refunded Obligations are owed; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The parties to which the Refunded Obligations are owed shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as the parties to which the Refunded Obligations are owed. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of Texas and the laws of the United States of America to secure and be pledged as collateral for public funds having a market value at least equal to such cash balances.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. General Limitations. Except as provided in Sections 3.02, 4.02, and 4.03 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer or otherwise dispose of the Escrowed Securities.

Section 4.02. Reinvestment of Certain Cash Balances in Escrow by Escrow Agent. In addition to the Escrowed Securities described in **Exhibit "C"**, the Escrow Agent shall at the direction of the Issuer invest cash balances in Escrowed Securities.

Section 4.03. Substitutions and Reinvestments. At the discretion of the Issuer, the Escrow Agent shall reinvest cash balances representing receipts from the Escrowed Securities, make substitutions of the Escrowed Securities or redeem the Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other moneys or Escrowed Securities held in the Escrow Fund provided that the Issuer delivers to the Escrow Agent an opinion by an independent certified public accountant that after such substitution or reinvestment the principal amount of the Escrowed Securities in the Escrow Fund (which shall be noncallable, not pre-payable obligations described in Section 1207.062 of Chapter 1207, subject to any restrictions set forth in any order, ordinance or resolution of the Issuer authorizing the issuance of the Refunded Obligations), together with the interest thereon and other available moneys, will be sufficient to pay, without further investment or reinvestment, as the same become due in accordance with **Exhibit "C"**, the amounts due on the Refunded Obligations which have not previously been paid, and the Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02, 4.02, and 4.03 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the parties to which the Refunded Obligations are owed.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability.

(a) The liability of the Escrow Agent to transfer funds for the payment of the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall not have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

(b) The recitals herein and in the proceedings authorizing the Refunding Obligations shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Obligations or the proceedings or agreements authorizing the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof. In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

(c) The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

(d) It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

(e) The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

(f) Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, counsel at any time.

(g) The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, written investment direction, statement, instrument, opinion, notice or other

paper or document believed by it to be genuine and to have been signed or presented by the proper party. The Escrow Agent need not investigate any fact or matter stated in the document.

(h) The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder directly or by or through its agents or attorneys and may in all cases pay reasonable compensation to any agent or attorney retained or employed by it in connection therewith, provided that the Escrow Agent shall not be relieved of responsibility for its duties and obligations under this agreement.

Section 7.03. Compensation.

(a) Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the amount set forth in **Exhibit "E"**, attached hereto, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) Upon receipt of the compensation referenced in **Exhibit "E"** for Escrow Agent fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

Section 7.04. Successor Escrow Agents.

(a) If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three (3) months after a vacancy shall have occurred, the parties to which any of the Refunded Obligations are owed may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

(b) Any successor Escrow Agent shall be: (i) a corporation, bank or banking association organized and doing business under the laws of the United States or the State of Texas; (ii) be authorized under such laws to exercise corporate trust powers; (iii) be authorized under Texas law to act as an escrow agent; (iv) have its principal office and place of business in the State of Texas; (v) have a combined capital and surplus of at least $5,000,000; and (vi) be subject to the supervision or examination by Federal or State authority.

(c) Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute

and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

(d) The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three (3) weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the Issuer or by the parties to which the Refunded Obligations are owed as herein provided.

(e) Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on **Exhibit "A"** attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Bonds, 99 Church Street, New York, New York 10007, Standard & Poor's Corporation, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004 and Fitch, Inc., One State Street Plaza, New York, New York 10004.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the parties to which the Refunded Obligations are owed or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the parties to which the Refunded Obligations are owed, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this

Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in **Exhibit "C"** and the Escrowed Securities, together with the specific sums referenced in **Exhibit "E"** for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08. Amendments. This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the parties to which the Refunded Obligations are owed.

Section 8.09. Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(Execution Page Follows)

EXECUTED as of the date first written above.

GAINESVILLE HOSPITAL DISTRICT

By: _____
Pricing Officer

[ESCROW AGENT]

By: _____

Title: _____

INDEX TO EXHIBITS

EXHIBIT "A"

ADDRESSES OF THE ISSUER AND THE ESCROW AGENT

ISSUER

Gainesville Hospital District
1900 Hospital Boulevard
Gainesville, Texas 76240

Attention: [Chief Financial Officer][_____]

ESCROW AGENT

[Escrow Agent]

EXHIBIT "B"

SCHEDULE OF REFUNDED OBLIGATIONS AND PAYMENT DATES

(See attached)

[ATTACH SCHEDULE OF REFUNDED OBLIGATIONS
FROM APPLICABLE PRICING CERTIFICATE]

EXHIBIT "C"

DESCRIPTION OF ESCROWED SECURITIES

(See attached)

EXHIBIT "D"

