MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS
MONTGOMERY COUNTY HOSPITAL DISTRICT

The regular meeting of the Board of Directors of Montgomery County Hospital District was duly convened at 4:00 p.m., April 25, 2017 in the Administrative offices of the Montgomery County Hospital District, 1400 South Loop 336 West, Conroe, Montgomery County, Texas.

1. Call to Order
   Meeting called to order at 4:00 p.m.

2. Invocation
   Led by Mr. Grice

3. Pledge of Allegiance
   Led by Mr. Cole

4. Roll Call
   Present:
   Bob Bagley
   Chris Grice
   Mark Cole
   Kenn Fawn
   Sandy Wagner
   Brad Spratt
   Georgette Whatley

5. Public Comment
   John Nicks made a public comment to the board which involved agenda item no. 30 concerning the CEO’s compensation, noting he felt the CEO is already well paid and that no additional compensation should be made for his current evaluation. John also requested the board members approve agenda items 17 and 18 on the ATT towers as he has a Cricket phone which is thru ATT and that he only has 2 bars presently so this was help with his reception. A future request was also made that HCAP pay for compounding medication in the future.

6. Special Recognition:
   Field – Erin Bell

7. Consider and act on ratification of contracts with additional network providers for indigent care. (Mrs. Wagner, Chair - Indigent Care Committee)

   Mrs. Wagner made a motion to consider and act on ratification of contracts with additional network providers for indigent care. Mr. Spratt offered a second and motion passed unanimously.
8. Present, Consider and act on Weaver and Tidwell, L.L.P. Audit of Fiscal Year ended September, 2016. (Mr. Grice, Chair - Finance, Budget and Audit Committee Board) (attached)

Ms. Laura Lambert with Weaver and Tidwell, L.L.P. gave the audit presentation to the board.

Mr. Grice made a motion to accept the audit from Weaver and Tidwell, L.L.P. Audit of MCHD Fiscal Year ended September, 2016. Ms. Cole offered a second. After discussion motion passed unanimously.

9. CEO Report to include update on District operations, strategic plan, capital purchases, employee issues and benefits, transition plans and other healthcare matters, grants and any other related district matters.

Mrs. Melissa Miller, COO presented the CEO report to the board.

10. Quality Report - EMS Department of Clinical Services Core Measure Presentation. (attached)

Mr. Kevin Crocker, Quality Supervisor made a presentation to the board.

11. Presentation of HR Turnover Report. (attached)

Mrs. Jodi Andersen, HR Manager made a presentation to the board.

"Mr. Fawn requested consent to move agenda items 32 and 33 prior to agenda item 12."

12. EMS Director Report to include updates on EMS staffing, performance measures, staff "activities, patient concerns, transport destinations and fleet.

Mr. Jared Cosper, EMS Director presented a report to the board.

13. Consider and act on resolution in support of National EMS week May 21-27, 2017. (Mr. Bagley, Chair - EMS Committee) (attached)

Mr. Bagley made a motion to consider and act on resolution in support of National EMS week May 21-27, 2017. Mr. Grice offered a second. After discussion motion passed unanimously.

14. Consider and act on Henry Schein as the sole source provider for the Porter Nitronox Field Units. (Mr. Bagley, Chair - EMS Committee) (attached)

Mr. Bagley made a motion to consider and act on Henry Schein as the sole source provider for Porter Nitronox Field Units. Ms. Whatley offered a second and motion passed unanimously.

15. Consider and act on the purchase of 10 each Porter Nitronox Field Units. (Mr. Bagley, Chair – EMS Committee) (attached)

Mr. Bagley made a motion to consider and act on the purchase of 10 each Porter Nitronox Field Units. Mr. Spratt offered a second. After board discussion motion passed unanimously.

16. COO Report to include updates on infrastructure, facilities, radio system, warehousing, staff activities, community paramedicine, emergency management, and purchasing.

Mrs. Melissa Miller, COO presented a report to the board.
17. Consider and act on ATT lease of tower space at the Conroe Service Center. (Mr. Cole, Chair – PADCOM Committee) (attached)

Mr. Cole made a motion to consider and act on ATT lease of tower space at the Conroe Service Center. Mr. Grice offered a second. After board discussion motion passed unanimously.

18. Consider and act on ATT lease of tower space at the Magnolia tower. (Mr. Cole, Chair – PADCOM Committee) (attached)

Mr. Cole made a motion to consider and act on ATT lease of tower space at the Magnolia tower. Ms. Whatley offered a second and motion passed unanimously.

19. Health Care Services Report to include regulatory update, outreach, eligibility, service, utilization, community education, clinical services, epidemiology, and emergency preparedness.

Mrs. Ade Moronkeji, HCAP Manager presented a report to the board.

20. Consider and act on Healthcare Assistance Program claims from Non-Medicaid 1115 Waiver providers processed by Boon-Chapman. (Mrs. Wagner, Chair - Indigent Care Committee)

Mrs. Wagner made a motion to consider and act on Healthcare Assistance Program claims from Non-Medicaid 1115 Waiver providers processed by Boon-Chapman. Ms. Whatley offered a second and motion passed unanimously.

21. Consider and act on ratification of voluntary contributions to the Medicaid 1115 Waiver program of Healthcare Assistance Program claims processed by Boon Chapman. (Mrs. Wagner, Chair – Indigent Care Committee)

Mrs. Wagner made a motion to consider and act on ratification of voluntary contributions to the Medicaid 1115 Waiver program of Healthcare Assistance Program claims processed by Boon Chapman. Ms. Whatley offered a second and motion passed unanimously.


Mr. Brett Allen, CFO presented financial report to the board.


Mr. Brett Allen, CFO presented Investment Report to the board.

24. Consider and act upon recommendation for amendment(s) to the budget for fiscal year ending September 30, 2017. (Mr. Grice, Treasurer - MCHD Board)

Mr. Grice made a motion to consider and act upon recommendation(s) to the budget for fiscal year ending September 30, 2017. Mr. Bagley offered a second. After board discussion motion passed unanimously.
25. Consider and act on RFP for Insurance Broker. (Mr. Grice, Treasurer – MCHD Board) (attached)

Mr. Brett Allen, CFO made a presentation on Insurance Broker.

Mr. Grice made a motion to consider and act and accept staff recommendations for Insurance Broker, Wortham. Ms. Whatley offered a second. After board discussion motion passed unanimously.

26. Consider and act on Bank Signature Cards. (Mr. Grice, Treasurer - MCHD Board)

Mr. Grice made a motion to consider and act on bank signature cards. Mr. Bagley offered a second and motion passed unanimously.

27. Consider and act on ratification of payment of District invoices. (Mr. Grice, Treasurer - MCHD Board)

Mr. Grice made a motion to consider and act on ratification of payment of District invoices. Mr. Spratt offered a second. After board discussion motion passed unanimously.

28. Consider and act on salvage and surplus. (Mr. Grice, Treasurer – MCHD Board) (attached)

Mr. Grice made a motion to consider and act on salvage. Mr. Spratt offered a second. After board discussion motion passed unanimously.

Mr. Grice made a motion to consider and act on surplus. Mr. Spratt offered a second. After board discussion motion passed unanimously.

29. Secretary’s Report - Consider and act on minutes for the March 28, 2017 Regular Meeting. (Mrs. Wagner, Secretary - MCHD Board)

Mrs. Wagner made a motion to consider and act on minutes for the March 28, 2017 Regular BOD Meeting. Ms. Whatley offered a second and minutes were approved. Mr. Cole abstained from the vote.

30. Convene into executive session pursuant to section 551.074 of the Texas Government Code to deliberate personnel matters related evaluation of Chief Executive Officer, Randy E. Johnson. (Ms. Whatley, Chair – Personnel Committee)

Mr. Fawn convened into executive session at 5:31 p.m. pursuant to section 551.074 of the Texas Government Code to deliberate personnel matters related evaluation of Chief Executive Officer, Randy E. Johnson.

31. Reconvene from executive session and make recommendations if needed on matters relating to the evaluation of Chief Executive Officer, Randy E. Johnson. (Ms. Whatley, Chair – Personnel Committee)

The board reconvened from executive session at 5:51 p.m..

Mr. Fawn advised that the board had evaluated Mr. Randy Johnson and that he is above average as an executive employee. The board will make a decision on any salary benefits that Mr. Johnson will receive once the board has a comparison from other similar organizations provided by Ms. Andersen, HR Manager. Another executive session for the CEO compensation will take
place at a future board meeting.

32. **Convene into executive session pursuant to section 551.071 of the Tex. Gov’t Code to confer with legal counsel on pending litigation, to wit: Raimer v. Montgomery County Hospital District, Cause no. 17-03-03250, In the 284th District Court of Montgomery County, Texas. (Mr. Fawn, Chairman – MCHD Board)**

Mr. Fawn convened into executive session at 4:28 p.m. pursuant to section 551.071 of the Tex. Gov’t Code to confer with legal counsel on pending litigation, to wit: Raimer v. Montgomery County Hospital District, Cause no. 17-03-03250, In the 284th District Court of Montgomery County, Texas.

33. **Reconvene from executive session and take action as necessary with respect to pending litigation, to wit: Raimer v. Montgomery County Hospital District, Cause no. 17-03-03250, In the 284th District Court of Montgomery County, Texas. (Mr. Fawn, Chairman – MCHD Board)**

The board reconvened from executive session at 4:54 p.m..

Mr. Fawn did want to state for the record that no action is to be taken, but wanted to amend his comment that the action between Ms. Raimer and MCHD is now in Federal Court, the United States District Court for the Southern District Texas of Houston. This change was made on April 24, 2017.

34. **Adjourn**

Meeting adjourned at 5:52 p.m.

[Signature]

Sandy Wagner, Secretary
<table>
<thead>
<tr>
<th><strong>Speaker's Name</strong></th>
<th>John Nicks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address</strong></td>
<td>14684 Fruen Rd, Homer, 7571355</td>
</tr>
<tr>
<td><strong>Representing</strong></td>
<td>Self</td>
</tr>
<tr>
<td><strong>Group or Organization</strong></td>
<td>Name of Group (of 25 or more)</td>
</tr>
<tr>
<td><strong>Date of Meeting</strong></td>
<td>FOR MCHD USE ONLY</td>
</tr>
<tr>
<td><strong>Program</strong></td>
<td>Subject</td>
</tr>
<tr>
<td><strong>Presiding Officer</strong></td>
<td></td>
</tr>
</tbody>
</table>
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Financial Section
To The Board of Directors of  
Montgomery County Hospital District  

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the District, as of September 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 25, 2017 on our consideration of Montgomery County Hospital District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Montgomery County Hospital District’s internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
April 25, 2017
The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Because the Statement of Activities separates program revenue (revenue generated by specific programs through tenant rent, fees and program charges for services) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each function has to rely on general revenues for funding. The governmental activities of the District include administration, healthcare assistance, emergency medical services, radio, facilities and information technology, public health and emergency preparedness and interest and fiscal charges.

The government-wide financial operations (governmental activities) of the District are principally supported by taxes and emergency medical services.

The government-wide financial statements can be found in the basic financial statements section.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental fund and fiduciary fund.

**Governmental Fund.** A governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government-wide financial statements are reported using full accrual accounting while governmental fund financial statements report only inflows and outflows of expendable resources, as well as balances of available resources at the end of the fiscal year. Governmental fund financial statements report revenue when earned, provided it is collectible within the reporting period or soon enough afterward to pay liabilities of the current period. Likewise, liabilities are recognized as expenditures only when payment is due since they must be liquidated with available cash. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. To assist the reader, a comparison between the two bases of accounting is provided. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The District maintained one governmental fund, the General Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund which is considered to be the major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund. The budgetary comparison can be used to demonstrate compliance with the budget in its original and final forms.

**Fiduciary Fund.** A fiduciary fund is used to account for resources held for the benefit of parties outside the District. The fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.
The District’s governmental activities increased net position by $16,493,209. Key components of this increase are as follows:

Montgomery County Hospital District’s Changes in Net Position

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2016</th>
<th>2015</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td>Program revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$221,836</td>
<td>-</td>
<td>$223,472</td>
</tr>
<tr>
<td>Healthcare assistance</td>
<td>9,511</td>
<td>-</td>
<td>8,969</td>
</tr>
<tr>
<td>Emergency medical services</td>
<td>15,128,309</td>
<td>24</td>
<td>15,503,658</td>
</tr>
<tr>
<td>Radio, facilities, and information technology</td>
<td>1,164,072</td>
<td>2</td>
<td>468,265</td>
</tr>
<tr>
<td>Operating grants and contributions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency medical services</td>
<td>7,528,254</td>
<td>12</td>
<td>3,832,941</td>
</tr>
<tr>
<td>Public health emergency preparedness</td>
<td>2,336</td>
<td>-</td>
<td>10,818</td>
</tr>
<tr>
<td>General revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>35,822,069</td>
<td>58</td>
<td>32,350,422</td>
</tr>
<tr>
<td>Grants and contributions not restricted to a specific program</td>
<td>529,588</td>
<td>1</td>
<td>598,224</td>
</tr>
<tr>
<td>Investment earnings</td>
<td>247,924</td>
<td>-</td>
<td>179,736</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,619,139</td>
<td>3</td>
<td>156,381</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>62,273,038</strong></td>
<td><strong>100</strong></td>
<td><strong>53,332,886</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2016</th>
<th>2015</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td>Administration</td>
<td>3,400,558</td>
<td>7</td>
<td>3,734,880</td>
</tr>
<tr>
<td>Healthcare assistance</td>
<td>7,030,572</td>
<td>15</td>
<td>7,412,383</td>
</tr>
<tr>
<td>Emergency medical services</td>
<td>28,394,929</td>
<td>63</td>
<td>25,310,093</td>
</tr>
<tr>
<td>Radio, facilities, and information technology</td>
<td>6,195,546</td>
<td>14</td>
<td>4,902,470</td>
</tr>
<tr>
<td>Public health and emergency preparedness</td>
<td>682,059</td>
<td>1</td>
<td>120,973</td>
</tr>
<tr>
<td>Interest and fiscal charges</td>
<td>74,165</td>
<td>-</td>
<td>63,347</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>45,779,829</strong></td>
<td><strong>100</strong></td>
<td><strong>41,544,146</strong></td>
</tr>
</tbody>
</table>

| Change in net position | 16,493,209 | 11,788,740 | 4,704,469 |
| Net position - beginning | 59,195,977 | 47,407,237 | 11,788,740 |
| Net position - ending | $75,689,186 | $59,195,977 | $16,493,209 |

The District’s total revenues of $62,273,038 were all from governmental activities. Property tax revenue accounts for $35,822,069, or 58%, and emergency medical services revenue accounts for $15,128,309, or 24% of total government-wide revenues. Total revenues increased $8,940,152 over the last year. The increase in revenues resulted from an increase in property taxes caused by an increase in taxable value, as well as an increase in program fees related to emergency medical services.
Capital Assets and Debt Administration

Capital Assets
The District’s investment in capital assets for its governmental activities as of September 30, 2016 amounts to $37,728,264 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, equipment, vehicles, and communication system.

Major capital asset activity during the year included the following:

- Ambulances and support vehicles purchased in the amount of $1,568,563
- Equipment purchased in the amount of $3,040,316
- Real property purchased in the amount of $650,727

Montgomery County Hospital District’s Capital Assets (net of depreciation)

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>2016 Amount</th>
<th>%</th>
<th>2015 Amount</th>
<th>%</th>
<th>Increase (Decrease) Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and improvements</td>
<td>$3,499,173</td>
<td>9</td>
<td>$3,109,609</td>
<td>9</td>
<td>$389,564</td>
<td>13</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>-</td>
<td>-</td>
<td>1,002,186</td>
<td>3</td>
<td>(1,002,186)</td>
<td>(100)</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>21,307,658</td>
<td>56</td>
<td>20,368,051</td>
<td>60</td>
<td>939,607</td>
<td>5</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,155,024</td>
<td>14</td>
<td>2,832,383</td>
<td>8</td>
<td>2,322,641</td>
<td>82</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3,350,285</td>
<td>9</td>
<td>2,531,428</td>
<td>7</td>
<td>818,857</td>
<td>32</td>
</tr>
<tr>
<td>Communication system</td>
<td>4,416,124</td>
<td>12</td>
<td>4,654,045</td>
<td>13</td>
<td>(237,921)</td>
<td>(5)</td>
</tr>
<tr>
<td>Totals</td>
<td>$37,728,264</td>
<td>100</td>
<td>$34,497,702</td>
<td>100</td>
<td>$3,230,562</td>
<td></td>
</tr>
</tbody>
</table>

Additional information on the District’s capital assets can be found in Note 7 of this report.

Long-term Liabilities
At September 30, 2016, the District had total outstanding long-term liabilities in the amount of $6,059,124, which was related to capital leases, compensated absences and net pension liability. The following table summarizes the District’s long-term liabilities.

Montgomery County Hospital District’s Outstanding Long-term Liabilities

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>2016 Amount</th>
<th>%</th>
<th>2015 Amount</th>
<th>%</th>
<th>Increase (Decrease) Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital leases</td>
<td>$3,217,802</td>
<td>53</td>
<td>$3,971,520</td>
<td>60</td>
<td>$753,718</td>
<td>(19)</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>910,000</td>
<td>15</td>
<td>854,791</td>
<td>13</td>
<td>55,209</td>
<td>6</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>1,931,322</td>
<td>32</td>
<td>1,741,792</td>
<td>27</td>
<td>189,530</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>$6,059,124</td>
<td>100</td>
<td>$6,568,103</td>
<td>100</td>
<td>$508,979</td>
<td></td>
</tr>
</tbody>
</table>

The District’s total long-term liabilities decreased by $508,979 during the 2016 fiscal year, mostly due to a decrease in the District’s capital lease obligations. Additional information on the District’s long-term liabilities can be found in Note 8 of this report.
Basic Financial Statements
MONTGOMERY COUNTY HOSPITAL DISTRICT  
Statement of Net Position  
September 30, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Primary Government</th>
<th>Component Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Governmental Activities</td>
<td>MCPHD</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 8,946,485</td>
<td>$ 938,744</td>
</tr>
<tr>
<td>Temporary Investments</td>
<td>24,932,460</td>
<td>-</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>9,891,498</td>
<td>7,500</td>
</tr>
<tr>
<td>Intergovernmental receivables</td>
<td>-</td>
<td>93,696</td>
</tr>
<tr>
<td>Due from component unit</td>
<td>189,071</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>607,430</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>155,417</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Land and improvements</td>
<td>3,499,173</td>
<td>-</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>21,307,658</td>
<td>-</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,155,024</td>
<td>-</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3,350,285</td>
<td>-</td>
</tr>
<tr>
<td>Communication system</td>
<td>4,416,124</td>
<td>-</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>37,728,264</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>82,450,625</td>
<td>1,039,940</td>
</tr>
</tbody>
</table>

| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources for pensions | 3,410,218 | - |
| Total deferred outflows of resources | 3,410,218 | - |

| LIABILITIES | | |
| Accounts payable and accrued liabilities | 3,123,466 | 1,718 |
| Unearned revenues | 77,511 | 6,734 |
| Accrued Interest | 24,761 | - |
| Due to primary government | - | 189,071 |
| Noncurrent liabilities | - | - |
| Due within one year | - | - |
| Capital lease payable | 1,029,123 | - |
| Compensated absences | 910,000 | - |
| Due in more than one year | - | - |
| Capital lease payable | 2,188,679 | - |
| Net pension liability | 1,931,322 | - |
| Total liabilities | 9,284,862 | 197,523 |

| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources for pensions | 886,795 | - |
| Total deferred inflows of resources | 886,795 | - |

| NET POSITION | | |
| Net investment in capital assets | 34,510,462 | - |
| Restricted - grants | 1,205 | - |
| Unrestricted | 41,177,519 | 842,417 |
| TOTAL NET POSITION | $ 75,689,186 | $ 842,417 |

The Notes to Financial Statements are an integral part of these statements.
### Primary Government
**Net (Expense) Revenue and Changes in Net Position**

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Total</th>
<th>Component Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MCPHD</td>
</tr>
<tr>
<td>$ (3,178,722)</td>
<td>$ (3,178,722)</td>
<td></td>
</tr>
<tr>
<td>(7,021,061)</td>
<td>(7,021,061)</td>
<td></td>
</tr>
<tr>
<td>(5,740,366)</td>
<td>(5,740,366)</td>
<td></td>
</tr>
<tr>
<td>(5,031,474)</td>
<td>(5,031,474)</td>
<td></td>
</tr>
<tr>
<td>(679,723)</td>
<td>(679,723)</td>
<td></td>
</tr>
<tr>
<td>(74,165)</td>
<td>(74,165)</td>
<td></td>
</tr>
<tr>
<td>(21,725,511)</td>
<td>(21,725,511)</td>
<td></td>
</tr>
<tr>
<td>(21,725,511)</td>
<td>(21,725,511)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35,822,069</td>
<td>35,822,069</td>
<td></td>
</tr>
<tr>
<td>529,588</td>
<td>529,588</td>
<td></td>
</tr>
<tr>
<td>247,924</td>
<td>247,924</td>
<td></td>
</tr>
<tr>
<td>1,619,139</td>
<td>1,619,139</td>
<td>90,144</td>
</tr>
<tr>
<td>38,218,720</td>
<td>38,218,720</td>
<td>90,144</td>
</tr>
<tr>
<td>16,493,209</td>
<td>16,493,209</td>
<td>(254,915)</td>
</tr>
<tr>
<td>59,195,977</td>
<td>59,195,977</td>
<td>1,097,332</td>
</tr>
<tr>
<td>$ 75,689,186</td>
<td>$ 75,689,186</td>
<td>$ 842,417</td>
</tr>
</tbody>
</table>

$ (345,059)
MONTGOMERY COUNTY HOSPITAL DISTRICT
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
September 30, 2016

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS BALANCE SHEET

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs $ 59,786,317
Accumulated depreciation of governmental capital assets (22,058,053) 37,728,264

Property taxes receivable and long-term receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 1,335,108

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items, consist of:

Capital leases $ (3,217,802)
Accrued interest on capital leases (24,761)
Compensated absences (910,000)
Net pension liability (1,931,322)
Deferred resource inflow related to net pension liability (886,795) (6,970,680)

Deferred outflows for pension are included in the statement of net position and are not reported in the funds due to they are not a current financial resource available to pay for current expenditures.