FORM OF REQUISITION FOR PAYMENT OF REFUNDED OBLIGATIONS

(See attached)

FORM OF REQUISTION

[Escrow Agent]

Re: Gainesville Hospital District – Limited Tax General Obligation Refunding Bonds, Taxable Series 20____ - Requisition for Payment of Refunded Obligation

This request for disbursement is submitted to you pursuant to **Section 3.02** of the Escrow Agreement dated as of _____, 20__ (the "Agreement"), between the Gainesville Hospital District (the "District") and _____ (the "Escrow Agent") relating to the above captioned bonds. You are hereby requested to make a reimbursement from the _____ account of the Escrow Fund for the payment of the liabilities and financial obligations specified below as evidenced by the [attached invoices, schedules or payoff letters][declaratory judgment of the United States Bankruptcy Court for the Eastern District of Texas dated _____].

[Please advance **$____[Insert Payoff Amount]_____** to **_____[Insert Creditor]_____** by wire transfer, **_____[Insert Wire Instructions]_____**, which amount will be sufficient to pay the amount due and owing by the District on the date hereof for:]

[Please pay **$____[Insert Payoff Amount]_____** to **_____[Insert Creditor]_____** by sending a check for payment to, **_____[Insert Address]_____**, which amount will be sufficient to pay the amount due and owing by the District on the date hereof for:

[Insert Applicable Refunded Obligation –

Separate Requisitions Required for each Refunded Obligation]

[DEBTOR-IN-POSSESSION LOAN

The amount borrowed and remaining unpaid on the Debtor-In-Possession Loan dated _____ and maturing on _____ between the Gainesville Hospital District d/b/a North Texas Medical Center (the "District") and UHS of Delaware, Inc. and/or its affiliates in the amount of $_____.]

[SUBSEQUENT DEBTOR-IN-POSSESSION INDEBTEDNESS

The amount borrowed and remaining unpaid on the Debtor-In-Possession Loan dated _____ and maturing on _____ between the Gainesville Hospital District d/b/a North Texas Medical Center (the "District") and UHS of Delaware, Inc. and/or its affiliates in the amount of $_____.]

[PREPETITION AND UNPAID POSTPETITION OBLIGATIONS

The past due operating expenses and financial obligations to be paid by the Gainesville Hospital District (the "District"), incurred in connection with the ownership, maintenance and operation of the hospital and the provision of indigent care within the District, including but not limited to, Budgeted Expenses, Prepetition Obligations, Employee Obligations (as such terms are defined in the Original Petition for Expedited Declaratory Judgment (the "Petition")) and all other unpaid postpetition obligations, including costs of the District related to the Chapter 9 Proceeding, the Validation Proceeding, the District's affiliation with the DIP Lender and/or its affiliates relating to the long-term lease of the District's hospital facilities, unpaid issuance costs of Bonds refunding other obligations of the District that are not paid by

either the DIP Loan or Subsequent DIP Indebtedness, and any other unpaid obligations of the District; in the amount of $_____.]

[**PENSION LIABILITY**

The unfunded accrued pension liability of the Gainesville Hospital District (the "District") in connection with the District's Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center, effective April 1, 1973, as amended, as set forth in the Actuarial Valuation dated April 1, 2017, as updated on June 14, 2017, in the amount of $_____.]

[**MEDICARE OBLIGATION**

The liability to be paid by the Gainesville Hospital District (the "District") in connection with the District's reporting of Medicare funds received by the District and the subsequent notice filed with the Office of Inspector General, Department of Health and Human Services on _____ in the amount of $_____.]

[**OFFICE OF INSPECTOR GENERAL OBLIGATION**

The liability to be paid by the Gainesville Hospital District (the "District") in connection with the Request for Information or Assistance dated September 22, 2016 and the Supplemental Request for Information or Assistance dated March 1, 2017 from the Office of Inspector General, Department of Health and Human Services in the amount of $_____.]

[*Signature Page Follows*]

Date:_____

GAINESVILLE HOSPITAL DISTRICT

By:_____
Title: _____

EXHIBIT "E"

ESCROW AGENT FEES

(See attached)

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of _____, 20___ (this "Agreement"), by and between the Gainesville Hospital District in Cooke County, Texas (the "Issuer"), and _____ (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Limited Tax Refunding Bonds, Taxable Series 20___ (the "Securities") in the aggregate principal amount of $_____, such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchaser thereof on or about _____, 20_____; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Order" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Order."

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions

hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Board" means the Board of Directors of the Issuer.

"Bank Office" means the principal corporate trust office of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Financial Advisor" means Hilltop Securities Inc. or such other financial advisor selected by the Issuer. The Issuer will notify the Bank if another financial advisor is selected.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the President or Vice President of the Board, or the Chief Executive Officer or Chief Financial Officer of the Issuer or other authorized representative of the Issuer, any one or more of said officials, delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Order" means the order or resolution of the Board of the Issuer pursuant to which the Securities are issued, certified by the Secretary of the Board or any other officer of the Issuer and delivered to the Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Order).

"Record Date" means the _____ day of the month next preceding payment.

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Order.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Order the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Order.

ARTICLE FOUR

REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Securities.

The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Security Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect

the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Return of Canceled Securities.

All securities surrendered to the Bank, at the designated Payment/Transfer Office, for payment, redemption, transfer, or replacement, shall be promptly canceled by the Bank. The Bank will provide to the Issuer, at reasonable intervals determined by the Bank, a certificate evidencing the destruction of canceled securities.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Order, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Issuer's Financial Advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the Issuer, the Issuer's Financial Advisor or other agent as the final

closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Securities.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Securities, with such moneys in the account that exceed the

deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas, and to the extent practicable under the laws of the United States of America, to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to Title Six of the Texas Property Code, as amended, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the administrative offices of the Issuer are located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown below:

Issuer:

Gainesville Hospital District
1900 Hospital Boulevard
Gainesville, Texas 76240

Attention: [Chief Financial Officer][_____]

Paying Agent/Registrar:

_____
_____
_____

Attention: _____

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any corporation into which the Paying Agent/Registrar may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Paying Agent/Registrar shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Paying Agent/Registrar shall be the successor of the Paying Agent/Registrar hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Order, the Order shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records and any funds relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Sections 5.06 and 5.07 of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

(Execution page follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

[PAYING AGENT REGISTRAR]

By: _____

Title: _____

GAINESVILLE HOSPITAL DISTRICT

By: _____
Pricing Officer

SCHEDULE A

PAYING AGENT/REGISTRAR FEE SCHEDULE

(See attached)

PRICING CERTIFICATE

I, the undersigned [President of the Board of Directors][_____] of the Gainesville Hospital District (the "District"), acting as Pricing Officer pursuant to the authority granted to me by the order adopted by the Board of Directors of the District on _____, 20__ (the "Bond Order") relating to the issuance of the District's Limited Tax Refunding Bonds, Taxable Series 20___ (the "Bonds") hereby find, determine and commit on behalf of the District to sell and deliver the Bonds on the following terms:

1. Capitalized terms not otherwise defined herein have the meaning assigned in the Bond Order.

2. The Bonds are hereby sold and shall be delivered to _____, for cash at a price of $_____, being the par amount of the Bonds, and less an underwriter's discount of $_____, according to the following terms:

A. The principal amount of the Bonds shall be $_____, for the public purpose of restructuring, refunding and defeasing the Refunded Obligations (as defined in Section 4 hereof). The Bonds shall be entitled the "Gainesville Hospital District Limited Tax Refunding Bonds, Taxable Series 20___."

B. The Bonds shall be dated _____, 20__, shall be numbered from R-1 upwards (except that the initial Bond shall be numbered T-1) and shall mature and bear interest from their initial delivery date, as follows:

Maturity Date (__/___)*	Principal Amount*	Interest Rate*

[*The Bonds are subject to Mandatory Sinking Fund Redemption as set forth in the Form of Bond attached hereto as **Exhibit A**. Additionally, the interest rate set forth above is subject to adjustment to a rate of ___% on _____, 20_____ and to a rate of ___% _____, 20_____ as set forth in the Form of Bond attached hereto as **Exhibit A**, provided that the net effective interest rate on the Bonds shall not exceed the maximum rate set forth in Chapter 1204, Texas Government Code, as amended.]

C. The true interest cost on the Bonds is _____% and the net effective interest rate (as defined in Chapter 1204, Texas Government Code, as amended) for the Bonds does not exceed _____%.

D. The delivery date of the Bonds shall be _____, 20___. The final maturity of the Bonds is _____.

E. The Paying Agent/Registrar for the Bonds shall be _____ and the Paying Agent/Registrar Agreement with the Paying Agent/Registrar is hereby approved as evidenced by my execution thereof.

F. The Escrow Agent shall be _____, and the Escrow Agreement with the Escrow Agent is hereby approved as evidenced by my execution thereof.

G. Interest on the Bonds shall be payable semiannually on _____ and _____ of each year, commencing _____. The record date for the Bonds shall be the [close of business on the 15th calendar day][last business day] of the month preceding an interest payment date.