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES

$ 75,689,186

The Notes to Financial Statements are an integral part of this statement.
MONTGOMERY COUNTY HOSPITAL DISTRICT
Reconciliation of Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Fund

to the Statement of Activities
Year Ended September 30, 2016

TOTAL NET CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

$ 11,531,953

Amounts reported for governmental activities in the statement of activities are different because:

Some property taxes and long-term receivables will not be collected for several months after the District’s fiscal year end, they are not considered “available” revenues and are deferred in the governmental funds. Deferred tax revenues and charges for services increased (decreased) by this amount this year.

670,130

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlay
Depreciation expense
$ 5,995,804
(3,697,207)
2,298,597

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a increase (decrease) to net position.

Issuance of a capital lease provides current financial resources to governmental funds, but issuing a capital lease increases long-term liabilities in the statement of net position.

(96,794)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

850,512

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.

(55,209)

The net change in net pension liability and related deferred inflows and outflows is reported in the statement of activities but does not require the use of, or provide, current financial resources and, therefore, is reported in the governmental funds. The net change consists of the following:

Deferred inflows (increased) decreased
Deferred outflows increased (decreased)
Net pension liability (increased) decreased
(886,795)
1,438,380
(189,530)
362,055

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

$ 16,493,209

The Notes to Financial Statements are an integral part of this statement.
# Exhibit D-2

## MONTGOMERY COUNTY HOSPITAL DISTRICT

**Statement of Changes in Fiduciary Net Position**

**Fiduciary Fund**

**Year Ended September 30, 2016**

<table>
<thead>
<tr>
<th>Additions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment earnings</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in the fair value of investments</td>
<td></td>
</tr>
<tr>
<td>Total investment earnings</td>
<td>&lt;8,192&gt;</td>
</tr>
<tr>
<td>Total additions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deductions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>Total deductions</td>
<td></td>
</tr>
<tr>
<td>Change in net position</td>
<td>8,562</td>
</tr>
<tr>
<td>Net position - beginning</td>
<td>145,420</td>
</tr>
</tbody>
</table>

**NET POSITION - ENDING**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>153,982</td>
</tr>
</tbody>
</table>

The Notes to Financial Statements are an integral part of this statement.
MONTGOMERY COUNTY HOSPITAL DISTRICT
Notes to the Financial Statements

- Ensure a competent workforce for the provision of essential public health services;
- Research new insights and innovative solutions to community health problems;
- Evaluate the effectiveness, accessibility, and quality or personal and population-based services in a community.

The MCPHD has assigned or contracted with the District to administer all programs, services, and administrative needs of the MCPHD.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements report information on all the activities of the District. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund and fiduciary fund, even though the latter is excluded from the government-wide financial statements.

As discussed earlier, the government has a discretely presented component unit which is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

The general fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted in another fund.

Additionally, the government reports the following fund type:

The fiduciary fund is used to account for assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government’s own programs.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.
G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents
The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments
Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in the qualified investment pools (Pools). The carrying value of investment pools is determined by the valuation policy of the investment pool, either at amortized cost or net asset value of the underlying pool shares. The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code.

3. Inventories and Prepaid Items
Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable medical supplies, radio repair parts, and vehicle repair parts. The cost of such inventory is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets
Capital assets, which include land and improvements, construction in progress, buildings and improvements, equipment, vehicles, and communication system assets (e.g. radio towers, structures, equipment, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years.

As the District constructs or acquires additional capital assets each period, including communication system assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.
MONTGOMERY COUNTY HOSPITAL DISTRICT
Notes to the Financial Statements

It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions
Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing board (board) has by policy authorized the Chief Executive Officer (CEO) or his designee to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and Expenditures/Expenses

1. Program Revenues
Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.
MONTGOMERY COUNTY HOSPITAL DISTRICT
Notes to the Financial Statements

Note 3. Deposits and Investments

Primary Government
At September 30, 2016, the carrying amount of the District's deposits (cash, interest-bearing savings accounts, and money market accounts) was $9,098,567 and the bank's balances totaled $9,676,945. At September 30, 2016, all bank balances were covered by federal deposit insurance, or pledged collateral held by the financial institution in the District's name. The District's investments consisted of local investment pools and certificates of deposit at fiscal year-end.

The District is required by the Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investment, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The District's investments are stated at fair value, with certain exceptions described below. The District categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, which provides a framework for measuring fair value and establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Certain investment types are not required to be measured at fair value; these include money market funds and certain investment pools which are measured at amortized cost, and other investment pools which are measured at the net asset value (NAV) determined by the pool, which approximates fair value. These instruments are exempt from categorization within the fair value hierarchy.
MONTGOMERY COUNTY HOSPITAL DISTRICT
Notes to the Financial Statements

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the investments are insured or registered, or securities are held by the District or its agent in the District's name.

Discretely Presented Component Unit
As of September 30, 2016, the MCHPD bank balance was $938,544 and was insured and collateralized by the bank's agent in the MCHPD's name.

Note 4. Receivables

Amounts recorded as receivable in the General Fund, as of September 30, 2016, are as follows:

<table>
<thead>
<tr>
<th>Receivables</th>
<th>Receivables</th>
<th>Less Allowance for Uncollectibles</th>
<th>Net Receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$1,088,917</td>
<td>$(356,277)</td>
<td>$732,640</td>
</tr>
<tr>
<td>Emergency medical service fees</td>
<td>9,505,934</td>
<td>(3,990,666)</td>
<td>5,515,268</td>
</tr>
<tr>
<td>Other</td>
<td>3,643,590</td>
<td></td>
<td>3,643,590</td>
</tr>
<tr>
<td>Totals</td>
<td>$14,238,441</td>
<td>$(4,346,943)</td>
<td>9,891,498</td>
</tr>
</tbody>
</table>

Note 5. Property Taxes

The District is authorized to levy a tax on taxable property located within the District in an amount not to exceed the rollback rate for the purpose of paying operating expenses and for debt service. The current tax rate is approximately $0.0710 per $100 valuation. Taxes for fiscal year 2016 were levied on property within the District having an assessed valuation of approximately $50 billion.

Note 6. Primary Government and Component Unit Activity

The District has several interlocal agreements with MCHPD. The management agreement stipulates that the District will manage employees that serve MCHPD for which the District is reimbursed for the costs associated with the personnel. The District also pays vendor-related expenses on behalf of the MCHPD and is reimbursed for these costs as incurred. The District performs certain administrative, human resources, accounting, information technology and records management functions for MCHPD and charges a monthly management fee of approximately $8,000 per month.

The District and MCHPD have an interlocal agreement to provide community paramedicine services. The District will provide the services and MCHPD will reimburse the District $300 for each patient encounter up to 5,225 patient encounters per year. For the year ended September 30, 2016, the District recognized as revenue and MCHPD recognized as expense at total $1,144,200 for services rendered.

The District and MCHPD have also entered into a lease agreement whereby MCHPD leases office space from the District for approximately $90,000 per year.
MONTGOMERY COUNTY HOSPITAL DISTRICT
Notes to the Financial Statements

Note 8. Long-term Liabilities

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the period ended September 30, 2016 are as follows:

<table>
<thead>
<tr>
<th>Governmental activities:</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital leases</td>
<td>$ 3,971,520</td>
<td>$ 96,794</td>
<td>$(850,512)</td>
<td>$ 3,217,802</td>
<td>$ 1,029,123</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>854,791</td>
<td>1,482,510</td>
<td>(1,427,301)</td>
<td>910,000</td>
<td>910,000</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>1,741,792</td>
<td>2,676,953</td>
<td>(2,487,423)</td>
<td>1,931,322</td>
<td></td>
</tr>
<tr>
<td>Governmental activities</td>
<td>$ 6,568,103</td>
<td>$ 4,256,257</td>
<td>$(4,765,236)</td>
<td>$ 6,059,124</td>
<td>$ 1,939,123</td>
</tr>
</tbody>
</table>

For governmental activities, capital leases payable, compensated absences and net pension liability are liquidated by the General Fund.

B. Capital Leases

The District entered into lease agreements for financing the acquisition of equipment and the construction of buildings. The following is a summary of changes in the capital leases of the governmental activities for the fiscal year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoll Monitors</td>
<td>$ 647,032</td>
<td>$</td>
<td>$(206,258)</td>
<td>$ 440,774</td>
</tr>
<tr>
<td>P-25 Equipment</td>
<td>1,197,105</td>
<td>-</td>
<td>(358,897)</td>
<td>838,208</td>
</tr>
<tr>
<td>EMS Station 40</td>
<td>1,125,196</td>
<td>96,794</td>
<td>(237,957)</td>
<td>984,033</td>
</tr>
<tr>
<td>EMS Station 43</td>
<td>1,002,187</td>
<td>-</td>
<td>(47,400)</td>
<td>954,787</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 3,971,520</td>
<td>$ 96,794</td>
<td>$(850,512)</td>
<td>$ 3,217,802</td>
</tr>
</tbody>
</table>

The future debt service requirements for capital leases as of September 30, 2016 are noted below:

<table>
<thead>
<tr>
<th>Year Ended September 30</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
</tr>
<tr>
<td>2017</td>
<td>$ 1,029,123</td>
</tr>
<tr>
<td>2018</td>
<td>1,058,145</td>
</tr>
<tr>
<td>2019</td>
<td>563,005</td>
</tr>
<tr>
<td>2020</td>
<td>409,815</td>
</tr>
<tr>
<td>2021</td>
<td>157,714</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 3,217,802</td>
</tr>
</tbody>
</table>

Amortization of leased equipment is included with depreciation expense.
C. Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactive employees or beneficiaries currently receiving benefits</td>
<td>5</td>
</tr>
<tr>
<td>Inactive employees entitled to but not yet receiving benefits</td>
<td>183</td>
</tr>
<tr>
<td>Active employees</td>
<td>291</td>
</tr>
<tr>
<td>Total</td>
<td>479</td>
</tr>
</tbody>
</table>

D. Contributions

The District has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of the employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate of 7.38 percent and $1,406,230 for the calendar year 2015.

The deposit rate payable by the employee member for calendar year 2015 was 7.0 percent as adopted by the Board of Directors. The employee deposit rate and the employer contribution rate may be changed by the Board of Directors within the options available in the TCDRS Act.

E. Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>3.00%</td>
</tr>
<tr>
<td>Payroll growth</td>
<td>2.00%</td>
</tr>
<tr>
<td>Real rate of return</td>
<td>5.00%</td>
</tr>
<tr>
<td>Long-term investment return</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

The actuarial assumptions that determined the total pension liability as of December 31, 2015, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012. In addition, mortality rates were based on the following mortality tables:

Depositing members

The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

Service retirees, beneficiaries and non-depositing members

The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.

Disabled retirees

P-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.
MONTGOMERY COUNTY HOSPITAL DISTRICT
Notes to the Financial Statements

F. Plan Fiduciary Net Position

Detailed Information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

<table>
<thead>
<tr>
<th></th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Pension Liability</td>
</tr>
<tr>
<td></td>
<td>[a]</td>
</tr>
<tr>
<td>Balance at December 31, 2014</td>
<td>$16,712,585</td>
</tr>
</tbody>
</table>

Changes for the year

Service cost 2,241,909 - 2,241,909
Interest 1,439,974 - 1,439,974
Effect of plan changes (124,742) - (124,742)
Effect of economic demographic gains or losses (1,013,480) - (1,013,480)
Effect of assumptions changes or inputs 176,666 - 176,666
Refunds of contributions (103,230) (103,230) -
Benefit payments (18,562) (18,562) -
Administrative expense - (11,770) 11,770
Member contributions - 1,333,823 (1,333,823)
Net Investment Income - (197,756) 197,756
Employer contributions - 1,406,230 (1,406,230)
Other changes - 270 (270)
Net changes 2,598,535 2,409,005 189,530

Balance at December 31, 2015 $19,311,120 $17,379,798 $1,931,322

Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.10%) or 1-percentage-point higher (9.10%) than the current rate.

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease</th>
<th>Current Discount Rate</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(7.10%)</td>
<td>(8.10%)</td>
<td>(9.10%)</td>
</tr>
<tr>
<td>District's net pension liability / (asset)</td>
<td>$6,196,154</td>
<td>$1,931,322</td>
<td>$1,407,339</td>
</tr>
</tbody>
</table>
Note 12. Healthcare Assistance Program

The healthcare assistance program was established by the District to provide health care services to the indigent residents of Montgomery County. The District entered into contracts with various healthcare providers to provide healthcare services to Montgomery County indigents. Qualifications for the program are based on income level, citizenship, county residency, medical need and financial resources. In conjunction with the sale of the Medical Center Hospital in Conroe (now Conroe Regional Medical Center) to Health Trust on May 26, 1993, the District entered into an Indigent Care Agreement with Health Trust and its successors. The terms of the Indigent Care Agreement ended on May 31, 2008. The Indigent Care Agreement was not renewed. As of June 1, 2008, the District is funding a voluntary estimate of medical care expenses to qualified indigents to those providers that previously were participants in the Indigent Care Agreement.

Note 13. Operating Lease

On October 1, 2009, the District, as the lessor, entered into a long-term lease agreement of radio communication equipment for 16 years. The District’s cost for this equipment and related depreciation are shown below:

\[
\begin{array}{ll}
\text{Radio tower communications equipment} & \$5,370,623 \\
\text{Accumulated depreciation} & 1,122,396 \\
\text{Total} & \$4,248,227
\end{array}
\]

The District reports this lease as an operating lease based on the terms of the agreement. Accordingly, the assets noted above are recorded in the District’s capital assets. Revenue of $144,000 is recognized each year related to the lease of the radio communication equipment plus $60,000 for management fees and costs.
Required Supplementary Information
### Exhibit F-1

#### Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended September 30, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>2016*</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pension liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$ 2,241,909</td>
<td>$ 1,935,546</td>
</tr>
<tr>
<td>Interest (on the total pension liability)</td>
<td>1,439,974</td>
<td>1,105,667</td>
</tr>
<tr>
<td>Effect of plan changes</td>
<td>(124,742)</td>
<td>473,611</td>
</tr>
<tr>
<td>Effect of economic/demographic (gains) or losses</td>
<td>(1,013,480)</td>
<td>827,063</td>
</tr>
<tr>
<td>Effect of assumptions changes or inputs</td>
<td>176,666</td>
<td>-</td>
</tr>
<tr>
<td>Refund of contributions</td>
<td>(103,230)</td>
<td>-</td>
</tr>
<tr>
<td>Benefit payments, including refunds of employee contributions</td>
<td>(18,562)</td>
<td>(193,020)</td>
</tr>
<tr>
<td>Net change in total pension liability</td>
<td>2,598,535</td>
<td>4,148,867</td>
</tr>
<tr>
<td>Total pension liability - beginning</td>
<td>16,712,585</td>
<td>12,563,718</td>
</tr>
<tr>
<td>Total pension liability - ending (a)</td>
<td>$ 19,311,120</td>
<td>$ 16,712,585</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2016*</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan fiduciary net position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions - district</td>
<td>$ 1,406,230</td>
<td>$ 1,093,580</td>
</tr>
<tr>
<td>Contributions - employee</td>
<td>1,338,823</td>
<td>1,190,523</td>
</tr>
<tr>
<td>Net investment income</td>
<td>(197,756)</td>
<td>822,292</td>
</tr>
<tr>
<td>Benefit payments, including refunds of employee contributions</td>
<td>(121,792)</td>
<td>(193,020)</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>(11,770)</td>
<td>(10,465)</td>
</tr>
<tr>
<td>Other</td>
<td>270</td>
<td>1,284</td>
</tr>
<tr>
<td>Net change in plan fiduciary net position</td>
<td>2,409,055</td>
<td>2,904,174</td>
</tr>
<tr>
<td>Plan fiduciary net position - beginning</td>
<td>14,970,793</td>
<td>12,066,619</td>
</tr>
<tr>
<td>Plan fiduciary net position - ending (b)</td>
<td>$ 17,379,798</td>
<td>$ 14,970,793</td>
</tr>
<tr>
<td>Net pension liability - ending (a) - (b)</td>
<td>$ 1,931,322</td>
<td>$ 1,741,792</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2016*</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan fiduciary net position as a percentage of total pension liability</td>
<td>90.00%</td>
<td>89.58%</td>
</tr>
<tr>
<td>Covered employee payroll</td>
<td>19,054,613</td>
<td>17,006,833</td>
</tr>
<tr>
<td>Net pension liability as a percentage of covered employee payroll</td>
<td>10.14%</td>
<td>10.24%</td>
</tr>
</tbody>
</table>

*GASB Statement No. 68 requires 10 years of data; however, we have shown only the years for which the GASB statements have been implemented. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the plan's measurement date, December 31.
Note 1. Budget

A. Budgetary Information

The District adopts a budget each fiscal year in accordance with Generally Accepted Accounting Principles (GAAP). Expenditures for all departments fell within their respective budget appropriations.

Encumbrance accounting is utilized in all governmental fund types. Any encumbered appropriation lapse at year-end must be reapproriated in the following year. Encumbrances for materials, other goods and purchased services are documented by purchase orders or contacts. Encumbrances outstanding at year-end do not constitute expenditures or liabilities under GAAP. The District honors these commitments and records GAAP expenditures in the subsequent year as the transactions are completed. At year end, the District committed a portion of fund balance for outstanding encumbrances of $536,808 and assigned a portion of fund balance for outstanding encumbrances of $354,041 in the general fund.

The general fund had the following significant variances between final budget and actual:

- The administration actual expenses were below budget due to an open position and operating expenses running less than expected.
- Healthcare assistance actual expenditures were less than budget due to fewer patients utilizing HCAP services than expected.
- EMS expenditures were under budget mainly because operating expenses ran less than expected and some capital expenditures being postponed.
Overall Compliance and Internal Control Section
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

District’s Response to Findings

The District’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yours truly,

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
April 25, 2017
MONTGOMERY COUNTY HOSPITAL DISTRICT
Schedule of Findings and Responses
Year Ended September 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

<table>
<thead>
<tr>
<th>FINANCIAL STATEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Type of auditors’ report issued</td>
</tr>
<tr>
<td>2. Internal Control over Financial Reporting:</td>
</tr>
<tr>
<td>a. Significant Deficiency(ies) identified that are not considered to be material weaknesses</td>
</tr>
<tr>
<td>b. Material Weakness(es) identified</td>
</tr>
<tr>
<td>3. Noncompliance material to the Financial Statements noted</td>
</tr>
</tbody>
</table>

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDINGS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING

2016-001 CAPITAL ASSETS

**Condition:** A capital asset schedule that details cost and accumulated depreciation in such a manner that it can be traced to the financial records is not adequately maintained.

**Criteria:** Defined business practices and generally accepted accounting principles dictate that capital assets (property, plant and equipment, and the associated accumulated depreciation) should be supported by an accurate detail listing that agrees to the total on the financial records.

**Cause:** A cumbersome Excel spreadsheet is used by the accounting department, but it is ineffective and not properly maintained with additions and deletions.

**Effect of Condition:** Failure to maintain a detailed asset listing prohibits an accurate portrayal of the total amount the District has invested in capital assets. A complete and accurate capital asset detail is a necessary tool to enable management to properly safeguard its capital assets and plan for future needs.

**Repeat Finding:** Note this finding was identified in the prior year as 2015-001.

**Recommendation:** We recommend the District implement a capital asset/depreciation software. Management should also perform a physical inventory count of the property and equipment the District has recorded to ensure that it is still in existence. We also recommend the capital assets listing be reconciled to the financial records monthly, or at least quarterly.

**Views of Responsible Officials:** See Corrective Action Plan.

FINDINGS RELATED TO COMPLIANCE WITH LAWS AND REGULATIONS

None reported
MONTGOMERY COUNTY HOSPITAL DISTRICT
Corrective Action Plan
Year Ended September 30, 2016

<table>
<thead>
<tr>
<th>CORRECTIVE ACTION PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit Finding Reference:</strong> 2016-001 CAPITAL ASSETS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Contact Person:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brett Allen</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
</tr>
</tbody>
</table>

**Planned Corrective Action:**
Montgomery County Hospital District (MCHD) has historically maintained its fixed assets and associated depreciation in an Excel spreadsheet rather than in dedicated fixed asset software. The deficiencies in this tool were recognized prior to this audit, but other tasks and projects were deemed to require more immediate attention. As the result of these other tasks and projects, the District’s accounting processes have been advanced such that best practices have been put in place.

Due to the size and scope of this project, it would be difficult for MCHD staff to complete this project without utilizing outside help. MCHD will enlist the aid of outside contract accounting to help analyze the District’s assets and reconcile to the property and equipment listed on the fixed asset Excel spreadsheet. Once complete, the reconciled asset listing will be loaded into the fixed asset module, which is a component of the accounting software utilized by MCHD.

**Estimated Date of Completion:**
MCHD has completed a project plan to transfer fixed assets into the current accounting software system by September 30, 2017. MCHD is working with the accounting software company and has budgeted amounts to support the implementation cost.
10. EMS Core Measures 2015-2016

- Core Measures are the Clinical KPI's for EMS
- Used to measure performance and guide education
- There is no true national data set that all EMS agencies use today
- MCHD Core Measures are based off the NHTSA recommended performance measure
- All represent foundation of care in each service line
  - Cardiac Arrest
  - STEMI
  - Stroke
  - Trauma
EMS Core Measures 2015-2016

- MCHD began Core Measure in 2015
- Core Measures are monitored monthly by the Clinical Department and presented to Executive Staff Quarterly
- MCHD tracks 13 Core Measures
EMS Core Measures 2015-2016

2 Categories to be discussed today

**Cardiac Arrest**
- Most common Measure used by high performing EMS agencies
- Based of Utstein Criteria

**Stroke**
- Main area of focus for improvement in 2016
- 1 Measure shows significant improvement
- 1 Measure still needs improvement
MCHD Goal was 30%

MCHD Provided additional CPR training in 2016
2016 showed overall Improvement from 2015

National Utstein Average is 30%
MCHD Goal was 5%

2016 showed significant Improvement from 2015

MCHD Provided additional CPR training in 2016

National Utstein Average is 9%
EMS Core Measures 2015-2016

Cardiac Arrest Analysis

- Cardiac Arrest Core Measure Goals consistently being met or exceeded
- 2017 Increase Goals to 35% for ROSC and 10% for hospital discharge to be above the National Utstein Average
- Continue to track and trend
MCHD Goal is Scene Times less than 15 minute 90% of the time

2016 Overall showed improvement over 2015
Goal is still not being consistently met

2017- “Bundles of Care” program initiated in March- Monitoring for Improvement
MCHD Goal is provide a “Stroke Alert” 90% of time

This was one of our lowest scoring measure in 2015
Education Provided at 3 CE in 2016

2016 Significant improvement over 2015
Goal is now being met
EMS Core Measures 2015-2016

**Stroke Analysis**

- Improvement in both Measures from 2015
- Stroke Education allowed us to meet our goal for Advanced Notification to the ER
- Still not meeting our goal for Stroke Scene Time
  - Initiated “Bundles of Care” in March
  - Track for Improvement
  - If little to no improvement in scene time, we will begin detailed analysis to see how we can further improve
EMS Core Measures 2015-2016

Trauma
- Not meeting our goal for Scene Time or Advanced Notification
- Challenges
  - Low number of patients, usually 10-12 per month
  - Scene time is sometimes out of our control, such as long extrication times
- Trauma Bundle of Care started in March 2017, monitoring for improvement

STEMI
- Meeting all goals consistently with the exception of Scene Time
- Cardiac Bundle of Care started in March 2017, monitoring for improvement
MCHD

TURNOVER REPORT
CALENDAR YEAR 2017 – Q1

Human Resources
April 2017
CALENDAR YEAR TURNOVER

2015: 43
2016: 31
2017: 9

Total: 83
TURNOVER BY DEPARTMENT

<table>
<thead>
<tr>
<th>Department</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Field</td>
<td>24</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Sum of Alarm</td>
<td>4</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Sum of Other</td>
<td>15</td>
<td>10</td>
<td>4</td>
</tr>
</tbody>
</table>
TURNOVER BY QUARTER

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>12</td>
<td>8</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>2016</td>
<td>11</td>
<td>7</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>2017</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- Sum of Q1
- Sum of Q2
- Sum of Q3
- Sum of Q4
IN Voluntary VS Voluntary Turnover 2017 YTD

Voluntary: 5
Involuntary: 4
December 28, 2016

RE: Porter Nitronox Field Unit

To Whom It May Concern,

Henry Schein EMS is the exclusive distributor of the Porter Nitronox Field Unit and related accessories. All inquiries, quotes, and purchases should be facilitated through Henry Schein EMS.

For more information please contact your local Henry Schein EMS representative or Scott Bruner – Manager EMS Customer Service phone: 800-645-3550 x336 or email: scott.bruner@henshein.com

Sincerely,

[Signature]

Mike Civitello
Porter Instrument
Sales Manager
Michael.civillo@parker.com
215-723-4000
TO: MCHD

Requested By: Diane

Date: 4-6-17

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrous Oxide Kit Part Number 4999608</td>
<td>10</td>
<td>$3,750.00</td>
<td>$37,500.00</td>
</tr>
</tbody>
</table>
TOWER LICENSE AGREEMENT

This Tower License Agreement ("Agreement") is made by and between The Montgomery County Hospital District, a political subdivision of the State of Texas; The City of Conroe, Texas, a political subdivision of the State of Texas, both of which are jointly referred to as "Licensor," and New Cingular Wireless PCS, LLC, a Delaware limited liability company, having a mailing address of 575 Morosgo Drive NE, Atlanta, GA 30324 ("Licensee").

I. TOWER INFORMATION:

Site Name: Communications Tower at the Public Works Service Center
Address and/or location of Tower Facility: 401 Sgt. Ed Holcomb Blvd. S., Conroe, TX 77304
Tower Facility Coordinates: Lat. 30-18-07.3N NAD83 Long. 095-28-45.8 NAD83

II. NOTICE & EMERGENCY CONTACTS:

- Licensor's local emergency contact: Radio Administrator on-call, MCHD, 936-441-6243
  Tammie Rushing, City of Conroe Facilities Manager, 936-520-8979
- Licensor's local emergency contact: 800-264-6620.
- Notices to Licensor shall be sent to the address below:
  City of Conroe
  Attn: Tammie Rushing, Facilities Manager
  300 West Davis, Suite 230
  Conroe, TX 77301

  With a copy to:
  Montgomery County Hospital District
  Attention: Accounting
  1400 S. Loop 336 W.
  Conroe, TX 77304

  And to:
  J. Greg Hudson
  Hudson & O'Leary LLP.
  1010 MoPac Circle, Suite 201
  Austin, TX 78746

- Notices to Licensee shall be sent to the address below to the attention of:
  New Cingular Wireless PCS, LLC
  Attn: AT&T Network Real Estate Administration
  Re: Cell Site #: HXL01090; Cell Site Name: Conroe Relocation
  Fixed Asset No.: 14008828
  575 Morosgo Drive
  Atlanta, GA 30324

  With a copy to:
  New Cingular Wireless PCS, LLC
  Attn: AT&T Legal Department-Network
  Attn: Network Counsel
  Re: Site No. HXL01090, Name: Conroe Relo, FA#: 14008828
  208 S. Akard Street
  Dallas, TX 75202-4206

III. PERMITTED USE OF TOWER FACILITY BY LICENSEE:

- Permitted Frequencies: the spectrum licensed to Licensee by the FCC.
- Antenna mount height on tower: See Exhibit A for specific location
All other permitted uses of the Tower Facility including Licensee’s Approved Equipment, and the Licensed Space are further described in section 4 of this Agreement and Exhibit A attached hereto.

IV. FEES & TERM
Monthly License Fee: Three Thousand and No/100ths Dollars ($3,000.00) per month, adjusted on the anniversary of the Commencement Date of this Agreement and on each anniversary thereafter during the Initial Term and during any Renewal Terms by the “Annual Escalator”. The Annual Escalator shall be three percent (3%) per year. Any monthly license fee not paid within fifteen (15) days of when due shall be subject to a five percent (5%) late fee.

Site Inspection Fee: $0.

Electricity will be provided by Licensor or __ Licensor or __ X __ Licensee. If electricity for operation of Approved Equipment is to be provided by Licensor, with the cost of such electricity to be paid by Licensee at cost subject to adjustment pursuant to Section 5(b). If electricity for operation of Approved Equipment is to be provided by Licensee, all cost of such electricity and installation costs are the sole responsibility of Licensee.

Initial Term: A period of twenty (20) years beginning on the Commencement Date. The “Commencement Date” shall be based upon the date Licensee commences installation of the equipment on the Tower Facility. In the event the date Licensee commences installation of the equipment on the Tower Facility falls between the 1st and 15th of the month, the Agreement shall commence on the 1st of that month and if the date installation commences falls between the 16th and 31st of the month, then the Agreement shall commence on the 1st day of the following month (either the “Commencement Date”).

Renewal Terms: N/A.

V. TERMS & CONDITIONS
The attached terms and conditions are incorporated herein by this reference.

VI. OTHER PROVISIONS:
Notwithstanding anything to the contrary in this Agreement, the offer expressed to Licensee in this Agreement shall automatically become null and void with no further obligation by either party hereto if a structural analysis of the Tower Facility completed after the execution of this Agreement by Licensor but before the commencement of the installation of Licensee’s Approved Equipment indicates that the Tower is not suitable for Licensee’s Approved Equipment unless Licensor and Licensee mutually agree that structural modifications or repairs shall be made to the Tower on mutually agreeable terms. If a structural analysis of the Tower Facility is performed or obtained by Licensee then Licensee shall share such structural analysis with Licensor. All persons and/or entities performing any structural analysis services as contemplated herein shall be approved by Licensor.

A) In no event shall Licensee’s use of the Tower Facility, or operation of any of its equipment thereon, be conducted in a manner that interferes with Licensor’s lighting system existing as of the Effective Date of this Agreement located on any of the towers, building systems, or related facilities. In the event that such interference does occur, Licensee shall be solely responsible to resolve such interference (which may, in Licensee’s discretion, involve the reimbursement to Licensor for any and all costs required to modify and/or upgrade Licensor’s lighting system)
and to comply with all necessary FAA/FCC regulations as a result of said interference. In the event that Licensee's equipment causes interference as described in this paragraph, Licensee shall have the option of terminating this License Agreement immediately without penalty and shall not be required to pay any costs to modify or upgrade Licensor's lighting system(s).

Signatures appear on the next page.
LICENSOR:
Montgomery County Hospital District
By: [Signature]
Print Name: [Name]
Title: [Title]
Date: [Date]

City of Conroe, Texas
By: [Signature]
Print Name: [Name]
Title: [Title]
Date: [Date]

LICENSEE:
New Cingular Wireless PCS, LLC
a Delaware limited liability company
By: AT&T Mobility Corporation, its Manager
By: [Signature]
Print Name: [Name]
Title: [Title]
Date: [Date]
TERMS AND CONDITIONS

1. DEFINITIONS. Capitalized terms defined in the body of this Agreement are indexed by location on Appendix I attached hereto. Capitalized terms used in Agreement but not defined herein are defined in Appendix I.

2. GRANT OF LICENSE. Subject to the other terms of this Agreement, Licensor hereby grants Licensee a license to install, maintain and operate the Approved Equipment at the Licensed Space. All Approved Equipment shall be and remain Licensee's personal property throughout the Term of this Agreement. Licensor shall maintain the Tower and communication facility located on the Tower Facility in good order and repair, reasonable wear and tear excepted. Licensor grants Licensee a right of access to the Tower Facility 24 hours per day, 7 days per week during the Term and a designated location for the installation of Licensee's utilities over, under or across the Tower Facility (collectively, "Easement"). Licensee shall be responsible for any and all damage or loss that results from the installation of any cables or utility wires by Licensee or any company or person retained by Licensee (including a public utility company), including, without limitation, any damage or loss that results from the accidental cutting of utility wires or cables of any other party operating at the Tower Facility. Licensor shall provide Licensee with one set of keys and/or codes to access the Tower Facility. Licensee shall be responsible for ensuring that Licensor has, at all times, a complete and accurate written list of all employees and agents of Licensee who have been provided the keys or access codes to the Tower Facility. Subject to Licensee's rights set forth in this Agreement, Licensor shall have the right to continue to occupy the Tower Facility and to grant rights to others for the Tower Facility in its sole discretion. Licensee shall have no property rights or interest in the Tower Facility or the Easement by virtue of this Agreement.

3. EXHIBITS. In the event of inconsistency or discrepancy between (a) Exhibit A and Exhibit B hereto, Exhibit A shall govern.

4. USE. Licensee shall be permitted the right to install, maintain, operate, service, modify and/or replace its Approved Equipment at the Licensed Space, which Approved Equipment shall be utilized for the transmission and reception of wireless voice and data communications signals (such transmission and reception to be solely within the Permitted Frequencies and, if applicable within the spectrum licensed to Licensee by the FCC) and uses incidental thereto. Licensee's permitted use with respect to the Licensed Space shall be limited solely to that enumerated in this section, and, except pursuant to separate agreement with Licensor or as otherwise expressly specified in this Agreement, no person or entity other than Licensee shall have the right to install, maintain or operate its equipment or transmit or receive communications at, or otherwise use, the Licensed Space. Licensor and Licensee expressly agree that the primary use of the Tower Facility is for governmental purposes, including public safety communications. In the event, during the Lease Term it is necessary for Licensor to terminate this Agreement due to the necessity of Licensor or another governmental entity to use the Licensed Space for governmental functions, including public safety communications, then Licensor shall have the option to terminate this Agreement pursuant to paragraph 34 herein.

5. LICENSE FEES; TAXES; ASSESSMENTS.

(a) Monthly License Fee. The Monthly License Fee, shall be payable in advance on the first day of each calendar month during the Term beginning upon the Commencement Date. Licensor and Licensee agree that they shall acknowledge in writing the Commencement Date. Licensor
and Licensee acknowledge and agree that initial rental payment(s) shall not actually be sent by Licensee until thirty (30) days after a written acknowledgement confirming the Commencement Date. As a condition precedent to payment, Licensor agrees to provide Licensee with a completed IRS Form W-9, or its equivalent, upon execution of this Agreement and at such other times as may be reasonably requested by Licensee, including, any change in Licensor's name or address.

(b) Utilities. All utility services installed on the Tower Facility for the use or benefit of Licensee shall be made at the sole cost and expense of Licensee and shall be separately metered from Licensor's utilities. Licensee shall be solely responsible for extending utilities to the Tower Facility as necessary for the operation of the Approved Equipment and for the payment of utility charges including connection charges and security deposits incurred by Licensee. Licensee shall obtain and pay the cost of telephone connections, the installation of which shall be in compliance with the procedures for installation and maintenance of Approved Equipment set forth herein. Licensor shall, at all times during the Term, provide access to electrical service and telephone service (including fiber) within the Tower Facility.

c) Taxes. Licensee shall be responsible for the payment of any applicable taxes, fees or governmental assessments against any equipment, personal property and/or improvements owned, leased or operated by Licensee. Except as provided immediately hereinafter, if applicable, Licensor shall pay all real property taxes Licensor is obligated to pay. Licensee shall reimburse Licensor for any increases in real property taxes which are assessed as a direct result of Licensee's improvements to or Approved Equipment located on the Tower Facility within 60 days of Licensor's request for such reimbursement. Such reimbursement request must include copies of the documentation from the taxing authority, reasonably acceptable to Licensee, indicating the increase is due to Licensee's improvements or Approved Equipment. Licensee shall ensure no lien is filed by taxing jurisdictions on the Tower Facility as a result of Licensee's failure to pay applicable taxes for Licensee's leasehold improvements. Nothing herein shall require Licensee to pay any franchise, income, payroll, excise, privilege, rent, capital stock, stamp, documentary, or profit tax, or any tax of similar nature, that is or may be imposed upon Licensor. In the event Licensor receives a notice of assessment with respect to which taxes or assessments are imposed on Licensee's leasehold improvements on the Licensed Space, Licensor shall provide Licensee with copies of each such notice immediately upon receipt. For any tax amount for which Licensee is responsible under this Agreement, Licensee shall have the right to contest, in good faith, the validity or the amount thereof using such administrative, appellate or other proceedings as may be appropriate in the jurisdiction, and may defer payment of such obligations, pay same under protest, or take such other steps as Licensee may deem appropriate. This right shall include the ability to institute any legal, regulatory or informal action in the name of Licensee, with respect to the valuation of the Licensed Space. Licensee shall have the right but not the obligation to pay any taxes due by Licensor hereunder if Licensor fails to timely do so, in addition to any other rights or remedies of Licensee. In the event that Licensee exercises the foregoing right due to such Licensor default, Licensee shall have the right to deduct such tax amounts paid from any monies due to Licensor from Licensee. Any tax-related notices shall be sent to Licensee in the manner set forth in Section 17 and, in addition, a copy of any such notices shall be sent to the following address. Promptly after the effective date of this Agreement, Licensor shall provide the following address to the taxing authority for the authority's use in the event the authority needs to communicate with Licensee:

New Cingular Wireless PCS, LLC
Attn: Network Real Estate Administration – Taxes  
Re: Cell Site # HXL01090; Cell Site Name: Conroe Relo (TX)  
Fixed Asset Number: 14008828  
575 Morosgo Drive NE  
Atlanta, GA 30324

(d) Payment Address. All payments due under this Agreement shall be made to the City of Conroe, Texas at 300 W. Davis, Conroe, Texas 77301 or such other address as Licensor may notify Licensee of in writing at least 30 days prior to a payment date.

(e) Rental Documentation. Licensor hereby agrees to provide to Licensee certain documentation (the “Rental Documentation”) evidencing Licensor’s interest in, and right to receive payments under, this Agreement, including without limitation: (i) documentation, acceptable to Licensee in Licensee’s reasonable discretion, evidencing Licensor’s good and sufficient title to and/or interest in the Tower Facility and right to receive rental payments and other benefits hereunder; (ii) a complete and fully executed Internal Revenue Service Form W-9, or equivalent, in a form acceptable to Licensee, for any party to whom rental payments are to be made pursuant to this Agreement; and (iii) other documentation requested by Licensee in Licensee’s reasonable discretion. From time to time during the Term of this Agreement and within thirty (30) days of a written request from Licensee, Licensor agrees to provide updated Rental Documentation in a form reasonably acceptable to Licensee. The Rental Documentation shall be provided to Licensee in accordance with the provisions of and at the address given on Page 1 of this Agreement. Delivery of Rental Documentation to Licensee shall be a prerequisite for the payment of any rent by Licensee and notwithstanding anything to the contrary herein, Licensee shall have no obligation to make any rental payments until Rental Documentation has been supplied to Licensee as provided herein.