H In addition to the Bonds being subject to Mandatory Sinking Fund Redemption as set forth in Section 2(B) above, the Bonds scheduled to mature on and after _____, shall be redeemable prior to their scheduled maturity, in whole or in part, at the option of the District, on any date during the periods set forth below and at the following prices expressed in percentages of their principal amount, plus accrued interest to the redemption date, all as set forth in the Form of Bond attached hereto as **Exhibit A**:

Period During Which Redeemed	Redemption Price
_____	_____%

I. The Initial Bond shall be initially registered in the name of _____.

J. The Bonds shall be initially issued in Book-Entry-Only form, in accordance with Section 3(h) of the Bond Order, and the definitive Bonds shall be registered in the name of CEDE & Co.

3. The Bonds are in amounts sufficient to refund the Refunded Obligations and to pay the costs related to the issuance of the Bonds.

4. The Eligible Refunded Obligations that are to be restructured, refunded and defeased in connection with the issuance of the Bonds (the "Refunded Obligations") are designated and set forth in **Exhibit B** attached hereto.

5. The issuance of the Bonds and the manner in which the restructuring, refunding and defeasance of the Refunded Obligations is being executed, in that the payments on such Refunded Obligations are to paid over time in accordance with the Bankruptcy Plan, does not make it practicable to make the determination required by subsection 1207.008(a)(2) of the amount of debt service loss that will result from the restructuring, refunding and defeasance of the Refunded Obligations.

6. The form of Bond, completed in accordance with the terms of sale set forth herein, is attached hereto as **Exhibit A**.

7. In satisfaction of Section 1201.022(a)(3), Texas Government Code, as authorized by Section 9 of the Bond Order, and upon consultation with the District's Financial Advisor, the undersigned hereby determines that the final terms of the Bonds as set forth in this Certificate are in the District's best interests and the terms of sale are the most advantageous reasonably obtainable.

8. Pursuant to Section 9(b) of the Bond Order, and in the name of the District, distribution and use of the [Limited Offering Memorandum][Official Statement] by the purchaser of the Bonds designated in paragraph 2 is authorized and approved.

9. The description of annual financial information referred to in Section 10(b) of the Bond Order is set forth in **Exhibit C** attached hereto. [Because the Bonds are exempt from the provisions of Rule 15c2-12 by virtue of the private placement of the Bonds to the purchaser designated in paragraph 2 and the District has voluntarily agreed to provide the information set forth in Section 10 of the Bond Order, the provisions of Section 10(d)(v) of the Bond Order shall have no force or effect.]

(Execution Page Follows)

WITNESS MY HAND this _____, 20__.

GAINESVILLE HOSPITAL DISTRICT

By: _____
Pricing Officer

EXHIBIT A

FORM OF BOND

[THIS BOND WAS VALIDATED AND CONFIRMED BY A JUDGMENT ENTERED ON THE ____ DAY OF _____, _____, BY THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF TEXAS SHERMAN DIVISION, CASE NO. 17-40101, WHICH PERPETUALLY ENJOINS THE INSTITUTION OF ANY SUIT, ACTION OR PROCEEDING INVOLVING THE VALIDITY OF THIS BOND, OR THE PROVISION MADE FOR THE PAYMENT OF THE PRINCIPAL THEREOF AND THE INTERST THEREON.]

[The Bonds may be transferred, through the facilities of The Depository Trust Company, New York, New York, in authorized denominations of $100,000 and any multiple of $5,000 in excess thereof, to qualified institutional buyers, as defined in Rule 144A promulgated under the Securities Act of 1933, as amended.]

NO. R-1

UNITED STATES OF AMERICA
STATE OF TEXAS

PRINCIPAL AMOUNT
$_____

GAINESVILLE HOSPITAL DISTRICT
LIMITED TAX REFUNDING BOND
TAXABLE SERIES 20___

INTEREST RATE	DELIVERY DATE	MATURITY DATE	CUSIP NO.

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the Gainesville Hospital District, in Cooke County, Texas (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the Interest Rate per annum specified above, until the applicable Adjustment Dates (hereinafter defined) set forth below, at which time the principal amount from time to time remaining unpaid will bear interest at the applicable Adjustment Rates as set forth below. Interest is payable on _____and semiannually on each _____ and _____ thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

ON _____ (the "Initial Adjustment Date"), the per annum interest rate on the unpaid balance of the principal amount of this Bond shall be adjusted to an interest rate of _____ percent (___%) per annum (the "Initial Adjustment Rate"), provided that the net effective interest rate on the Bonds shall not exceed the maximum rate set forth in Chapter 1204, Texas Government Code, as amended. Beginning on the Initial Adjustment Date, the interest rate on the unpaid balance of the principal amount of this Bond shall then be adjusted to equal the Initial Adjustment Rate.