Within fifteen (15) days of obtaining an interest in the Tower Facility or this Agreement, any assignee(s), transferee(s) or other successor(s) in interest of Licensor shall provide to Licensee Rental Documentation in the manner set forth in the preceding paragraph. From time to time during the Term of this Agreement and within thirty (30) days of a written request from Licensee, any assignee(s) or transferee(s) of Licensor agrees to provide updated Rental Documentation in a form reasonably acceptable to Licensee. Delivery of Rental Documentation to Licensee by any assignee(s), transferee(s) or other successor(s) in interest of Licensor shall be a prerequisite for the payment of any rent by Licensee to such party and notwithstanding anything to the contrary herein, Licensee shall have no obligation to make any rental payments to any assignee(s), transferee(s) or other successor(s) in interest of Licensor until Rental Documentation has been supplied to Licensee as provided herein.

6. TERM.

(a) Initial Term. The Initial Term of this Agreement shall be as specified in section IV.

(b) Renewal Term. N/A

(c) Holdover Term. If Licensee fails to remove the Approved Equipment within 90 days following the expiration or earlier termination of the Agreement without a written agreement, such failure shall be deemed to extend the terms of this Agreement on a month-to-month basis under the same terms and conditions herein except that (1) a Monthly License Fee shall be due on or before the first day of every calendar month during such month-to-month term in an amount equal to 150% of the Monthly License Fee in effect for the last month of the Term ("Holdover
Fee”), and (2) the month-to-month extension shall be terminable upon 30 days’ prior written notice from either Party to the other; provided, however, nothing contained herein shall grant Licensee the unilateral right to extend the Term of this Agreement after the expiration of the Term.

7. Intentionally Deleted.

8. Intentionally Deleted.

9. LABELING. Licensee shall identify the Approved Equipment (unless such cabinet is located in a building owned by Licensee) with labels permanently affixed thereto, indicating Licensee’s name, contact phone number, and installation date. Licensee’s coaxial cables shall be labeled at both the top and bottom of the Tower.

10. IMPROVEMENTS BY LICENSEE.

(a) Installation and Modification. Licensee’s initial improvements are identified in Exhibits A and B attached hereto and incorporated herein, and the execution of this Agreement by Licensor serves as Licensor’s approval of such improvements. Licensee shall have the right to replace, repair, add or otherwise modify its equipment or any portion thereof upon written notice to Licensor, provided (i) Licensee does not install any equipment outside the boundaries of the Licensee’s licensed ground or tower space and (ii) such replacement, repair, addition or modification does not increase Licensee’s total equipment loading on the Tower. In the event such a replacement, addition or modification would exceed Licensee’s licensed space or increase Licensee’s total equipment loading on the Tower, Licensee shall obtain the approval of Licensor prior to proceeding with such equipment modifications, such approval not to be unreasonably withheld, conditioned or delayed.

(b) Intentionally Deleted.

(c) Equipment; Modification, Removal. Licensor hereby grants Licensee 24 hour per day, 7 day per week access to the Tower Facility and the Licensed Space for the purpose of installing and maintaining the Licensee’s Approved Equipment and its appurtenances. Except as otherwise provided, Licensee shall be responsible for all work related to the installation, operation and removal of Licensee’s equipment in the Licensed Space pursuant to this Agreement. Licensee shall provide all materials and shall pay for all labor for the construction, installation, operation, maintenance and repair of the Approved Equipment. Licensee shall not construct, install or operate any equipment or improvements on the Tower Facility other than those which are described on Exhibit A or as permitted by Paragraph 10(a) of this Agreement. In the event Licensee’s modification of equipment would exceed the boundaries of the Licensee’s licensed ground or tower space or increase Licensee’s total equipment loading on the Tower, the Parties agree that an amendment to this Agreement shall be prepared to reflect such addition or modification to Licensee’s equipment. Licensee shall have the right to remove all Equipment at Licensee’s sole expense on or before the expiration or earlier termination of the License (as well as within the removal period identified in this Agreement) provided Licensee repairs any damage to the Tower Facility or the Tower caused by such removal, reasonable wear and tear excepted. Within 90 days of the expiration or termination of this Agreement for any reason, Licensee shall, acting with reasonable expeditiousness: (1) remove the Approved Equipment and any other property at the Tower Facility of Licensee from
the Licensed Space without undue delay at Licensee's sole risk, cost, and expense; (2) deliver the Licensed Space in substantially the same and in as good a condition as received (ordinary wear and tear excepted); and (3) repair any damage caused by the removal of the Approved Equipment within 30 days of the occurrence of such damage. If Licensee fails to remove its Approved Equipment within 90 days after the expiration or termination of this Agreement, Licensor shall notify Licensee that the Approved Equipment shall be deemed conclusively and absolutely abandoned by Licensee and anyone claiming by, through, or under Licensee if such equipment is not removed within 30 days of such notice. If not removed by Licensee within 30 days of receipt of such notice, Licensor shall have the right to remove the Approved Equipment at Licensee's expense and dispose of such Approved Equipment in any manner Licensor so elects, and Licensee shall reimburse Licensor for its expenses upon demand without offset.

11. RF INTERFERENCE/ USER PRIORITY.

(a) Definitions. For purposes of this section 11, the following capitalized terms shall have the meanings set forth herein:

(i) **Interference** includes any performance degradation, misinterpretation, or loss of information to a radio communications system caused by unwanted energy emissions, radiations, or inductions, but shall not include permissible interference as defined by the FCC, and in addition, with regard to Unlicensed Frequencies, congestion.

(ii) **Licensed Frequencies** are those certain channels or frequencies of the radio frequency spectrum that are licensed by the FCC in the geographic area where the Tower Facility is located.

(iii) A **Licensed User** is any user of the Tower Facility, including Licensee, which transmits and/or receives Licensed Frequencies at the Tower Facility, but only with respect to such Licensed Frequencies.

(iv) A **Priority User** is any Licensed User of the Tower Facility that holds a priority position in relationship to Licensee for protection from Interference, as determined in this section 11, which status is subject to change as set forth herein.

(v) A **Subsequent User** is any user of the Tower Facility that holds a subordinate position in relationship to Licensee for protection from Interference, as determined in this section 11, which status is subject to change as set forth herein.

(vi) **Unlicensed Frequencies** are those certain channels or frequencies of the radio frequency spectrum that are not licensed by the FCC and are available for use by the general public in the geographic area where the Tower Facility is located.

(vii) An **Unlicensed User** is any user of the Tower Facility, including Licensee, which transmits and/or receives Unlicensed Frequencies at the Tower Facility, but only with respect to such Unlicensed Frequencies.

(b) Information. Licensee shall cooperate with Licensor and with other lessees, licensees or occupants of the Tower Facility for purposes of avoiding Interference and/or investigating claims of Interference. Upon request, Licensee, within 10 days of Licensor's request, shall
provide Licensor with a list of Licensee’s transmit and receive frequencies and Approved Equipment specifications necessary to resolve or investigate claims of interference.

(c) **Priority.** Licensee agrees to install equipment of the type and frequency which will not cause harmful Interference which is measurable in accordance with then existing industry standards to any equipment of Licensor or other wireless communications licensees of the Tower Facility which existed on the Tower Facility prior to the date this Agreement is executed by the Parties. In the event any after-installed Licensee’s equipment causes such Interference, and after Licensor has notified Licensee in writing of such interference, Licensee will address such Interference pursuant to Paragraph 11(d) below. Licensor agrees that Licensor and/or any other licensees of the Tower Facility who currently have or in the future take possession of the Tower Facility will be permitted to install only such equipment that is of the type and frequency which will not cause harmful Interference which is measurable in accordance with then existing industry standards to the then existing equipment of Licensee. The Parties acknowledge that there will not be an adequate remedy at law for noncompliance with the provisions of this Section 11 and therefore, either Party shall have the right to equitable remedies, such as, without limitation, injunctive relief and specific performance. Licensor and Licensee acknowledge the priority of other governmental users of the Tower Facility as described in paragraph 4 above.

(d) **Correction.**

(i) **Licensee.** In the event Licensee commits prohibited Interference in violation of subparagraph 11(c) above, Licensee shall, within 24 hours of notification from Licensor, commence such actions as are necessary to mitigate or eliminate the Interference, with the exception of ceasing Licensee’s operations. If Licensee cannot mitigate or eliminate such Interference within the 24 hour period, Licensee shall voluntarily power down the equipment causing the prohibited Interference except for intermittent testing until such time as such Interference is remedied. If Licensee is unable to resolve or eliminate, to the reasonable satisfaction of Licensor, such Interference within 30 days from Licensee’s initial notification thereof, Licensee will immediately remove or cease operations of the interfering equipment, or, at Licensee’s option, Licensee shall have the right terminate this Agreement immediately without penalty or damages. In no event will Licensor be entitled to terminate this Agreement or relocate the equipment as long as Licensee is making a good faith effort to remedy the Interference issue.

(ii) **Licensor.** In the event Licensor or another licensee of the Tower Facility commits prohibited Interference in violation of subparagraph 11(c) above, upon Licensee’s request, Licensor shall, within 24 hours of request, commence such actions as are necessary to eliminate the Interference, with the exception of ceasing Licensee’s or such other licensee’s operations. In the event that such interference as described in this paragraph cannot be corrected to the satisfaction of Licensee, Licensor shall have the right terminate this License Agreement immediately without penalty or damages and/or seek injunctive relief and other remedies available at law or in equity.

(iii) **Government Users.** Notwithstanding the foregoing, if another user of the Tower or Tower Facility is a governmental entity, Licensor shall give such governmental entity written notice of the Interference within 5 Business Days of Licensor’s determination that such action is reasonably necessary. Licensor shall have the right to give the governmental entity 5 Business Days, or more as specified in the governmental site or occupancy agreement or as
required by Applicable Law, from the receipt of such notice prior to Licensor being required to take any actions required by this subsection 11 (d) to cure such interference.

(e) FCC Requirements Regarding Interference. Nothing herein shall prejudice, limit or impair Licensee's rights under Applicable Law, including, but not limited to, FCC Rules and Regulations to redress any Interference independently of the terms of this section 11. Notwithstanding anything herein to the contrary, the provisions set forth in this section 11 shall be interpreted in a manner so as not to be inconsistent with Applicable Law, including, but not limited to, FCC Rules and Regulations and nothing herein relieves the Parties from complying with all Applicable Laws governing the propagation of radio frequencies and/or radio frequency interference. The Parties acknowledge that currently FCC Rules and Regulations govern the obligations of wireless telecommunication service providers with respect to the operation of equipment and use of frequencies. Consequently, the provisions set forth in this section 11 are expressly subject to CFR, Title 47, including but not limited to Part 15, et seq., governing Radio Frequency Devices; Part 20, et seq., governing commercial mobile radio services; Part 24, et seq., governing personal communications services; and Part 90, et seq., governing private land mobile radio services. In addition, in accordance with good engineering practice and standard industry protocols, licensees employ a wide range of techniques and practices, including those involving the use of proper types of equipment as well those related to the adjustment of operating parameters, in a mutually cooperative effort to identify and mitigate sources of interference. The obligation of licensees, including, but not limited to, private paging, specialized mobile radio services, cellular radiotelephone service and personal communications services, to avoid interference is set forth in 47 CFR Part 90, Subpart N – Operating Requirements, §90.403(e). Claims of interference are ultimately cognizable before the FCC’s Enforcement Bureau, Spectrum Enforcement Division. Licensee shall observe good engineering practice and standard industry protocols, applying such commercially reasonable techniques as constitute best practices among licensees, in the deployment of their frequencies and the operation of the Approved Equipment. If Licensee deploys its frequencies or operates the Approved Equipment in a manner which prevents any other user of the Tower or Tower Facility from decoding signal imbedded in their licensed frequencies such that the Spectrum Enforcement Division makes a determination that the Licensee is the cause of the interference in violation of Applicable Laws and this Agreement and Licensee fails or refuses to mitigate or eliminate the interference within the time and manner proscribed by the Spectrum Enforcement Division, Licensee shall be in default of this Agreement and the remedies set forth in section 22 shall apply.

(f) Public Safety Interference. As of the Commencement Date, Licensor and Licensee are aware of the publication of FCC Final Rule, Private Land Mobile Services; 800 MHz Public Safety Interference Proceeding, FC 04-168, Federal Register: November 22, 2004 (Volume 69, Number 224), Rules and Regulations, Page 67823-67853 ("Final Rule"). Claims of interference made by or against users which are public safety entities shall be in compliance with the Final Rule as and when effective, or otherwise in accordance with FCC Rules and Regulations.

(h) AM Detuning. The parties acknowledge that the FCC Rules and Regulations govern the obligations of Licensee with respect to the operation of the Approved Equipment. Consequently, the provisions set forth in this Agreement are expressly subject to the FCC Rules and Regulations, including, but not limited to 47 C.F.R. §§ 27.63, 22.371 and 73.1692. Licensee agrees, at Licensee's sole cost, to comply with the foregoing as well as any and all other FCC rules, regulations and public guidance relating to AM detuning as such provisions
currently exist or are hereafter modified, to the extent such rules and regulations are applicable to Licensee's equipment.

(i) Licensor agrees not to sell, lease or use any areas of the Tower Facility for the installation, operation or maintenance of other wireless communications facilities if such installation, operation or maintenance would interfere with Licensee's permitted use or communications. If radio frequency propagation tests demonstrate unacceptable levels of interference unacceptable to Licensee and such interference has not been corrected to the satisfaction of Licensee within seventy-two hours of such testing, Licensee shall be entitled to terminate this Agreement.

12. SITE RULES AND REGULATIONS. Licensee agrees to comply with the reasonable rules and regulations established from time to time at the Tower Facility by Licensor, which may be modified by Licensor (subject to the terms of this paragraph) from time to time upon receipt by Licensee of such revised rules and regulations. The currently existing site rules and regulations are attached hereto as Exhibit C. Such rules and regulations will not unreasonably interfere with Licensee's use of the Licensed Space under this Agreement. Licensor shall enforce such rules and regulations in a non-discriminatory manner among all the licensees of the Tower Facility. Any modification of such rules and regulations by Licensor will not (i) adversely affect Licensee's permitted use under this Agreement; (ii) interfere with Licensee's continuous operations within the Licensee's licensed space; (iii) interfere with Licensee's 24 hours a day, 7 days a week access to the licensed space and Tower Facility; (iv) conflict with any terms of this Agreement; or (v) increase Licensee's financial obligations under this Agreement.

13. CASUALTY; CONDEMNATION.

(a) Casualty. In the event the Tower or other portions of the Tower Facility are destroyed or so damaged so as to substantially interfere with Licensee's use and occupancy thereof, Licensee shall be entitled to elect to cancel and terminate this Agreement as of the date of destruction of that portion of the Tower Facility and any unearned Monthly License Fee paid in advance of such date shall be refunded by Licensor to Licensee within thirty (30) days of the termination date of this Agreement. If Licensor determines not to rebuild or restore the Tower Facility, Licensor will notify Licensee of such determination within thirty (30) days after the casualty or other harm. Licensor agrees to permit Licensee to place temporary transmission and reception facilities on the real estate on which the Tower is located, but only until such time as Licensee is able to activate a replacement transmission facility at another location; notwithstanding the termination of this Agreement, such temporary facilities will be governed by all of the terms and conditions of this Agreement, including Monthly License Fee. Notwithstanding the foregoing, Licensor may elect to restore the Tower Facility, in which case Licensee and Licensor shall remain bound hereby but Licensee shall be entitled to an abatement of the Monthly License Fee during the loss of use, unless Licensee installs a temporary facility as provided below. The restoration of the Tower Facility must be sufficiently completed to allow Licensee to utilize the Tower Facility for its designated purposes within 90 days. If the Tower Facility is not so restored within such 90 day time period, then Licensee shall have the right to terminate this Agreement upon written notice to Licensor. If Licensor or Licensee undertakes to rebuild or restore the Licensed Space and/or the Approved Equipment, as applicable, Licensor agrees to permit Licensee to place temporary transmission and reception facilities on the real estate on which the Tower is located at a mutually acceptable location so as not to interfere with any rebuild or restoration efforts of Licensor at no additional Monthly License Fee until the reconstruction of the Licensed Space and/or the Approved Equipment is completed.

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(b) Condemnation. If the whole or a substantial part of the Tower Facility shall be taken by any public authority under the power of eminent domain or in deed or conveyance in lieu of condemnation so as to materially interfere with Licensee's use thereof and benefits therefrom, then Licensee shall have the right to terminate this Agreement. Any unearned Monthly License Fee paid in advance of such termination shall be refunded by Licensor to Licensee within 30 days following the termination of this Agreement. The parties will each be entitled to pursue their own separate awards in the condemnation proceeds, which for Licensee will include, where applicable, the value of its Approved Equipment, moving expenses, and business dislocation expenses from the condemning authority, provided however that Licensee agrees not to make a claim to the condemning authority for any condemnation award to the extent such claim shall diminish or affect the award made to Licensor with regard to such condemnation. To the extent the Agreement is not terminated following a condemnation, the monthly Rent payable by Licensee hereunder will be reduced in proportion to the reduction in size of Licensee's licensed space.

14. COMPLIANCE WITH LAWS. Licensor shall at all times comply with all Applicable Laws and ordinances and all rules and regulations of municipal, state and federal governmental authorities relating to Licensor's ownership and use of the Tower Facility and any improvements on the Tower Facility, including, without limitation, any marking and lighting requirements of the FAA and the FCC applicable to the Tower Facility. Notwithstanding anything to the contrary in this Agreement, Licensee shall at all times comply with all Applicable Laws and ordinances and all applicable rules and regulations of municipal, state and federal governmental authorities relating to the installation, maintenance, location, use, operation, and removal of the Approved Equipment and other alterations or improvements authorized pursuant to the provisions of this Agreement. Notwithstanding anything to the contrary in this Agreement Licensee agrees that nothing herein shall preclude or be interpreted to preclude Licensor from carrying out its governmental functions, including those functions related to public safety, and any rights conveyed hereunder to Licensee are expressly made subordinate to such governmental rights and obligations of Licensor and other governmental entities using the Tower Facility for governmental functions, including public safety communications.

15. INDEMNIFICATION; INSURANCE.

(a) Mutual Indemnity. To the extent permitted by law and subject to the mutual waiver of subrogation set forth in section 27, Licensee and Licensor each indemnifies the other against and holds the other harmless from any and all costs, demands, Damages, suits, expenses, or causes of action (including reasonable attorneys' fees and court costs) which arise out of the use and/or occupancy of the Tower Facility by the indemnifying party. Notwithstanding the foregoing, this indemnity does not apply to the extent any Claims, costs, demands, Damages, suits, expenses, or causes of action (including reasonable attorneys' fees and court costs) arise from the negligence, gross negligence, or intentional misconduct of the Indemnified Party. The indemnities contained herein expressly extend back to the date Licensee first used or occupied this Tower Facility which date may precede the Effective Date hereof.

(b) Limits on Indemnification. Neither party shall be responsible or liable to any of the foregoing Indemnified Parties for any Damages arising from any claim to the extent attributable to any acts or omissions of other licensees or users occupying the Tower Facility or for any structural or power failures or destruction or damage to the Tower Facility except to the extent caused by the sole, joint, or concurrent negligence, gross negligence, or willful misconduct of such party.
The limitations on indemnification contained herein expressly extend back to the date Licensee first used or occupied this Tower Facility which date may precede the Effective Date hereof.

(c) **Survival.** The provisions of this section 15 shall survive the expiration or earlier termination of this Agreement with respect to any events occurring on or before expiration or termination of same whether or not Claims relating thereto are asserted before or after such expiration or termination.

(d) **Insurance.** Licensor and Licensee shall keep in full force and effect, during the Term of this Agreement, insurance coverage in accordance with Appendix II attached hereto.

16. **LIMITATION OF PARTIES’ LIABILITY.** NEITHER LICENSOR NOR LICENSEE SHALL BE RESPONSIBLE FOR, AND HEREBY WAIVES ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES INCURRED RESULTING FROM (1) LICENSEE’S USE OR LICENSEE’S INABILITY TO USE THE TOWER FACILITY, OR (2) DAMAGE TO THE OTHER’S EQUIPMENT.

17. **MAINTENANCE.** Licensor will maintain and repair the Tower Facility and access thereto, the Tower, and all areas of the Licensed Space where Licensee does not have exclusive control, in good and tenantable condition, subject to reasonable wear and tear and damage from the elements. Licensor will not be responsible for maintenance of landscaping on the Tower Facility.

18. **NOTICES.** All notices, demands, approvals, requests and other communications shall be in writing to such party at the address listed on the first page of this Agreement (and in each case, in the event of notice to Licensor, with a copy of such notice to City of Conroe, attention: Finance and Administration, 300 W. Davis, Conroe, Texas 77301, or at such other address as such party shall designate by notice to the other party hereto in accordance with this section 18 (the “Notice Address”) and may be personally delivered; mailed, via United States certified mail, return receipt requested; or transmitted by overnight courier for next Business Day delivery, and, if not delivered personally, shall be deemed to be duly given or made upon either receipt or rejection as shown on the receipt obtained pursuant to the foregoing.

19. **ASSIGNMENT; SUBLEASING.** Licensee may not assign this Agreement to unaffiliated third parties; however, Licensee may assign this Agreement to (1) Licensee’s principal, affiliates, or subsidiaries of its principal, (2) any person or entity which is directly or indirectly (through one or more subsidiaries) controlled by, controlling or under common control with Licensee, (3) any person or entity which is the successor or surviving entity by a merger or consolidation of such entity, or (4) any person or entity which purchases substantially all the assets of Licensee in the market defined by the Federal Communications Commission in which the Tower Facility is located by reason of a merger, acquisition or other business reorganization, or 5) to those entities prescribed by federal agencies as a result of Licensee’s acquisition or disposition of assets or other companies (collectively, “Permitted Assignee”). Licensor may not unreasonably withhold, condition or delay its consent to a proposed assignment. In no event may Licensee sublet, sublease, or permit any other similar use of the Tower Facility or Licensed Space by any other party. Any Permitted Assignee shall expressly assume, and become bound by, all of Licensee’s obligations under this Agreement. Licensee shall pay Licensor an reasonable hourly fee, which may include attorney time if necessary, in each instance in which Licensee requests Licensor to consent to an assignment of this Agreement or in which Licensee seeks an estoppel certificate, nondisturbance agreement, subordination agreement or any other similar agreements incident to an assignment of the Agreement by Licensee, to defray the administrative cost incurred by Licensor to process such requests, prepare and process any necessary documentation, and modify its database and other information systems to reflect any such agreement. Such fee is due.
upon receiving such bill by licensee and failure to pay such fee is considered a default of this Agreement (subject to Licensee's right to cure under this Agreement). Any purported assignment by Licensee in violation of the terms of this Agreement shall be void. This Agreement shall be binding upon the successors and permitted assigns of both Parties.

20. LIENS. Licensee shall not permit any mechanic or materialmen's lien to attach to the Tower Facility or any of Licensee's property thereon. If any mechanic's lien or other lien, charge or order for payment of money is filed as a result of the act or omission of Licensee in connection with this Agreement, Licensee will cause such lien, charge or order to be discharged or appropriately bonded or otherwise reasonably secured ("Secured") within sixty (60) days after notice from Licensor thereof. If Licensee fails to cause the lien or encumbrance to be Secured within the sixty (60) day period, then Licensor will be entitled to do so at Licensee's expense.

21. DEFAULT.

(a) The occurrence of any of the following instances shall be considered to be a default or a breach of this Agreement: (1) any failure of Licensee to pay the Monthly License Fee, or any other charge for which Licensee has the responsibility of payment under this Agreement, within 20 days of the date following written notice to Licensee from Licensor, or its designee, of such delinquency; (2) any failure of either Party to perform or observe any term, covenant, provision or condition of this Agreement which failure is not corrected or cured by the defaulting Party within 30 days of receipt by the defaulting Party of written notice from non-defaulting Party, or its designee, of the existence of such a default; except such 30 day cure period shall be extended as reasonably necessary to permit the non-defaulting Party to complete a cure so long as Licensee commences the cure within such 30 day cure period and thereafter continuously and diligently pursues and completes such cure; (3) failure of a Party to abide by the interference provisions as set forth in section 11; or (4) Licensor's failure to provide access to the Licensed Space as required by Section 2 of this Agreement within twenty-four (24) hours after written notice of such failure is received by Licensor.

22. REMEDIES. In the event of a default or a breach of this Agreement by Licensee and after the Licensee's failure to cure the same within the time allowed Licensee to cure such default, if applicable, then Licensor may, in addition to all other rights or remedies Licensor may have hereunder at law or in equity, terminate this Agreement by giving written notice to the Licensee, stating the date upon which such termination shall be effective, provided Licensee shall remain liable for all damages due to such default including without limitation the continuing obligation to pay Monthly License Fees as when they come due, subject to an obligation of Licensor to mitigate damages. In the event of a default or a breach of this Agreement by the Licensee and after the Licensee's failure to cure the same within the time allowed to cure such default, if applicable, then Licensee may, in addition to all other rights or remedies the non-defaulting Party may have hereunder at law or in equity, terminate this Agreement by giving written notice to the Licensee. No endorsement or statement on any check or letter accompanying a check for payment of any monies due and payable under the terms of this Agreement shall be deemed an accord and satisfaction, and Licensee may accept such check or payment without prejudice to its right to recover the balance of such monies or to pursue any other remedy provided by law or in this Agreement. Licensor shall accept any such partial payment for the account of Licensee.

23. GOVERNMENTAL APPROVALS; PERMITS. Licensor shall cooperate with Licensee in Licensee's efforts to obtain any permits or other approvals that may be necessary for Licensee's installation and operation of the Approved Equipment, provided that Licensor shall not be required to expend any funds or undertake any liability or obligation in connection with such cooperation.
Licensor may, upon approval of Licensee, elect to obtain such required approvals or permits on Licensee's behalf, at Licensee's sole cost and expense. In no event may Licensee encourage, suggest, participate in or permit the imposition of any restrictions or additional obligations whatsoever on the Tower Facility or Licensor's current or future use or ability to license space at the Tower Facility as part of or in exchange for obtaining any such approval or permit. In the event that Licensee's shelter or cabinets are installed above a third-party or Licensor-owned shelter or building, Licensee shall be solely responsible for obtaining any required approvals, or permits in connection with such shelter or cabinet installation, excepting the consent of other users at the Tower Facility. It is understood and agreed that Licensee's ability to use the Tower Facility is contingent upon its obtaining after the execution date of this Agreement all of the certificates, permits and other approvals (collectively the "Governmental Approvals") that may be required by any Federal, State or Local authorities as well as satisfactory soil boring tests and structural analysis which will permit Licensee use of the Tower Facility as set forth above. In the event that (i) any of such applications for such Governmental Approvals should be finally rejected; (ii) any Governmental Approval issued to Licensee is canceled, expires, lapses, or is otherwise withdrawn or terminated by governmental authority; (iii) Licensee determines that such Governmental Approvals may not be obtained in a timely manner; (iv) Licensee determines that any soil boring tests or structural analysis is unsatisfactory; or (v) Licensee determines that the Tower Facility is no longer technically or structurally compatible for its use, Licensee shall have the right to terminate this Agreement upon notice to Licensor. Upon such termination, this Agreement shall be of no further force or effect except to the extent of the representations, warranties and indemnities made by each Party to the other hereunder. Otherwise, the Licensee shall have no further obligations for the payment of rent to Licensor.

24. REPLACEMENT OF TOWER/RELOCATION OF APPROVED EQUIPMENT.

(a) Replacement of Tower. Licensor may, at its election, replace or rebuild the Tower or a portion thereof. Such replacement will (1) be at Licensor's sole cost and (2) not result in an interruption of Licensee's communications services beyond that which is necessary to replace the new Tower. Licensee may establish a temporary facility on the Tower Facility to provide such services as Licensee deems necessary during any such construction by Licensor so long as adequate space is then available. The location of such temporary facilities shall be subject to Licensor's approval, which shall not be unreasonably withheld, conditioned or delayed. At the request of either Party, Licensor and Licensee shall enter into an amendment to this Agreement to memorialize the location of Licensee's licensed space within the new Tower Facility, provided, however, that no rent increase or other fee shall be charged to Licensee for such an amendment.

25. Intentionally Deleted.

26. ENVIRONMENTAL. Licensor represents and warrants that, (i) the Tower Facility, as of the date of this Agreement, is free of hazardous substances, including asbestos-containing materials and lead paint, and (ii) the Tower Facility has never been subject to any contamination or hazardous conditions resulting in any environmental investigation, inquiry or remediation. Each Party covenants to the other Party that it will not use, store, dispose, or release any Hazardous Substances on the Property in violation of Applicable Law. Licensee agrees to indemnify and save harmless Licensor, to the extent permitted by law, against any and all Claims, liabilities, causes of action, Damages, orders, judgments, and clean-up costs arising from Licensee's breach of any the covenants contained in this section 26. Licensor agrees to indemnify and save harmless Licensee to the extent permitted by law,
against any and all claims, liabilities, causes of action, Damages, orders, judgments, and clean-up costs arising from Licensor's breach of any of the covenants contained in this section 26. The obligations of each Party to indemnify the other Party pursuant to this section 26 shall survive the termination or expiration of this Agreement. The indemnities contained herein expressly extend back to the date Licensee first used or occupied this Tower Facility which date may precede the Effective Date hereof. In the event Licensee becomes aware of any Hazardous Substances on the Tower Facility, or any environmental, health or safety condition or matter relating to the Tower Facility, that, in Licensee's sole determination, renders the condition of the Licensed Space or Tower Facility unsuitable for Licensee's use, or if Licensee shows reasonable proof that the leasing or continued leasing of the Licensed Space would expose Licensee to undue risks of liability to a government agency or third party, Licensee will have the right, in addition to any other rights it may have at law or in equity, to terminate this Agreement upon written notice to Licensor.

27. SUBROGATION.

(a) Waiver. Licensor and Licensee waive all rights against each other and any of their respective consultants and contractors, agents and employees, for Damages caused by perils to the extent covered by the proceeds of the insurance provided herein, except such rights as they may have to the insurance proceeds. All insurance policies required under this Agreement shall contain a waiver of subrogation provision under the terms of which the insurance carrier of a Party waives all of such carrier's rights to proceed against the other Party. Licensee's insurance policies shall provide such waivers of subrogation by endorsement. The Licensee shall require by appropriate agreements, written where legally required for validity, similar waivers from its contractors and subcontractors. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

(b) Mutual Release. Notwithstanding anything in this Agreement to the contrary, Licensor and Licensee each release the other and its respective affiliates, employees and representatives from any claims by them or any one claiming through or under them by way of subrogation or otherwise for damage to any person or to the Tower Facility and to the fixtures, personal property, improvements and alterations in or on the Tower Facility that are caused by or result from risks insured against under any insurance policy carried by each and required by this Agreement, provided that such releases shall be effective only if and to the extent that the same do not diminish or adversely affect the coverage under such insurance policies and only to the extent of the proceeds received from such policy.

28. GOVERNING LAW, VENUE, SEVERABILITY. This Agreement shall be governed by the laws of the State of Texas. Any litigation in any way relating to this Agreement shall be brought in State Court or in a Federal District Court for Montgomery County, Texas. If any provision of this Agreement is found invalid or unenforceable under judicial decree or decision, the remaining provisions of this Agreement shall remain in full force and effect.

29. FINANCING AGREEMENT. Licensee may, upon written notice to Licensor, mortgage or grant a security interest in the Approved Equipment to any such mortgagees or holders of security interests including their successors and assigns. No such security interest shall extend to, affect or encumber in any way the interests or property of Licensor.
30. MISCELLANEOUS. Upon Licensor’s reasonable written request, Licensee shall furnish Licensor with complete and accurate information in response to any reasonable request by Licensor for information about any of the Approved Equipment or utilities utilized by Licensee at the Tower Facility or any of the channels and frequencies utilized by Licensee thereon. Either Licensor or Licensee may be referred to herein as a “Party” and both Licensor and Licensee together may be referred to herein as the “Parties”. Licensor agrees to execute a memorandum of this Agreement, which Licensee may record with the appropriate recording officer. Upon the termination or expiration of this Agreement, Licensee shall, within 45 days of the request of Licensor deliver a release of any instruments of record evidencing such Agreement. Notwithstanding the expiration or earlier termination of the Agreement, sections 15(a), 15(b), 16, 17, and 26 shall survive the expiration or earlier termination of the Agreement. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision herein (whether or not similar), nor shall such waiver constitute a continuing waiver unless expressly agreed to in writing by the affected Party. This Agreement constitutes the entire agreement of the Parties hereto concerning the subject matter herein and shall supersede all prior offers, negotiations and agreements, whether written or oral. No revision of the Agreement shall be valid unless made in writing and signed by authorized representatives of both Parties. This Agreement may be executed in any number of originals, each of which shall be an original, but all of which together shall constitute but one instrument. Licensor hereby certifies that Licensor is not in default or breach of any of its obligations under any existing license, lease or other written or oral agreements entered into for this Tower Facility. Notwithstanding that this Agreement is identified herein as a license, the Agreement can only be terminated in accordance with the express terms of this Agreement, and Licensee shall have the exclusive use of all licensed space identified in this Agreement for the installation of Licensee equipment. Licensor covenants that Licensee, on paying the rent and performing the covenants herein, shall peaceably and quietly have, hold and enjoy the licensed space. Licensor represents and warrants to Licensee as of the execution date of this Agreement, and covenants during the Term that Licensor is seized of good and sufficient title and interest to the Property and has full authority to enter into and execute this Agreement. All obligations of the Licensor are joint and several. If the Tower Facility is or becomes encumbered by a deed to secure a debt, mortgage or other security interest, Licensor will provide promptly to Licensee a mutually agreeable subordination, non-disturbance and attornment agreement executed by Licensor and the holder of such security interest. Any time Licensor consent may be required by this Agreement, the consent of one of such Licensor entities shall satisfy such requirement and be sufficient as Licensor consent.

31. CONFIDENTIALITY. Neither Party shall use the other’s name, service mark or trademark in any public announcement or advertisement without the prior written consent of the other Party, which may be withheld in such Party’s sole and absolute discretion.

32. WAIVER OF LANDLORD’S LIENS. Licensor waives any and all lien rights it may have, statutory or otherwise, concerning the Approved Equipment or any portion thereof. The Approved Equipment shall be deemed personal property for purposes of this Agreement, regardless of whether any portion is deemed real or personal property under applicable law; Licensor consents to Licensee’s right to remove all or any portion of the Approved Equipment from time to time in Licensee’s sole discretion and without Licensor’s consent.

34. TERMINATION. This Agreement may be terminated, without penalty or further liability by Licensee upon written notice to Licensor along with proof of prohibited interference of Licensor’s frequencies by Licensor or another licensee of the Tower Facility, which has not been cured or
remedied within seventy-two hours of the testing results evidencing such interference. In such event, Licensee shall have forty-five (45) days to remove its equipment following termination from the Tower Facility.

In addition, Licensor retains the right to terminate this Agreement upon nine (9) months written notice to Licensee in the event Licensor or another governmental entity needs to occupy the Tower Space for purposes of carrying out its governmental functions, including public safety communications.

In the event of termination pursuant to this paragraph 34, neither party shall have further recourse against the other party.

ATTACHED EXHIBITS:
Exhibit A: List of Approved Equipment and location of the Licensed Space
Exhibit B: Site Drawing indicating the location of Ground Space for Licensee's equipment shelter/skid/pad or space in Licensor's building (as applicable)
Appendix I: Definitions
Appendix II: Insurance
Exhibit A
List of Approved Equipment and location of Licensed Space
Antennas:
  * (6) 8' - 12-Port Antennas – Kathrein 800-10799 (2 Per Sector)

OVP Box:
  (1) Raycap DC6-48-60-18-8F (DC/Fiber)
  (1) Raycap DC6-48-60-0-8F (DC Only)

RRH:
  (3) RRUS-11 (1 Per Sector)
  (9) RRUS-32 (3 Per Sector)

Line:
  * (1) Fiber cable ½”
  * (4) DC Power Cables 7/8”

Mount:
  (3) Heavy Duty Sector Frame Mounts – Sabre C10-857-001C (1 Per Sector)

Full loading, (6) antennas, (2) OVP, (12) RRH, (3) Heavy Duty Sector Frame Mounts

Frequencies: Licensee is permitted to use all frequencies that Licensee is permitted to use by the FCC

Initiate: ____/______
## AT&T Tower Appurtenance Configuration

<table>
<thead>
<tr>
<th>Appurtenance</th>
<th>Mfr/Description</th>
<th>Model</th>
<th>Total Quantity</th>
<th>Sector (A/B/C)</th>
<th>Rad Center</th>
<th>Cables</th>
<th>Cable Model</th>
<th>Cable Quantities</th>
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<td>Sabre</td>
<td>C10-857-001C</td>
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<td>1/1/1</td>
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<td></td>
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<td>Raycap</td>
<td>DC6-48-60-18-8F</td>
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<td>1/0/0</td>
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<td>1/2&quot; Fiber</td>
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<td>3/3/3</td>
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</table>
EXHIBIT B
Site Drawing indicating the location of Ground Space for Licensee’s equipment shelter or space in Licensor's building (as applicable)
Appendix I

Defined Terms

**Agreement:** defined in the introductory paragraph.

**Annual Escalator:** defined in section IV on page 1.

**Applicable Law:** All applicable statutes, ordinances, laws, regulations and directives of any federal, state or local governmental unit, authority or agency having jurisdiction over a Licensed Space or affecting the rights and obligations of Licensor or Licensee under this Agreement, including without limitation, the Communications Act of 1934, as amended from time to time, FCC Rules and Regulations, and the rules, regulations and written policies and decisions of the FAA.

**Approved Equipment:** the communications system, including antennas, radio equipment, cabling and conduits, shelter and/or cabinets and other personal property owned or operated by Licensee at the Licensed Space, as defined in the Exhibit A or B to this Agreement.

**Business Day:** a day other than a Saturday, Sunday or legal holiday for commercial banks under the laws of the United States or the State of Texas.

**Claims:** demands, claims, suits, actions, proceedings or investigations brought against a Person by an unrelated or unaffiliated Person.

**Commencement Date:** defined in section IV on page 1.

**Damages:** debts, liabilities, obligations, losses, damages, excluding consequential, incidental, special or punitive damages, costs and expenses, interest (including, without limitation, prejudgment interest), penalties, reasonable legal fees, court costs, disbursements and costs of investigations, deficiencies, levies, duties and imposts.

**Easement:** defined in section 2.

**Effective Date:** Date of last signature to this Agreement by the Parties

**FAA:** the United States Federal Aviation Administration or any successor federal agency established for the same or similar purpose.

**FCC:** the United States Federal Communications Commission or any successor federal agency established for the same or similar purpose.

**FCC Rules and Regulations:** All of the rules, regulations, public guidance, written policies and decisions governing telecommunications generally and wireless telecommunications specifically as promulgated and administered by the FCC, which on the Effective Date includes, but is not limited to, those administered by the Wireless Telecommunications Bureau of the FCC and more specifically referenced as the Code of Federal Regulations, title 47, parts 0 through 101, as amended.

**Final Rule:** defined in subsection 11(g).

**Ground Space:** The portion of the Tower Facility licensed for use by Licensee to locate a portion of the Approved Equipment thereon, in the square footage amount depicted on Exhibit B of the Agreement.