ON _____ (the "Final Adjustment Date", and together with the Initial Adjustment Date, the "Adjustment Dates"), the per annum interest rate on the unpaid balance of the principal amount of this Bond shall be adjusted to an interest rate of _____ percent (___%) per annum (the "Final Adjustment Rate", and together with the Initial Adjustment Rate, the "Adjustment Rates"), provided that the net effective interest rate on the Bonds shall not exceed the maximum rate set forth in Chapter 1204, Texas Government Code, as amended. Beginning on the Final Adjustment Date, the interest rate on the unpaid balance of the principal amount of this Bond shall then be adjusted to equal the Final Adjustment Rate.

DURING the ninety (90) day period between the Initial Adjustment Date and the Final Adjustment Date, the Initial Mandatory Sinking Fund Redemption Schedule (hereinafter defined) set forth below may be converted to the Final Mandatory Sinking Fund Redemption Schedule (hereinafter defined), if a majority in principal amount of the Registered Owners of the Bonds then outstanding (the "Majority Owners") submit a written request to the Issuer and the Paying Agent/Registrar (hereinafter defined) within such ninety (90) day period requesting conversion to the Final Mandatory Sinking Fund Redemption Schedule for the Bonds (the "Notification"). Notwithstanding the foregoing, if at the time of receipt of the Notification, the Issuer determines that the Final Mandatory Sinking Fund Redemption Schedule causes the tax rate necessary to be levied by the Issuer to pay the debt service requirements on the Bonds as set forth in the Final Mandatory Sinking Fund Redemption Schedule and any other debt service payments then required to be made from the Issuer's limited ad valorem tax to exceed the limits imposed by law (the "Determination"), then, in such event, the Issuer shall expeditiously notify the Majority Owners and the Paying Agent/Registrar of the Determination and the Initial Mandatory Sinking Fund Redemption Schedule shall remain in full force and effect until such payment requirements are paid in full or redeemed prior to maturity as set forth herein. If the Issuer determines that the Final Mandatory Sinking Fund Redemption Schedule does not cause the tax rate necessary to be levied by the Issuer to pay the debt service requirements on the Bonds as set forth in the Final Mandatory Sinking Fund Redemption Schedule and any other debt service payments then required to be made from the Issuer's limited ad valorem tax to exceed the limits imposed by law, the Issuer shall provide the Paying Agent/Registrar written notice and expeditiously cause the Paying Agent/Registrar to notify all Registered Owners of the conversion to the Final Mandatory Sinking Fund Redemption Schedule through dissemination of such notice in the format as provided by the Issuer.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of _____, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Order authorizing the issuance of this Bond (the "Bond Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered

Owner hereof, at its address as it appeared on the _____ day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment or redemption at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for any payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated _____, 20___, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $_____for the public purposes of restructuring, refunding and defeasing certain outstanding liabilities and financial obligations of the Issuer set forth in the Pricing Certificate; and to pay the costs incurred in connection with the issuance of the Bonds.

ON _____, 20___, or on any date thereafter, the Bonds of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in denominations of $100,000 and any multiple of $5,000 in excess thereof), on any date during the periods set forth below and at the following prices expressed in percentages of their principal amount, plus accrued interest to the redemption date:

Period During Which Redeemed	Redemption Price
_____	_____%

THE BONDS are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, via a lottery system, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Bonds.

THE BONDS will initially be subject to scheduled mandatory redemption on the dates and in the respective principal amounts, set forth in the following schedule (the "Initial Mandatory Sinking Fund Redemption Schedule").

INITIAL MANDATORY SINKING FUND
REDEMPTION SCHEDULE
Maturity: _____

Mandatory Redemption Date	Principal Amount($)
_____	_____

In the event the Initial Mandatory Sinking Fund Redemption Schedule is converted to the Final Mandatory Sinking Fund Redemption Schedule as provided above, the Bonds will be subject to scheduled mandatory redemption on the dates and in the respective principal amounts, set forth in the following schedule (the "Final Mandatory Sinking Fund Redemption Schedule").

FINAL MANDATORY SINKING FUND
REDEMPTION SCHEDULE
Maturity: _____

Mandatory Redemption Date	Principal Amount($)
_____	_____

The principal amount of the Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Bonds of the same maturity which, at least fifty (50) days prior to a mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

WITH RESPECT TO ANY OPTIONAL REDEMPTION OF THE BONDS, unless certain prerequisites to such redemption required by the Bond Order have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such

notice shall be of no force and effect, the Issuer shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

AT LEAST THIRTY (30) DAYS prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the close of business on the business day next preceding the date of mailing such notice; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations of $100,000 and any multiple of $5,000 in excess thereof, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Order.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in $100,000 denominations and any multiple of $5,000 in excess thereof. As provided in the Bond Order, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or in authorized denominations of $100,000 and any multiple of $5,000 in excess thereof as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, (i) this Bond may only be transferred or assigned to qualified institutional buyers as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, and (ii) this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any

portion thereof called for redemption prior to maturity, within forty-five (45) days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been irrevocably pledged for such payment, within the limit prescribed by law (not to exceed $0.65 per $100 valuation for interest and sinking fund purposes, and in an amount which together with taxes levied for the care of indigents does not exceed $0.75 per $100 valuation).