**Hazardous Substances:** Any hazardous material or substance which is or becomes defined as a hazardous substance, pollutant or contaminant subject to reporting, investigation or remediation pursuant to Applicable Law; any substance which is or becomes regulated by any federal, state or local governmental authority; and any oil, petroleum products and their by-products.
Holdover Fee: defined in subsection 6(c).
Indemnified Party: any Person entitled to Indemnification under section 15 hereof.
Initial Term: defined in subsection 6(a).
Interference: defined in subsection 11(a)(i).
Licensed Frequencies: defined in subsection 11(a)(ii).
Licensed Space: Location of the Approved Equipment on the Tower and at the Ground Space as more specifically described in Exhibits A and B attached hereto.
Licensed User: defined in subsection 11(a)(iii).
Licensee: defined in the introductory paragraph.
Licensor: defined in the introductory paragraph.
Monthly License Fee: defined in subsection 5(a).
Notice Address: defined in section 18.
Party(ies): defined in section 30.
Permitted Assignee: defined in section 19.
Permitted Frequencies: defined in section III on page 1.
Priority User: defined in subsection 11(a)(iv).
Remittance Address: defined in section II of page 1.
Renewal Term(s): defined in subsection 6(b).
Subsequent User: defined in subsection 11(a)(v).
Term: Initial Term and each Renewal Term which is effected pursuant to section 6 of this Agreement.
Tower: The communications or broadcast tower owned and operated by Licensor and located at the Tower Facility.
Tower Facility: Certain real property owned, leased, subleased, licensed or managed by Licensor shown on page 1 of this Agreement, on which the Tower owned, leased, licensed or managed by Licensor is located, which is reflected in Exhibit A.
Unlicensed Frequencies: defined in subsection 11(a)(vi).
Unlicensed User: defined in subsection 11(a)(vii).
Appendix II
Insurance

A. LICENSOR shall maintain in full force during the term of this Agreement the following insurance:

1. Worker’s Compensation Insurance with statutory limits in accordance with all applicable state and federal laws, and Employers’ Liability Insurance with limits of $500,000.00 per accident/occurrence, or in accordance with all applicable state and federal.

2. Commercial General Liability Insurance (Bodily Injury and Property Damage), the limits of liability of which shall be $1,000,000.00 per occurrence and in the aggregate.

B. LICENSEE shall maintain in full force during the term of this Agreement and shall endeavor to cause all contractors or subcontractors performing work on any Licensed Site prior to the commencement of any such work on behalf of Licensee to maintain the following insurance:

1. Worker’s Compensation Insurance with statutory limits in compliance with the statutory requirements of the state of operation, and Employers’ Liability Insurance with limits of $500,000.00 per accident/occurrence, or in accordance with all applicable state and federal laws.

2. Commercial General Liability Insurance (Bodily Injury and Property Damage), the limits of liability of which shall be $1,000,000.00 per occurrence and in the aggregate.

The insurance specified in this Item B shall contain a waiver of subrogation against LICENSOR and shall include LICENSOR as additional insured as their interest may appear under this Agreement excluding for workers compensation and employer’s liability. The insurance required under this Agreement shall be primary over any insurance coverage in favor of LICENSOR but only with respect to and to the extent of the insured liabilities assumed by LICENSEE under this Agreement and shall contain a standard cross-liability endorsement. Licensor’s additional insured status shall (i) be limited to bodily injury, property damage or personal and advertising injury caused, in whole or in part, by Licensee, its employees, agents or independent contractors; (ii) not extend to claims for punitive or exemplary damages arising out of the acts or omissions of Licensor, its employees, agents or independent contractors or where such coverage is prohibited by law or to claims arising out of the gross negligence of Licensor, its employees, agents or independent contractors; and, (iii) not exceed Licensee’s indemnification obligation under this Agreement, if any.

C. Notwithstanding the foregoing insurance requirements, (a) the insolvency, bankruptcy, or failure of any insurance company carrying insurance for either Party, or failure of any such insurance company to pay Claims accruing, shall not be held to waive any of the provisions of this Agreement or relieve either Party from any obligations under this Agreement, and (b) the Licensor reserves the right, once per Term, to increase the required liability limits described above in Items A and/or B in accordance with then-current customary insurance requirements in the tower industry nationally.
D. Notwithstanding the forgoing, Licensee may, in its sole discretion, self-insure any of the required insurance under the same terms as required by this Agreement. In the event Licensee elects to self-insure its obligation under this Agreement to include Licensor as an additional insured, the following conditions apply: (i) Licensor shall promptly and no later than thirty (30) days after notice thereof provide Licensee with written notice of any claim, demand, lawsuit, or the like for which it seeks coverage pursuant to this Section and provide Licensee with copies of any demands, notices, summonses, or legal papers received in connection with such claim, demand, lawsuit, or the like; (ii) Licensor shall not settle any such claim, demand, lawsuit, or the like without the prior written consent of Licensee; and (iii) Licensor shall fully cooperate with Licensee in the defense of the claim, demand, lawsuit, or the like.
TOWER LICENSE AGREEMENT

This Tower License Agreement ("Agreement") is made by and between The Montgomery County Hospital District, a political subdivision of the State of Texas; The City of Conroe, Texas, a political subdivision of the State of Texas, both of which are jointly referred to as "Licensor," and New Cingular Wireless PCS, LLC, a Delaware limited liability company, having a mailing address of 575 Morosgo Drive NE, Atlanta, GA 30324 ("Licensee").

I. TOWER INFORMATION:

   Site Name: Magnolia Communications
   Address and/or location of Tower Facility: 14583 FM 1488, Magnolia, TX 77354
   Tower Facility Coordinates: Lat. 33°8'N NAD83  Long. 95°-41-36 W NAD83

II. NOTICE & EMERGENCY CONTACTS:

   • Licensor's local emergency contact: Radio Administrator on-call, MCHD, 936-441-6243
     Tammie Rushing, City of Conroe Facilities Manager, 936-520-8979
   • Licensee's local emergency contact: 800-264-6620.
   • Notices to Licensor shall be sent to the address below:
     City of Conroe
     Attn: Tammie Rushing, Facilities Manager
     300 West Davis, Suite 230
     Conroe, TX 77301
     With a copy to:
     Montgomery County Hospital District
     Attention: Accounting
     1400 S. Loop 336 W.
     Conroe, TX 77304
     And to:
     J. Greg Hudson
     Hudson & O'Leary LLP.
     1010 MoPac Circle, Suite 201
     Austin, TX 78746
   • Notices to Licensee shall be sent to the address below to the attention of:
     New Cingular Wireless PCS, LLC
     Attn: AT&T Network Real Estate Administration
     Re: Cell Site #: 1282225; Cell Site Name: Magnolia
     Fixed Asset No.: 14008828
     575 Morosgo Drive
     Atlanta, GA 30324
     With a copy to:
     New Cingular Wireless PCS, LLC
     Attn: AT&T Legal Department-Network
     Attn: Network Counsel
     Re: Site No. 1282225, Name: Magnolia
     208 S. Akard Street
     Dallas, TX 75202-4206

III. PERMITTED USE OF TOWER FACILITY BY LICENSEE:

   • Permitted Frequencies: the spectrum licensed to Licensee by the FCC:
   • Antenna mount height on tower: See Exhibit A for specific location
All other permitted uses of the Tower Facility including Licensee’s Approved Equipment, and the Licensed Space are further described in section 4 of this Agreement and Exhibit A attached hereto.

IV. FEES & TERM
Monthly License Fee: Three Thousand and No/100ths Dollars ($3,000.00) per month, adjusted on the anniversary of the Commencement Date of this Agreement and on each anniversary thereafter during the Initial Term and during any Renewal Terms by the “Annual Escalator”. The Annual Escalator shall be three percent (3%) per year. Any monthly license fee not paid within fifteen (15) days of when due shall be subject to a five percent (5%) late fee.

Site Inspection Fee: $0.

Electricity will be provided by ___ Licensor or ___X___ Licensee. If electricity for operation of Approved Equipment is to be provided by Licensor, with the cost of such electricity to be paid by Licensee at cost subject to adjustment pursuant to Section 5(b). If electricity for operation of Approved Equipment is to be provided by Licensee, all cost of such electricity and installation costs are the sole responsibility of Licensee.

Initial Term: A period of twenty (20) years beginning on the Commencement Date. The “Commencement Date” shall be based upon the date Licensee commences installation of the equipment on the Tower Facility. In the event the date Licensee commences installation of the equipment on the Tower Facility falls between the 1st and 15th of the month, the Agreement shall commence on the 1st of that month and if the date installation commences falls between the 16th and 31st of the month, then the Agreement shall commence on the 1st day of the following month (either the “Commencement Date”).

Renewal Terms: N/A.

V. TERMS & CONDITIONS
The attached terms and conditions are incorporated herein by this reference.

VI. OTHER PROVISIONS:

Notwithstanding anything to the contrary in this Agreement, the offer expressed to Licensee in this Agreement shall automatically become null and void with no further obligation by either party hereto if a structural analysis of the Tower Facility completed after the execution of this Agreement by Licensor but before the commencement of the installation of Licensee’s Approved Equipment indicates that the Tower is not suitable for Licensee’s Approved Equipment unless Licensor and Licensee mutually agree that structural modifications or repairs shall be made to the Tower on mutually agreeable terms. If a structural analysis of the Tower Facility is performed or obtained by Licensee then Licensee shall share such structural analysis with Licensor. All persons and/or entities performing any structural analysis services as contemplated herein shall be approved by Licensor.

A) In no event shall Licensee’s use of the Tower Facility, or operation of any of its equipment thereon, be conducted in a manner that interferes with Licensor’s lighting system existing as of the Effective Date of this Agreement located on any of the towers, building systems, or related facilities. In the event that such interference does occur, Licensee shall be solely responsible to resolve such interference (which may, in Licensee’s discretion, involve the reimbursement to Licensor for any and all costs required to modify and/or upgrade Licensor’s lighting system) and to comply with all necessary FAA/FCC regulations as a result of said interference. In the
event that Licensee’s equipment causes interference as described in this paragraph, Licensee shall have the option of terminating this License Agreement immediately without penalty and shall not be required to pay any costs to modify or upgrade Licensor’s lighting system(s).

Signatures appear on the next page.
LICENSOR:
Montgomery County Hospital District
By: 
Print Name: 
Title: 
Date:

City of Conroe, Texas
By: 
Print Name: 
Title: 
Date: 5-1-17

LICENSEE:
New Cingular Wireless PCS, LLC
a Delaware limited liability company
By: AT&T Mobility Corporation, its Manager
By: 
Print Name: Steve McNamara
Title: AVP, C&E - Southwest Mobility
Date: 4-21-17
TERMS AND CONDITIONS

1. DEFINITIONS. Capitalized terms defined in the body of this Agreement are indexed by location on Appendix I attached hereto. Capitalized terms used in Agreement but not defined herein are defined in Appendix I.

2. GRANT OF LICENSE. Subject to the other terms of this Agreement, Licensor hereby grants Licensee a license to install, maintain and operate the Approved Equipment at the Licensed Space. All Approved Equipment shall be and remain Licensee's personal property throughout the Term of this Agreement. Licensor shall maintain the Tower and communication facility located on the Tower Facility in good order and repair, reasonable wear and tear excepted. Licensor grants Licensee a right of access to the Tower Facility 24 hours per day, 7 days per week during the Term and a designated location for the installation of Licensee’s utilities over, under or across the Tower Facility (collectively, “Easement”). Licensee shall be responsible for any and all damage or loss that results from the installation of any cables or utility wires by Licensee or any company or person retained by Licensee (including a public utility company), including, without limitation, any damage or loss that results from the accidental cutting of utility wires or cables of any other party operating at the Tower Facility. Licensor shall provide Licensee with one set of keys and/or codes to access the Tower Facility. Licensee shall be responsible for ensuring that Licensor has, at all times, a complete and accurate written list of all employees and agents of Licensee who have been provided the keys or access codes to the Tower Facility. Subject to Licensee's rights set forth in this Agreement, Licensor shall have the right to continue to occupy the Tower Facility and to grant rights to others for the Tower Facility in its sole discretion. Licensee shall have no property rights or interest in the Tower Facility or the Easement by virtue of this Agreement.

3. EXHIBITS. In the event of inconsistency or discrepancy between (a) Exhibit A and Exhibit B hereto, Exhibit A shall govern.

4. USE. Licensee shall be permitted the right to install, maintain, operate, service, modify and/or replace its Approved Equipment at the Licensed Space, which Approved Equipment shall be utilized for the transmission and reception of wireless voice and data communications signals (such transmission and reception to be solely within the Permitted Frequencies and, if applicable within the spectrum licensed to Licensee by the FCC) and uses incidental thereto. Licensee’s permitted use with respect to the Licensed Space shall be limited solely to that enumerated in this section, and, except pursuant to separate agreement with Licensor or as otherwise expressly specified in this Agreement, no person or entity other than Licensee shall have the right to install, maintain or operate its equipment or transmit or receive communications at, or otherwise use, the Licensed Space. Licensor and Licensee expressly agree that the primary use of the Tower Facility is for governmental purposes, including public safety communications. In the event, during the Lease Term it is necessary for Licensor to terminate this Agreement due to the necessity of Licensor or another governmental entity to use the Licensed Space for governmental functions, including public safety communications, then Licensor shall have the option to terminate this Agreement pursuant to paragraph 34 herein.

5. LICENSE FEES; TAXES; ASSESSMENTS.

(a) Monthly License Fee. The Monthly License Fee, shall be payable in advance on the first day of each calendar month during the Term beginning upon the Commencement Date. Licensor and Licensee agree that they shall acknowledge in writing the Commencement Date. Licensor and Licensee acknowledge and agree that initial rental payment(s) shall not actually be sent
by Licensee until thirty (30) days after a written acknowledgement confirming the
Commencement Date. As a condition precedent to payment, Licensor agrees to provide
Licensee with a completed IRS Form W-9, or its equivalent, upon execution of this Agreement
and at such other times as may be reasonably requested by Licensee, including, any change
in Licensor’s name or address.

(b) Utilities. All utility services installed on the Tower Facility for the use or benefit of Licensee
shall be made at the sole cost and expense of Licensee and shall be separately metered from
Licensor’s utilities. Licensee shall be solely responsible for extending utilities to the Tower
Facility as necessary for the operation of the Approved Equipment and for the payment of
utility charges including connection charges and security deposits incurred by Licensee.
Licensee shall obtain and pay the cost of telephone connections, the installation of which shall
be in compliance with the procedures for installation and maintenance of Approved Equipment
set forth herein. Licensor shall, at all times during the Term, provide access to electrical
service and telephone service (including fiber) within the Tower Facility.

(c) Taxes. Licensee shall be responsible for the payment of any applicable taxes, fees or
governmental assessments against any equipment, personal property and/or improvements
owned, leased or operated by Licensee. Except as provided immediately hereinafter, if
applicable, Licensor shall pay all real property taxes Licensor is obligated to pay. Licensee
shall reimburse Licensor for any increases in real property taxes which are assessed as a
direct result of Licensee’s improvements to or Approved Equipment located on the Tower
Facility within 60 days of Licensor’s request for such reimbursement. Such reimbursement
request must include copies of the documentation from the taxing authority, reasonably
acceptable to Licensee, indicating the increase is due to Licensee’s improvements or
Approved Equipment. Licensor shall ensure no lien is filed by taxing jurisdictions on the Tower
Facility as a result of Licensee’s failure to pay applicable taxes for Licensee’s leasehold
improvements. Nothing herein shall require Licensee to pay any franchise, income, payroll,
excise, privilege, rent, capital stock, stamp, documentary, or profit tax, or any tax of similar
nature, that is or may be imposed upon Licensor. In the event Licensor receives a notice of
assessment with respect to which taxes or assessments are imposed on Licensee’s leasehold
improvements on the Licensed Space, Licensor shall provide Licensee with copies of each
such notice immediately upon receipt. For any tax amount for which Licensee is responsible
under this Agreement, Licensee shall have the right to contest, in good faith, the validity or the
amount thereof using such administrative, appellate or other proceedings as may be
appropriate in the jurisdiction, and may defer payment of such obligations, pay same under
protest, or take such other steps as Licensee may deem appropriate. This right shall include
the ability to institute any legal, regulatory or informal action in the name of Licensee, with
respect to the valuation of the Licensed Space. Licensee shall have the right but not the
obligation to pay any taxes due by Licensor hereunder if Licensor fails to timely do so, in
addition to any other rights or remedies of Licensee. In the event that Licensee exercises the
foregoing right due to such Licensor default, Licensee shall have the right to deduct such tax
amounts paid from any monies due to Licensor from Licensee. Any tax-related notices shall
be sent to Licensee in the manner set forth in Section 17 and, in addition, a copy of any such
notices shall be sent to the following address. Promptly after the effective date of this
Agreement, Licensor shall provide the following address to the taxing authority for the
authority’s use in the event the authority needs to communicate with Licensee:

New Cingular Wireless PCS, LLC
Attn: Network Real Estate Administration – Taxes
Re: Cell Site # HX0929; Cell Site Name : Magnolia Relo (TX)
Fixed Asset Number: 13877530
575 Morosgo Drive NE
Atlanta, GA 30324

(d) **Payment Address.** All payments due under this Agreement shall be made to the City of Conroe, Texas at 300 W. Davis, Conroe, Texas 77301 or such other address as Licensor may notify Licensee of in writing at least 30 days prior to a payment date.

(e) **Rental Documentation.** Licensor hereby agrees to provide to Licensee certain documentation (the "Rental Documentation") evidencing Licensor's interest in, and right to receive payments under, this Agreement, including without limitation: (i) documentation, acceptable to Licensee in Licensor's reasonable discretion, evidencing Licensor's good and sufficient title to and/or interest in the Tower Facility and right to receive rental payments and other benefits hereunder; (ii) a complete and fully executed Internal Revenue Service Form W-9, or equivalent, in a form acceptable to Licensee, for any party to whom rental payments are to be made pursuant to this Agreement; and (iii) other documentation requested by Licensee in Licensor's reasonable discretion. From time to time during the Term of this Agreement and within thirty (30) days of a written request from Licensee, Licensor agrees to provide updated Rental Documentation in a form reasonably acceptable to Licensee. The Rental Documentation shall be provided to Licensee in accordance with the provisions of and at the address given on Page 1 of this Agreement. Delivery of Rental Documentation to Licensee shall be a prerequisite for the payment of any rent by Licensee and notwithstanding anything to the contrary herein, Licensee shall have no obligation to make any rental payments until Rental Documentation has been supplied to Licensee as provided herein.

Within fifteen (15) days of obtaining an interest in the Tower Facility or this Agreement, any assignee(s), transferee(s) or other successor(s) in interest of Licensor shall provide to Licensee Rental Documentation in the manner set forth in the preceding paragraph. From time to time during the Term of this Agreement and within thirty (30) days of a written request from Licensee, any assignee(s) or transferee(s) of Licensor agrees to provide updated Rental Documentation in a form reasonably acceptable to Licensee. Delivery of Rental Documentation to Licensee by any assignee(s), transferee(s) or other successor(s) in interest of Licensor shall be a prerequisite for the payment of any rent by Licensee to such party and notwithstanding anything to the contrary herein, Licensee shall have no obligation to make any rental payments to any assignee(s), transferee(s) or other successor(s) in interest of Licensor until Rental Documentation has been supplied to Licensee as provided herein.

6. **TERM.**

(a) **Initial Term.** The Initial Term of this Agreement shall be as specified in section IV.

(b) **Renewal Term.** N/A

(c) **Holdover Term.** If Licensee fails to remove the Approved Equipment within 90 days following the expiration or earlier termination of the Agreement without a written agreement, such failure shall be deemed to extend the terms of this Agreement on a month-to-month basis under the same terms and conditions herein except that (1) a Monthly License Fee shall be due on or before the first day of every calendar month during such month-to-month term in an amount equal to 150% of the Monthly License Fee in effect for the last month of the Term ("Holdover Fee"), and (2) the month-to-month extension shall be terminable upon 30 days' prior written notice from either Party to the other; provided, however, nothing contained herein shall grant
Licensee the unilateral right to extend the Term of this Agreement after the expiration of the Term.

7. Intentionally Deleted.

8. Intentionally Deleted.

9. LABELING. Licensee shall identify the Approved Equipment (unless such cabinet is located in a building owned by Licensee) with labels permanently affixed thereto, indicating Licensee’s name, contact phone number, and installation date. Licensee’s coaxial cables shall be labeled at both the top and bottom of the Tower.

10. IMPROVEMENTS BY LICENSEE.

(a) Installation and Modification. Licensee’s initial improvements are identified in Exhibits A and B attached hereto and incorporated herein, and the execution of this Agreement by Licensor serves as Licensor’s approval of such improvements. Licensee shall have the right to replace, repair, add or otherwise modify its equipment or any portion thereof upon written notice to Licensor, provided (i) Licensee does not install any equipment outside the boundaries of the Licensee’s licensed ground or tower space and (ii) such replacement, repair, addition or modification does not increase Licensee’s total equipment loading on the Tower. In the event such a replacement, addition or modification would exceed Licensee’s licensed space or increase Licensee’s total equipment loading on the Tower, Licensee shall obtain the approval of Licensor prior to proceeding with such equipment modifications, such approval not to be unreasonably withheld, conditioned or delayed.

(b) Intentionally Deleted.

(c) Equipment; Modification, Removal. Licensor hereby grants Licensee 24 hour per day, 7 day per week access to the Tower Facility and the Licensed Space for the purpose of installing and maintaining the Licensee’s Approved Equipment and its appurtenances. Except as otherwise provided, Licensee shall be responsible for all work related to the installation, operation and removal of Licensee’s equipment in the Licensed Space pursuant to this Agreement. Licensee shall provide all materials and shall pay for all labor for the construction, installation, operation, maintenance and repair of the Approved Equipment. Licensee shall not construct, install or operate any equipment or improvements on the Tower Facility other than those which are described on Exhibit A or as permitted by Paragraph 10(a) of this Agreement. In the event Licensee’s modification of equipment would exceed the boundaries of the Licensee’s licensed ground or tower space or increase Licensee’s total equipment loading on the Tower, the Parties agree that an amendment to this Agreement shall be prepared to reflect such addition or modification to Licensee’s equipment. Licensee shall have the right to remove all Equipment at Licensee’s sole expense on or before the expiration or earlier termination of the License (as well as within the removal period identified in this Agreement) provided Licensee repairs any damage to the Tower Facility or the Tower caused by such removal, reasonable wear and tear excepted. Within 90 days of the expiration or termination of this Agreement for any reason, Licensee shall, acting with reasonable expeditionness: (1) remove the Approved Equipment and any other property at the Tower Facility of Licensee from the Licensed Space without undue delay at Licensee’s sole risk, cost, and expense; (2) deliver the Licensed Space in substantially the same and in as good a condition as received (ordinary wear and tear excepted); and (3) repair any damage caused by the removal of the Approved
Equipment within 30 days of the occurrence of such damage. If Licensee fails to remove its Approved Equipment within 90 days after the expiration or termination of this Agreement, Licensor shall notify Licensee that the Approved Equipment shall be deemed conclusively and absolutely abandoned by Licensee and anyone claiming by, through, or under Licensee if such equipment is not removed within 30 days of such notice. If not removed by Licensee within 30 days of receipt of such notice, Licensor shall have the right to remove the Approved Equipment at Licensee’s expense and dispose of such Approved Equipment in any manner Licensor so elects, and Licensee shall reimburse Licensor for its expenses upon demand without off-set.

11. RF INTERFERENCE/ USER PRIORITY.

(a) Definitions. For purposes of this section 11, the following capitalized terms shall have the meanings set forth herein:

(i) Interference includes any performance degradation, misinterpretation, or loss of information to a radio communications system caused by unwanted energy emissions, radiations, or inductions, but shall not include permissible interference as defined by the FCC, and in addition, with regard to Unlicensed Frequencies, congestion.

(ii) Licensed Frequencies are those certain channels or frequencies of the radio frequency spectrum that are licensed by the FCC in the geographic area where the Tower Facility is located.

(iii) A Licensed User is any user of the Tower Facility, including Licensee, which transmits and/or receives Licensed Frequencies at the Tower Facility, but only with respect to such Licensed Frequencies.

(iv) A Priority User is any Licensed User of the Tower Facility that holds a priority position in relationship to Licensee for protection from Interference, as determined in this section 11, which status is subject to change as set forth herein.

(v) A Subsequent User is any user of the Tower Facility that holds a subordinate position in relationship to Licensee for protection from Interference, as determined in this section 11, which status is subject to change as set forth herein.

(vi) Unlicensed Frequencies are those certain channels or frequencies of the radio frequency spectrum that are not licensed by the FCC and are available for use by the general public in the geographic area where the Tower Facility is located.

(vii) An Unlicensed User is any user of the Tower Facility, including Licensee, which transmits and/or receives Unlicensed Frequencies at the Tower Facility, but only with respect to such Unlicensed Frequencies.

(b) Information. Licensee shall cooperate with Licensor and with other lessees, licensees or occupants of the Tower Facility for purposes of avoiding Interference and/or investigating claims of Interference. Upon request, Licensee, within 10 days of Licensor’s request, shall provide Licensor with a list of Licensee’s transmit and receive frequencies and Approved Equipment specifications necessary to resolve or investigate claims of Interference.

(c) Priority. Licensee agrees to install equipment of the type and frequency which will not cause harmful Interference which is measurable in accordance with then existing industry standards.
to any equipment of Licensor or other wireless communications licensees of the Tower Facility which existed on the Tower Facility prior to the date this Agreement is executed by the Parties. In the event any after-installed Licensee’s equipment causes such Interference, and after Licensor has notified Licensee in writing of such interference, Licensee will address such Interference pursuant to Paragraph 11(d) below. Licensor agrees that Licensor and/or any other licensees of the Tower Facility who currently have or in the future take possession of the Tower Facility will be permitted to install only such equipment that is of the type and frequency which will not cause harmful Interference which is measurable in accordance with then existing industry standards to the then existing equipment of Licensee. The Parties acknowledge that there will not be an adequate remedy at law for noncompliance with the provisions of this Section 11 and therefore, either Party shall have the right to equitable remedies, such as, without limitation, injunctive relief and specific performance. Licensor and Licensee acknowledge the priority of other governmental users of the Tower Facility as described in paragraph 4 above.

(d) Correction.

(i) Licensee. In the event Licensee commits prohibited Interference in violation of subparagraph 11(c) above, Licensee shall, within 24 hours of notification from Licensor, commence such actions as are necessary to mitigate or eliminate the Interference, with the exception of ceasing Licensee’s operations. If Licensee cannot mitigate or eliminate such Interference within the 24 hour period, Licensee shall voluntarily power down the equipment causing the prohibited Interference except for intermittent testing until such time as such Interference is remedied. If Licensee is unable to resolve or eliminate, to the reasonable satisfaction of Licensor, such Interference within 30 days from Licensee’s initial notification thereof, Licensee will immediately remove or cease operations of the interfering equipment, or, at Licensee’s option, Licensee shall have the right terminate this Agreement immediately without penalty or damages. In no event will Licensor be entitled to terminate this Agreement or relocate the equipment as long as Licensee is making a good faith effort to remedy the Interference issue.

(ii) Licensor. In the event Licensor or another licensee of the Tower Facility commits prohibited Interference in violation of subparagraph 11(c) above, upon Licensee’s request, Licensor shall, within 24 hours of request, commence such actions as are necessary to eliminate the Interference, with the exception of ceasing Licensee’s or such other licensee’s operations. In the event that such interference as described in this paragraph cannot be corrected to the satisfaction of Licensee, Licensor shall have the right terminate this License Agreement immediately without penalty or damages and/or seek injunctive relief and other remedies available at law or in equity.

(iii) Government Users. Notwithstanding the foregoing, if another user of the Tower or Tower Facility is a governmental entity, Licensor shall give such governmental entity written notice of the Interference within 5 Business Days of Licensor’s determination that such action is reasonably necessary. Licensor shall have the right to give the governmental entity 5 Business Days, or more as specified in the governmental site or occupancy agreement or as required by Applicable Law, from the receipt of such notice prior to Licensor being required to take any actions required by this subsection 11 (d) to cure such Interference.

(e) FCC Requirements Regarding Interference. Nothing herein shall prejudice, limit or impair Licensee’s rights under Applicable Law, including, but not limited to, FCC Rules and Regulations to redress any Interference independently of the terms of this section 11.
Notwithstanding anything herein to the contrary, the provisions set forth in this section 11 shall be interpreted in a manner so as not to be inconsistent with Applicable Law, including, but not limited to, FCC Rules and Regulations and nothing herein relieves the Parties from complying with all Applicable Laws governing the propagation of radio frequencies and/or radio frequency interference. The Parties acknowledge that currently FCC Rules and Regulations govern the obligations of wireless telecommunication service providers with respect to the operation of equipment and use of frequencies. Consequently, the provisions set forth in this section 11 are expressly subject to CFR, Title 47, including but not limited to Part 15, et seq, governing Radio Frequency Devices; Part 20, et seq, governing commercial mobile radio services; Part 24, et seq, governing personal communications services; and Part 90, et seq, governing private land mobile radio services. In addition, in accordance with good engineering practice and standard industry protocols, licensees employ a wide range of techniques and practices, including those involving the use of proper types of equipment as well those related to the adjustment of operating parameters, in a mutually cooperative effort to identify and mitigate sources of Interference. The obligation of licensees, including, but not limited to, private paging, specialized mobile radio services, cellular radiotelephone service and personal communications services, to avoid Interference is set forth in 47 CFR Part 90, Subpart N – Operating Requirements, §90.403(e). Claims of Interference are ultimately cognizable before the FCC’s Enforcement Bureau, Spectrum Enforcement Division. Licensee shall observe good engineering practice and standard industry protocols, applying such commercially reasonable techniques as constitute best practices among licensees, in the deployment of their frequencies and the operation of the Approved Equipment. If Licensee deploys its frequencies or operates the Approved Equipment in a manner which prevents any other user of the Tower or Tower Facility from decoding signal imbedded in their licensed frequencies such that the Spectrum Enforcement Division makes a determination that the Licensee is the cause of the Interference in violation of Applicable Laws and this Agreement and Licensee fails or refuses to mitigate or eliminate the Interference within the time and manner proscribed by the Spectrum Enforcement Division, Licensee shall be in default of this Agreement and the remedies set forth in section 22 shall apply.

(f) Public Safety Interference. As of the Commencement Date, Licensor and Licensee are aware of the publication of FCC Final Rule, Private Land Mobile Services; 800 MHz Public Safety Interference Proceeding, FC 04-168, Federal Register: November 22, 2004 (Volume 69, Number 224), Rules and Regulations, Page 67823-67853 ("Final Rule"). Claims of Interference made by or against users which are public safety entities shall be in compliance with the Final Rule as and when effective, or otherwise in accordance with FCC Rules and Regulations.

(h) AM Detuning. The parties acknowledge that the FCC Rules and Regulations govern the obligations of Licensee with respect to the operation of the Approved Equipment. Consequently, the provisions set forth in this Agreement are expressly subject to the FCC Rules and Regulations, including, but not limited to 47 C.F.R. §§ 27.63, 22.371 and 73.1692. Licensee agrees, at Licensee’s sole cost, to comply with the foregoing as well as any and all other FCC rules, regulations and public guidance relating to AM detuning as such provisions currently exist or are hereafter modified, to the extent such rules and regulations are applicable to Licensee’s equipment.

(i) Licensor agrees not to sell, lease or use any areas of the Tower Facility for the installation, operation or maintenance of other wireless communications facilities if such installation, operation or maintenance would interfere with Licensee’s permitted use or communications.. If radio frequency propagation tests demonstrate unacceptable levels of interference
unacceptable to Licensee and such interference has not been corrected to the satisfaction of Licensee within seventy-two hours of such testing, Licensee shall be entitled to terminate this Agreement.

12. SITE RULES AND REGULATIONS. Licensee agrees to comply with the reasonable rules and regulations established from time to time at the Tower Facility by Licensor, which may be modified by Licensor (subject to the terms of this paragraph) from time to time upon receipt by Licensee of such revised rules and regulations. The currently existing site rules and regulations are attached hereto as Exhibit C. Such rules and regulations will not unreasonably interfere with Licensee’s use of the Licensed Space under this Agreement. Licensor shall enforce such rules and regulations in a non-discriminatory manner among all the licensees of the Tower Facility. Any modification of such rules and regulations by Licensor will not (i) adversely affect Licensee’s permitted use under this Agreement; (ii) interfere with Licensee’s continuous operations within the Licensee’s licensed space; (iii) interfere with Licensee’s 24 hours a day, 7 days a week access to the licensed space and Tower Facility; (iv) conflict with any terms of this Agreement; or (v) increase Licensee’s financial obligations under this Agreement.

13. CASUALTY; CONDEMNATION.

(a) Casualty. In the event the Tower or other portions of the Tower Facility are destroyed or so damaged as to substantially interfere with Licensee’s use and occupancy thereof, Licensee shall be entitled to elect to cancel and terminate this Agreement as of the date of destruction of that portion of the Tower Facility and any unearned Monthly License Fee paid in advance of such date shall be refunded by Licensor to Licensee within thirty (30) days of the termination date of this Agreement. If Licensor determines not to rebuild or restore the Tower Facility, Licensor will notify Licensee of such determination within thirty (30) days after the casualty or other harm. Licensor agrees to permit Licensee to place temporary transmission and reception facilities on the real estate on which the Tower is located, but only until such time as Licensee is able to activate a replacement transmission facility at another location; notwithstanding the termination of this Agreement, such temporary facilities will be governed by all of the terms and conditions of this Agreement, including Monthly License Fee. Notwithstanding the foregoing, Licensor may elect to restore the Tower Facility, in which case Licensee and Licensor shall remain bound hereby but Licensee shall be entitled to an abatement of the Monthly License Fee during the loss of use, unless Licensee installs a temporary facility as provided below. The restoration of the Tower Facility must be sufficiently completed to allow Licensee to utilize the Tower Facility for its designated purposes within 90 days. If the Tower Facility is not so restored within such 90 day time period, then Licensee shall have the right to terminate this Agreement upon written notice to Licensor. If Licensor or Licensee undertakes to rebuild or restore the Licensed Space and/or the Approved Equipment, as applicable, Licensee agrees to permit Licensee to place temporary transmission and reception facilities on the real estate on which the Tower is located at a mutually acceptable location so as not to interfere with any rebuild or restoration efforts of Licensor at no additional Monthly License Fee until the reconstruction of the Licensed Space and/or the Approved Equipment is completed.

(b) Condemnation. If the whole or a substantial part of the Tower Facility shall be taken by any public authority under the power of eminent domain or in deed or conveyance in lieu of condemnation so as to materially interfere with Licensee’s use thereof and benefits therefrom, then Licensee shall have the right to terminate this Agreement. Any unearned Monthly License Fee paid in advance of such termination shall be refunded by Licensor to Licensee within 30 days following the termination of this Agreement. The parties will each be entitled to pursue their own separate awards in the condemnation proceeds, which for Licensee will include,
where applicable, the value of its Approved Equipment, moving expenses, and business dislocation expenses from the condemning authority, provided however that Licensee agrees not to make a claim to the condemning authority for any condemnation award to the extent such claim shall diminish or affect the award made to Licensor with regard to such condemnation. To the extent the Agreement is not terminated following a condemnation, the monthly Rent payable by Licensee hereunder will be reduced in proportion to the reduction in size of Licensee’s licensed space.

14. COMPLIANCE WITH LAWS. Licensor shall at all times comply with all Applicable Laws and ordinances and all rules and regulations of municipal, state and federal governmental authorities relating to Licensor’s ownership and use of the Tower Facility and any improvements on the Tower Facility, including, without limitation, any marking and lighting requirements of the FAA and the FCC applicable to the Tower Facility. Notwithstanding anything to the contrary in this Agreement, Licensee shall at all times comply with all Applicable Laws and ordinances and all applicable rules and regulations of municipal, state and federal governmental authorities relating to the installation, maintenance, location, use, operation, and removal of the Approved Equipment and other alterations or improvements authorized pursuant to the provisions of this Agreement. Notwithstanding anything to the contrary in this Agreement Licensee agrees that nothing herein shall preclude or be interpreted to preclude Licensor from carrying out its governmental functions, including those functions related to public safety, and any rights conveyed hereunder to Licensee are expressly made subordinate to such governmental rights and obligations of Licensor and other governmental entities using the Tower Facility for governmental functions, including public safety communications.

15. INDEMNIFICATION; INSURANCE.

(a) Mutual Indemnity. To the extent permitted by law and subject to the mutual waiver of subrogation set forth in section 27, Licensee and Licensor each indemnifies the other against and holds the other harmless from any and all costs, demands, Damages, suits, expenses, or causes of action (including reasonable attorneys fees and court costs) which arise out of the use and/or occupancy of the Tower Facility by the indemnifying party. Notwithstanding the foregoing, this indemnity does not apply to the extent any Claims, costs, demands, Damages, suits, expenses, or causes of action (including reasonable attorneys’ fees and court costs) arise from the negligence, gross negligence, or intentional misconduct of the Indemnified Party. The indemnities contained herein expressly extend back to the date Licensee first used or occupied this Tower Facility which date may precede the Effective Date hereof.

(b) Limits on Indemnification. Neither party shall be responsible or liable to any of the foregoing Indemnified Parties for any Damages arising from any claim to the extent attributable to any acts or omissions of other licensees or users occupying the Tower Facility or for any structural or power failures or destruction or damage to the Tower Facility except to the extent caused by the sole, joint, or concurrent negligence, gross negligence, or willful misconduct of such party. The limitations on indemnification contained herein expressly extend back to the date Licensee first used or occupied this Tower Facility which date may precede the Effective Date hereof.

(c) Survival. The provisions of this section 15 shall survive the expiration or earlier termination of this Agreement with respect to any events occurring on or before expiration or termination of same whether or not Claims relating thereto are asserted before or after such expiration or termination.
(d) **Insurance.** Licensor and Licensee shall keep in full force and effect, during the Term of this Agreement, insurance coverage in accordance with Appendix II attached hereto.

16. **LIMITATION OF PARTIES’ LIABILITY.** NEITHER LICENSOR NOR LICENSEE SHALL BE RESPONSIBLE FOR, AND HEREBY WAIVES ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES INCURRED RESULTING FROM (1) LICENSEE’S USE OR LICENSEE’S INABILITY TO USE THE TOWER FACILITY, OR (2) DAMAGE TO THE OTHER’S EQUIPMENT.

17. **MAINTENANCE.** Licensor will maintain and repair the Tower Facility and access thereto, the Tower, and all areas of the Licensed Space where Licensee does not have exclusive control, in good and tenantable condition, subject to reasonable wear and tear and damage from the elements. Licensor will not be responsible for maintenance of landscaping on the Tower Facility.

18. **NOTICES.** All notices, demands, approvals, requests and other communications shall be in writing to such party at the address listed on the first page of this Agreement (and in each case, in the event of notice to Licensor, with a copy of such notice to City of Conroe, attention: Finance and Administration, 300 W. Davis, Conroe, Texas 77301, or at such other address as such party shall designate by notice to the other party hereto in accordance with this section 18 (the “**Notice Address**”) and may be personally delivered; mailed, via United States certified mail, return receipt requested; or transmitted by overnight courier for next Business Day delivery, and, if not delivered personally, shall be deemed to be duly given or made upon either receipt or rejection as shown on the receipt obtained pursuant to the foregoing.

19. **ASSIGNMENT; SUBLEASING.** Licensee may not assign this Agreement to unaffiliated third parties; however, Licensee may assign this Agreement to (1) Licensee’s principal, affiliates, or subsidiaries of its principal, (2) any person or entity which is directly or indirectly (through one or more subsidiaries) controlled by, controlling or under common control with Licensee, (3) any person or entity which is the successor or surviving entity by a merger or consolidation of such entity, or (4) any person or entity which purchases substantially all the assets of Licensee in the market defined by the Federal Communications Commission in which the Tower Facility is located by reason of a merger, acquisition or other business reorganization, or 5) to those entities prescribed by federal agencies as a result of Licensee’s acquisition or disposition of assets or other companies (collectively, “**Permitted Assignee**”). Licensor may not unreasonably withhold, condition or delay its consent to a proposed assignment. In no event may Licensee sublet, sublease, or permit any other similar use of the Tower Facility or Licensed Space by any other party. Any Permitted Assignee shall expressly assume, and become bound by, all of Licensee’s obligations under this Agreement. Licensee shall pay Licensor an reasonable hourly fee, which may include attorney time if necessary, in each instance in which Licensee requests Licensor to consent to an assignment of this Agreement or in which Licensee seeks an estoppel certificate, nondisturbance agreement, subordination agreement or any other similar agreements incident to an assignment of the Agreement by Licensee, to defray the administrative cost incurred by Licensor to process such requests, prepare and process any necessary documentation, and modify its database and other information systems to reflect any such agreement. Such fee is due upon receiving such bill by licensee and failure to pay such fee is considered a default of this Agreement (subject to Licensee’s right to cure under this Agreement). Any purported assignment by Licensee in violation of the terms of this Agreement shall be void. This Agreement shall be binding upon the successors and permitted assigns of both Parties.