THE ISSUER HAS RESERVED THE RIGHT to amend the Bond Order as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Order, agrees to be bound by such terms and provisions, acknowledges that the Bond Order is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Order constitute a contract between each Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of said Board of Directors, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

(signature)	(signature)
Secretary	President

(SEAL)

Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an executed
Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____.

_____
as Paying Agent/Registrar

By: _____
Authorized Representative

Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

For value received, the undersigned hereby sells, assigns and transfers unto: _____

_____

Transferee's Social Security or Taxpayer Identification Number: _____

Transferee's name and address, including zip code: _____

_____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, attorney, to register the transfer of
the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

_____
NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

_____
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Bond and that this Bond has been registered this day by me.

Witness my signature and seal this _____.

_____
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

The initial Bond shall be in the form set forth in paragraph (f) of this Section, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.
B. the first paragraph shall be deleted and the following will be inserted:

"THE GAINESVILLE HOSPITAL DISTRICT, in Cooke County, Texas (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on _____ in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule, subject to interest rate adjustment to the applicable Adjustment Rates (hereinafter defined) on the applicable Adjustment Dates (hereinafter defined) as set forth below:

Year	Principal Amount ($)	Interest Rate (%)

(Information from Pricing Certificate to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date at the respective Interest Rate per annum specified above, until the Initial Adjustment Date set forth below, at which time the principal amount from time to time remaining unpaid will bear interest at the applicable Adjustment Rates set forth below. Interest is payable on _____, and semiannually on each _____ and _____ thereafter to the date of payment of the Principal Amount specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

EXHIBIT B

SCHEDULE OF REFUNDED OBLIGATIONS

[DEBTOR-IN-POSSESSION LOAN

The amount borrowed and remaining unpaid on the Debtor-In-Possession Loan dated _____ and maturing on _____ between the Gainesville Hospital District d/b/a North Texas Medical Center (the "District") and UHS of Delaware, Inc. and/or its affiliates in the amount of $_____, plus interest thereon, the associated costs and fees related to the implementation of the DIP Loan under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding the DIP Loan (the "DIP Loan Lability").

The Bonds hereby authorized in the principal amount of $_____ to restructure, refund and defease the DIP Loan Liability and to pay related costs of issuance of the Bonds do not exceed the maximum principal amount of $_____ to be issued for such purposes as set forth in the Bond Order and the judgment of the United States Bankruptcy Court for the Eastern District of Texas (the "Bankruptcy Court") dated _____.

[The declaratory judgment of the Bankruptcy Court dated _____ establishing the amount of the DIP Loan Lability to be restructured, refunded and defeased with proceeds of the Bonds is attached hereto.][The DIP Loan Lability will be paid pursuant to the provisions of the Escrow Agreement between the District and _____ on or about _____.]]

[SUBSEQUENT DEBTOR-IN-POSSESSION INDEBTEDNESS

The amount borrowed and remaining unpaid on the Debtor-In-Possession Loan dated _____ and maturing on _____ between the Gainesville Hospital District d/b/a North Texas Medical Center (the "District") and UHS of Delaware, Inc. and/or its affiliates in the amount of $_____, plus interest thereon, the associated costs and fees related to the implementation of such indebtedness under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such indebtedness (the "Subsequent DIP Indebtedness").

The Bonds hereby authorized in the principal amount of $_____ to restructure, refund and defease the Subsequent DIP Indebtedness and to pay related costs of issuance of the Bonds do not exceed the maximum principal amount of $_____ to be issued for such purposes as set forth in the Bond Order and the judgment of the United States Bankruptcy Court for the Eastern District of Texas (the "Bankruptcy Court") dated _____.

[The declaratory judgment of the Bankruptcy Court dated _____ establishing the amount of the Subsequent DIP Indebtedness to be restructured, refunded and defeased with proceeds of the Bonds is attached hereto.] [The Subsequent DIP Indebtedness will be paid pursuant to the provisions of the Escrow Agreement between the District and _____ on or about _____.]]

[PREPETITION AND UNPAID POSTPETITION OBLIGATIONS

The past due operating expenses and financial obligations to be paid by the Gainesville Hospital District (the "District"), incurred in connection with the ownership, maintenance and operation of the hospital and the provision of indigent care within the District in the amount of $_____, including but not limited to, Budgeted Expenses, Prepetition Obligations, Employee Obligations (as such

terms are defined in the Original Petition for Expedited Declaratory Judgment (the "Petition")) and all other unpaid postpetition obligations, including costs of the District related to the Chapter 9 Proceeding, the Validation Proceeding, the District's affiliation with the DIP Lender and/or its affiliates relating to the long-term lease of the District's hospital facilities, unpaid issuance costs of Bonds refunding other obligations of the District that are not paid by either the DIP Loan or Subsequent DIP Indebtedness, and any other unpaid obligations of the District; plus the associated costs and fees related to such obligations under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such obligations (collectively, the "Prepetition and Unpaid Postpetition Obligations").

The Bonds hereby authorized in the principal amount of $_____ to restructure, refund and defease the Prepetition and Unpaid Postpetition Obligations and to pay related costs of issuance of the Bonds do not exceed the maximum principal amount of $_____ to be issued for such purposes as set forth in the Bond Order and the judgment of the United States Bankruptcy Court for the Eastern District of Texas (the "Bankruptcy Court") dated _____.

[The declaratory judgment of the Bankruptcy Court dated _____ establishing the final amount of the Prepetition and Unpaid Postpetition Obligations to be restructured, refunded and defeased with proceeds of the Bonds is attached hereto.] [The Prepetition and Unpaid Postpetition Obligations will be paid pursuant to the provisions of the Escrow Agreement between the District and _____ on or about _____.]]

[PENSION LIABILITY

The unfunded accrued pension liability of the Gainesville Hospital District (the "District") in connection with the District's Texas Hospital Association Retirement Plan for NTMC North Texas Medical Center, effective April 1, 1973, as amended, as set forth in the Actuarial Valuation dated April 1, 2017, as updated on June 14, 2017, in the amount of $_____, plus the associated costs and fees related to such unfunded pension liability under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such unfunded pension liability (the "Pension Liability").

The Bonds hereby authorized in the principal amount of $_____ to restructure, refund and defease the Pension Liability and to pay related costs of issuance of the Bonds do not exceed the maximum principal amount of $_____ to be issued for such purposes as set forth in the Bond Order and the judgment of the United States Bankruptcy Court for the Eastern District of Texas (the "Bankruptcy Court") dated _____.

[The declaratory judgment of the Bankruptcy Court dated _____ establishing the final amount of the Pension Liability to be restructured, refunded and defeased with proceeds of the Bonds is attached hereto.] [The Pension Liability will be paid pursuant to the provisions of the Escrow Agreement between the District and _____ on or about _____.]

[MEDICARE OBLIGATION

The liability to be paid by the Gainesville Hospital District (the "District") in connection with the District's reporting of Medicare funds received by the District and the subsequent self-disclosure filed with the Office of Inspector General, Department of Health and Human Services on _____ in the amount of $_____, plus the associated costs and fees related to such amounts owed under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such amounts owed (the "Medicare Obligation").

The Bonds hereby authorized in the principal amount of $_____ to restructure, refund and defease the Medicare Obligation and to pay related costs of issuance of the Bonds do not exceed the maximum principal amount of $_____ to be issued for such purposes as set forth in the Bond Order and the judgment of the United States Bankruptcy Court for the Eastern District of Texas (the "Bankruptcy Court") dated _____.

[The declaratory judgment of the Bankruptcy Court dated _____ establishing the final amount of the Medicare Obligation to be restructured, refunded and defeased with proceeds of the Bonds is attached hereto.] [The Medicare Obligation will be paid pursuant to the provisions of the Escrow Agreement between the District and _____ on or about _____.]]

[OFFICE OF INSPECTOR GENERAL OBLIGATION

The liability to be paid by the Gainesville Hospital District (the "District") in connection with the Request for Information or Assistance dated September 22, 2016 and the Supplemental Request for Information or Assistance dated March 1, 2017 from the Office of Inspector General, Department of Health and Human Services in the amount of $_____, plus the associated costs and fees related to such amounts owed under the Chapter 9 Proceeding, and issuance costs of the Bonds refunding such amounts owed (the "OIG Obligation").

The Bonds hereby authorized in the principal amount of $_____ to restructure, refund and defease the OIG Obligation and to pay related costs of issuance of the Bonds do not exceed the maximum principal amount of $_____ to be issued for such purposes as set forth in the Bond Order and the judgment of the United States Bankruptcy Court for the Eastern District of Texas (the "Bankruptcy Court") dated _____.

[The declaratory judgment of the Bankruptcy Court dated _____ establishing the final amount of the OIG Obligation to be restructured, refunded and defeased with proceeds of the Bonds is attached hereto.] [The OIG Obligation will be paid pursuant to the provisions of the Escrow Agreement between the District and _____ on or about _____.]]

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Issuer to be provided annually are as specified (and included in the Appendix or under the headings of the Limited Offering Memorandum referred to) below:

-- Tables __ through __ and __ through __

-- Tables included in Appendix ____

-- Appendix B (FINANCIAL STATEMENTS FOR THE LAST COMPLETED FISCAL YEAR, BEGINNING WITH THE ISSUER'S FISCAL YEAR ENDING SEPTEMBER 30, 20___, WHICH WILL BE UNAUDITED, UNLESS AN AUDIT IS PERFORMED IN WHICH EVENT THE AUDITED FINANCIAL STATEMENTS WILL BE MADE AVAILABLE)

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in the paragraph above.

North Texas Medical Ctr Funding
DIP Loan

Annual Interest Rate	**12.00%**
Days in Year	**365**
Daily Interest Rate	**0.032877%**
Loan Amount	**3,116,129.31**

Date	Principal	DIP Advances	Principal + Advances	Daily Interest
1/31/2017	$ -	**$ 372,411.65**	**$ 372,411.65**	$ 122.44
2/1/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/2/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/3/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/4/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/5/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/6/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/7/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/8/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/9/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/10/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/11/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/12/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/13/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/14/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/15/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/16/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/17/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/18/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/19/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/20/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/21/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/22/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/23/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/24/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/25/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/26/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/27/2017	$ 372,411.65		$ 372,411.65	$ 122.44
2/28/2017	$ 372,411.65	**$ 1,161,866.74**	$ 1,534,278.39	$ 504.42
3/1/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/2/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/3/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/4/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/5/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42

3/6/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/7/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/8/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/9/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/10/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/11/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/12/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/13/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/14/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/15/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/16/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/17/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/18/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/19/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/20/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/21/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/22/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/23/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/24/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/25/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/26/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/27/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/28/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/29/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/30/2017	$ 1,534,278.39		$ 1,534,278.39	$ 504.42
3/31/2017	$ 1,534,278.39	**$ 272,502.73**	$ 1,806,781.12	$ 594.01
4/1/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/2/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/3/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/4/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/5/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/6/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/7/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/8/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/9/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/10/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/11/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/12/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/13/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/14/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/15/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/16/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/17/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/18/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/19/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/20/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
4/21/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01

4/22/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
4/23/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
4/24/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
4/25/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
4/26/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
4/27/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
4/28/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
4/29/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
4/30/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/1/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/2/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/3/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/4/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/5/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/6/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/7/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/8/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/9/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/10/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/11/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/12/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/13/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/14/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/15/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/16/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/17/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/18/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/19/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/20/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/21/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/22/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/23/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/24/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/25/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/26/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/27/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/28/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/29/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/30/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
5/31/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
6/1/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
6/2/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
6/3/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
6/4/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
6/5/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
6/6/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01
6/7/2017	$ 1,806,781.12	$ 1,806,781.12	$ 594.01

6/8/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/9/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/10/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/11/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/12/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/13/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/14/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/15/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/16/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/17/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/18/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/19/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/20/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/21/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/22/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/23/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/24/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/25/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/26/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/27/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/28/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/29/2017	$ 1,806,781.12		$ 1,806,781.12	$ 594.01
6/30/2017	$ 1,806,781.12	**$ 1,309,348.19**	$ 3,116,129.31	$ 1,024.48
7/1/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/2/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/3/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/4/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/5/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/6/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/7/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/8/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/9/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/10/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/11/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/12/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/13/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/14/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/15/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/16/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/17/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/18/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/19/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/20/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/21/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/22/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/23/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/24/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48

7/25/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/26/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/27/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/28/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/29/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/30/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
7/31/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/1/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/2/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/3/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/4/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/5/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/6/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/7/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/8/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/9/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/10/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/11/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/12/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/13/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/14/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/15/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/16/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/17/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/18/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/19/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/20/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/21/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/22/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/23/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/24/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/25/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/26/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/27/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/28/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/29/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/30/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
8/31/2017	$ 3,116,129.31		$ 3,116,129.31	$ 1,024.48
		$ 3,116,129.31		$ 137,662.48

Wire Pmt of Advances

Date	Amount
1/31/2017	372,411.65
2/28/2017	996,218.92
2/28/2017	165,647.82
3/31/2017	272,502.73
6/30/2017	800,000.00
6/30/2017	509,348.19
	$ 3,116,129.31

Principal + Advance + Interest	Payments Made
$ 372,534.09	$ -
$ 372,534.09	$ -
$ 372,534.09	$ -
$ 372,534.09	$ -
$ 372,534.09	$ -
$ 372,534.09	$ -
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$ 372,534.09	$ -
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$ 372,534.09	$ -
$ 372,534.09	$ -
$ 372,534.09	$ -
$ 372,534.09	$ -
$ 1,534,782.81	$ -
$ 1,534,782.81	$ -
$ 1,534,782.81	$ -
$ 1,534,782.81	$ -
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$	1,534,782.81	$	-
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