20. **LIENS.** Licensee shall not permit any mechanic or materialmen’s lien to attach to the Tower Facility or any of Licensee’s property thereon. If any mechanic’s lien or other lien, charge or order for payment of money is filed as a result of the act or omission of Licensee in connection with this Agreement, Licensee will cause such lien, charge or order to be discharged or appropriately
bonded or otherwise reasonably secured ("Secured") within sixty (60) days after notice from Licensor thereof. If Licensee fails to cause the lien or encumbrance to be Secured within the sixty (60) day period, then Licensor will be entitled to do so at Licensee’s expense.

21. DEFAULT.

(a) The occurrence of any of the following instances shall be considered to be a default or a breach of this Agreement: (1) any failure of Licensee to pay the Monthly License Fee, or any other charge for which Licensee has the responsibility of payment under this Agreement, within 20 days of the date following written notice to Licensee from Licensor, or its designee, of such delinquency; (2) any failure of either Party to perform or observe any term, covenant, provision or condition of this Agreement which failure is not corrected or cured by the defaulting Party within 30 days of receipt by the defaulting Party of written notice from non-defaulting Party, or its designee, of the existence of such a default; except such 30 day cure period shall be extended as reasonably necessary to permit the non-defaulting Party to complete a cure so long as Licensee commences the cure within such 30 day cure period and thereafter continuously and diligently pursues and completes such cure; (3) failure of a Party to abide by the interference provisions as set forth in section 11; or (4) Licensor’s failure to provide access to the Licensed Space as required by Section 2 of this Agreement within twenty-four (24) hours after written notice of such failure is received by Licensor.

22. REMEDIES. In the event of a default or a breach of this Agreement by Licensee and after the Licensee’s failure to cure the same within the time allowed Licensee to cure such default, if applicable, then Licensor may, in addition to all other rights or remedies Licensor may have hereunder at law or in equity, terminate this Agreement by giving written notice to the Licensee, stating the date upon which such termination shall be effective, provided Licensee shall remain liable for all damages due to such default including without limitation the continuing obligation to pay Monthly License Fees as when they come due, subject to an obligation of Licensor to mitigate damages. In the event of a default or a breach of this Agreement by the Licensor and after the Licensor’s failure to cure the same within the time allowed to cure such default, if applicable, then Licensee may, in addition to all other rights or remedies the non-defaulting Party may have hereunder at law or in equity, terminate this Agreement by giving written notice to the Licensor. No endorsement or statement on any check or letter accompanying a check for payment of any monies due and payable under the terms of this Agreement shall be deemed an accord and satisfaction, and Licensor may accept such check or payment without prejudice to its right to recover the balance of such monies or to pursue any other remedy provided by law or in this Agreement. Licensor shall accept any such partial payment for the account of Licensee.

23. GOVERNMENTAL APPROVALS; PERMITS. Licensor shall cooperate with Licensee in Licensee’s efforts to obtain any permits or other approvals that may be necessary for Licensee’s installation and operation of the Approved Equipment, provided that Licensor shall not be required to expend any funds or undertake any liability or obligation in connection with such cooperation. Licensor may, upon approval of Licensee, elect to obtain such required approvals or permits on Licensee’s behalf, at Licensee’s sole cost and expense. In no event may Licensee encourage, suggest, participate in or permit the imposition of any restrictions or additional obligations whatsoever on the Tower Facility or Licensor’s current or future use or ability to license space at the Tower Facility as part of or in exchange for obtaining any such approval or permit. In the event that Licensee’s shelter or cabinets are installed above a third-party or Licensor-owned shelter or building, Licensee shall be solely responsible for obtaining any required approvals, or permits in connection with such shelter or cabinet installation, excepting the consent of other users at the Tower Facility. It is understood and agreed that Licensee’s ability to use the Tower Facility is contingent upon its obtaining after the execution date of this Agreement all of the certificates,
permits and other approvals (collectively the "Governmental Approvals") that may be required by any Federal, State or Local authorities as well as satisfactory soil boring tests and structural analysis which will permit Licensee use of the Tower Facility as set forth above. In the event that (i) any of such applications for such Governmental Approvals should be finally rejected; (ii) any Governmental Approval issued to Licensee is canceled, expires, lapses, or is otherwise withdrawn or terminated by governmental authority; (iii) Licensee determines that such Governmental Approvals may not be obtained in a timely manner; (iv) Licensee determines that any soil boring tests or structural analysis is unsatisfactory; or (v) Licensee determines that the Tower Facility is no longer technically or structurally compatible for its use, Licensee shall have the right to terminate this Agreement upon notice to Licensor. Upon such termination, this Agreement shall be of no further force or effect except to the extent of the representations, warranties and indemnities made by each Party to the other hereunder. Otherwise, the Licensee shall have no further obligations for the payment of rent to Licensor.

24. REPLACEMENT OF TOWER/RELOCATION OF APPROVED EQUIPMENT.

(a) Replacement of Tower. Licensor may, at its election, replace or rebuild the Tower or a portion thereof. Such replacement will (1) be at Licensor's sole cost and (2) not result in an interruption of Licensee's communications services beyond that which is necessary to replace the new Tower. Licensee may establish a temporary facility on the Tower Facility to provide such services as Licensee deems necessary during any such construction by Licensor so long as adequate space is then available. The location of such temporary facilities shall be subject to Licensee's approval, which shall not be unreasonably withheld, conditioned or delayed. At the request of either Party, Licensor and Licensee shall enter into an amendment to this Agreement to memorialize the location of Licensee's licensed space within the new Tower Facility, provided, however, that no rent increase or other fee shall be charged to Licensee for such an amendment.

25. Intentionally Deleted.

26. ENVIRONMENTAL. Licensor represents and warrants that, (i) the Tower Facility, as of the date of this Agreement, is free of hazardous substances, including asbestos-containing materials and lead paint, and (ii) the Tower Facility has never been subject to any contamination or hazardous conditions resulting in any environmental investigation, inquiry or remediation. Each Party covenants to the other Party that it will not use, store, dispose, or release any Hazardous Substances on the Property in violation of Applicable Law. Licensee agrees to indemnify and save harmless Licensor, to the extent permitted by law, against any and all Claims, liabilities, causes of action, Damages, orders, judgments, and clean-up costs arising from Licensee's breach of any the covenants contained in this section 26. Licensor agrees to indemnify and save harmless Licensee to the extent permitted by law, against any and all Claims, liabilities, causes of action, Damages, orders, judgments, and clean-up costs arising from Licensor's breach of any the covenants contained in this section 26. The obligations of each Party to indemnify the other Party pursuant to this section 26 shall survive the termination or expiration of this Agreement. The indemnities contained herein expressly extend back to the date Licensee first used or occupied this Tower Facility which date may precede the Effective Date hereof. In the event Licensee becomes aware of any Hazardous Substances on the Tower Facility, or any environmental, health or safety condition or matter relating to the Tower Facility, that, in Licensee's sole determination, renders the condition of the Licensed Space or Tower Facility unsuitable for Licensee's use, or if Licensee shows reasonable proof that the leasing or continued leasing of the Licensed Space would expose Licensee to undue risks of liability to a government agency or third
party, Licensee will have the right, in addition to any other rights it may have at law or in equity, to terminate this Agreement upon written notice to Licensor.

27. SUBROGATION.

(a) Waiver. Licensor and Licensee waive all rights against each other and any of their respective consultants and contractors, agents and employees, for Damages caused by perils to the extent covered by the proceeds of the insurance provided herein, except such rights as they may have to the insurance proceeds. All insurance policies required under this Agreement shall contain a waiver of subrogation provision under the terms of which the insurance carrier of a Party waives all of such carrier’s rights to proceed against the other Party. Licensee’s insurance policies shall provide such waivers of subrogation by endorsement. The Licensee shall require by appropriate agreements, written where legally required for validity, similar waivers from its contractors and subcontractors. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

(b) Mutual Release. Notwithstanding anything in this Agreement to the contrary, Licensor and Licensee each release the other and its respective affiliates, employees and representatives from any Claims by them or any one claiming through or under them by way of subrogation or otherwise for damage to any person or to the Tower Facility and to the fixtures, personal property, improvements and alterations in or on the Tower Facility that are caused by or result from risks insured against under any insurance policy carried by each and required by this Agreement, provided that such releases shall be effective only if and to the extent that the same do not diminish or adversely affect the coverage under such insurance policies and only to the extent of the proceeds received from such policy.

28. GOVERNING LAW, VENUE, SEVERABILITY. This Agreement shall be governed by the laws of the State of Texas. Any litigation in any way relating to this Agreement shall be brought in State Court or in a Federal District Court for Montgomery County, Texas. If any provision of this Agreement is found invalid or unenforceable under judicial decree or decision, the remaining provisions of this Agreement shall remain in full force and effect.

29. FINANCING AGREEMENT. Licensee may, upon written notice to Licensor, mortgage or grant a security interest in the Approved Equipment to any such mortgagees or holders of security interests including their successors and assigns. No such security interest shall extend to, affect or encumber in any way the interests or property of Licensor.

30. MISCELLANEOUS. Upon Licensor’s reasonable written request, Licensee shall furnish Licensor with complete and accurate information in response to any reasonable request by Licensor for information about any of the Approved Equipment or utilities utilized by Licensee at the Tower Facility or any of the channels and frequencies utilized by Licensee thereon. Either Licensor or Licensee may be referred to herein as a “Party” and both Licensor and Licensee together may be referred to herein as the “Parties”. Licensor agrees to execute a memorandum of this Agreement, which Licensee may record with the appropriate recording officer. Upon the termination or expiration of this Agreement, Licensee shall, within 45 days of the request of Licensor deliver a release of any instruments of record evidencing such Agreement. Notwithstanding the expiration or earlier termination of the Agreement, sections 15(a), 15(b), 16, 17, and 26 shall survive the expiration or earlier termination of the Agreement. No waiver of any of the provisions of this
Agreement shall constitute a waiver of any other provision herein (whether or not similar), nor shall such waiver constitute a continuing waiver unless expressly agreed to in writing by the affected Party. This Agreement constitutes the entire agreement of the Parties hereto concerning the subject matter herein and shall supersede all prior offers, negotiations and agreements, whether written or oral. No revision of the Agreement shall be valid unless made in writing and signed by authorized representatives of both Parties. This Agreement may be executed in any number of originals, each of which shall be an original, but all of which together shall constitute but one instrument. Licensor hereby certifies that Licensor is not in default or breach of any of its obligations under any existing license, lease or other written or oral agreements entered into for this Tower Facility. Notwithstanding that this Agreement is identified herein as a license, the Agreement can only be terminated in accordance with the express terms of this Agreement, and Licensee shall have the exclusive use of all licensed space identified in this Agreement for the installation of Licensee equipment. Licensor covenants that Licensee, on paying the rent and performing the covenants herein, shall peaceably and quietly have, hold and enjoy the licensed space. Licensor represents and warrants to Licensee as of the execution date of this Agreement, and covenants during the Term that Licensor is seized of good and sufficient title and interest to the Property and has full authority to enter into and execute this Agreement. All obligations of the Licensor are joint and several. If the Tower Facility is or becomes encumbered by a deed to secure a debt, mortgage or other security interest, Licensor will provide promptly to Licensee a mutually agreeable subordination, non-disturbance and attornment agreement executed by Licensor and the holder of such security interest. Any time Licensor consent may be required by this Agreement, the consent of one of such Licensor entities shall satisfy such requirement and be sufficient as Licensor consent.

31. CONFIDENTIALITY. Neither Party shall use the other’s name, service mark or trademark in any public announcement or advertisement without the prior written consent of the other Party, which may be withheld in such Party’s sole and absolute discretion.

32. WAIVER OF LANDLORD’S LIENS. Licensor waives any and all lien rights it may have, statutory or otherwise, concerning the Approved Equipment or any portion thereof. The Approved Equipment shall be deemed personal property for purposes of this Agreement, regardless of whether any portion is deemed real or personal property under applicable law; Licensor consents to Licensee’s right to remove all or any portion of the Approved Equipment from time to time in Licensee’s sole discretion and without Licensor’s consent.

34. TERMINATION. This Agreement may be terminated, without penalty or further liability by Licensee upon written notice to Licensor along with proof of prohibited interference of Licensor’s frequencies by Licensor or another licensee of the Tower Facility, which has not been cured or remedied within seventy-two hours of the testing results evidencing such interference. In such event, Licensee shall have forty-five (45) days to remove its equipment following termination from the Tower Facility.

In addition, Licensor retains the right to terminate this Agreement upon nine (9) months written notice to Licensee in the event Licensor or another governmental entity needs to occupy the Tower Space for purposes of carrying out its governmental functions, including public safety communications.

In the event of termination pursuant to this paragraph 34, neither party shall have further recourse against the other party.
ATTACHED EXHIBITS:
Exhibit A: List of Approved Equipment and location of the Licensed Space
Exhibit B: Site Drawing indicating the location of Ground Space for Licensee's equipment shelter/skid/pad or space in Licensor's building (as applicable)
Appendix I: Definitions
Appendix II: Insurance
Exhibit A
List of Approved Equipment and location of Licensed Space
<table>
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<tr>
<th>No.</th>
<th>Qty</th>
<th>Description</th>
<th>Elev.</th>
<th>Tenant</th>
<th>No.</th>
<th>Qty</th>
<th>Description</th>
<th>Elev.</th>
<th>Tenant</th>
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<td>1</td>
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<td>EWP03-59</td>
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<td>E</td>
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<td>E</td>
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<td>STEP BOLTS</td>
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<td>E</td>
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<td>1</td>
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<td>151'</td>
<td>MCHD / N</td>
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<td>480'</td>
<td>MCHD / E (#22)</td>
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<td>1</td>
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<td>MCHD / N</td>
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<td>MCHD / E (#11)</td>
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<td>20mm CABLE (WR-VG665-384D)</td>
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<td>MCHD / E (#25)</td>
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<td>MCHD / E (#20)</td>
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<td>Feedline Ladder (AF)</td>
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<td>11</td>
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<td>MCHD / E (#19)</td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>12</td>
<td>1</td>
<td>1 5/8</td>
<td>478'</td>
<td>MCHD / E (#18)</td>
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<td></td>
<td></td>
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<td></td>
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<td>13</td>
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<td>MCHD / E (#17)</td>
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<td>450'</td>
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<td>12</td>
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<td>180'</td>
<td>VZW / E (#5-10)</td>
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<tr>
<td>16</td>
<td>3</td>
<td>1 1/4 Hybrid Cable</td>
<td>180'</td>
<td>VZW / E (#5-10)</td>
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<td>17</td>
<td>1</td>
<td>0.65* Grey Conduit</td>
<td>17'</td>
<td>MCHD / E (#1)</td>
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**LEGEND:**

- **E** = EXISTING
- **P** = PROPOSED
- **N** = NEW
- **F** = FUTURE
- **R** = REMOVE
- **TO RELOCATE**

**CONTACT ME IF LINE LAYOUT IS DIFFERENT FROM WHAT IS SHOWN BELOW.**

**PLAN: SCHEMATIC TX-LINE LAYOUT**

**SCALE: NOT TO SCALE**

**NOTES:**

1. TX LINE LAYOUT IS SCHEMATIC ONLY, BASED UPON M&E MAINTENANCE REPORT (SUR: HTS) DATED 10/05/15 AND PHOTOS PROVIDED.
2. NEW BRACKET SUPPORT SPECIFICATION BY OTHERS.

**JAN 05, 2017**

**480 FT SST, MAGNOLIA WEST FM 1488 RELOC SITE**

**TOWER TX-LINE LAYOUT**

**M&E PROJECT ID**

**TX02787S-17V0**

**LO1 0**
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<th>Appurtenance</th>
<th>Mfr/Description</th>
<th>Model</th>
<th>Total Quantity</th>
<th>Sector (A/B/C)</th>
<th>Rad Center</th>
<th>Cables</th>
<th>Cable Model</th>
<th>Cable Quantities</th>
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<td>Kathein</td>
<td>800-10799</td>
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<tr>
<td>Sector Frame Antenna Mount</td>
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<td>C10-857-001C</td>
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<td>Surge Protector</td>
<td>Raycap</td>
<td>DC6-48-60-18-8F</td>
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<td>1/0/0</td>
<td>270'</td>
<td>1/2&quot; Fiber</td>
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<tr>
<td>Surge Protector</td>
<td>Raycap</td>
<td>DC6-48-60-0-8F</td>
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<td>0/1/0</td>
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<td>7/8&quot; DC</td>
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<td>Radio</td>
<td>Ericsson</td>
<td>RRUS-11</td>
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<td>1/1/1</td>
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<tr>
<td>Radio</td>
<td>Ericsson</td>
<td>RRUS-32</td>
<td>9</td>
<td>3/3/3</td>
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</table>
Antennas:
  • (6) 8’ - 12-Port Antennas – Kathrein 800-10799 (2 Per Sector)

OVP Box:
  (1) Raycap DC6-48-60-18-8F (DC/Fiber)
  (1) Raycap DC6-48-60-0-8F (DC Only)

RRH:
  (3) RRUS-11 (1 Per Sector)
  (9) RRUS-32 (3 Per Sector)

Line:
  • (1) Fiber cable ¼”
  • (4) DC Power Cables 7/8”

Mount:
  (3) Heavy Duty Sector Frame Mounts – Sabre C10-857-001C (1 Per Sector)

Full loading, (6) antennas, (2) OVP, (12) RRH, (________)

Frequencies: Licensee is permitted to use all frequencies that Licensee is permitted to use by the FCC

Initials: __________/_________
EXHIBIT B
Site Drawing indicating the location of Ground Space for Licensee’s equipment shelter or space in Licensor’s building (as applicable)
1-6 GRADING:

Meet all applicable codes, requirements of the construction documents and A&T Wireless construction specifications.

1-6-1. ENGINE AND ENGINEER FEATURES:

A. Tested Grader.
B. Alarm horn with switch.
C. Volume adjustment.
D. Directional switch.
E. Engine shut off.
F. Alarm switch.
G. Emergency switch (engine start)
H. Engine cool down timer (5 minutes)
I. Transfer switch wiring harness for electrical connections
J. Panel, lamp.
K. Keypad.
Appendix I
Defined Terms

Agreement: defined in the introductory paragraph.

Annual Escalator: defined in section IV on page 1.

Applicable Law: All applicable statutes, ordinances, laws, regulations and directives of any federal, state or local governmental unit, authority or agency having jurisdiction over a Licensed Space or affecting the rights and obligations of Licens or Licensee under this Agreement, including without limitation, the Communications Act of 1934, as amended from time to time, FCC Rules and Regulations, and the rules, regulations and written policies and decisions of the FAA.

Approved Equipment: the communications system, including antennas, radio equipment, cabling and conduits, shelter and/or cabinets and other personal property owned or operated by Licensee at the Licensed Space, as defined in the Exhibit A or B to this Agreement.

Business Day: a day other than a Saturday, Sunday or legal holiday for commercial banks under the laws of the United States or the State of Texas.

Claims: demands, claims, suits, actions, proceedings or investigations brought against a Person by an unrelated or unaffiliated Person.

Commencement Date: defined in section IV on page 1.

Damages: debts, liabilities, obligations, losses, damages, excluding consequential, incidental, special or punitive damages, costs and expenses, interest (including, without limitation, prejudgment interest), penalties, reasonable legal fees, court costs, disbursements and costs of investigations, deficiencies, levies, duties and imposts.

Easement: defined in section 2.

Effective Date: Date of last signature to this Agreement by the Parties

FAA: the United States Federal Aviation Administration or any successor federal agency established for the same or similar purpose.

FCC: the United States Federal Communications Commission or any successor federal agency established for the same or similar purpose.

FCC Rules and Regulations: All of the rules, regulations, public guidance, written policies and decisions governing telecommunications generally and wireless telecommunications specifically as promulgated and administered by the FCC, which on the Effective Date includes, but is not limited to, those administered by the Wireless Telecommunications Bureau of the FCC and more specifically referenced as the Code of Federal Regulations, title 47, parts 0 through 101, as amended.

Final Rule: defined in subsection 11(g).

Ground Space: The portion of the Tower Facility licensed for use by Licensee to locate a portion of the Approved Equipment thereon, in the square footage amount depicted on Exhibit B of the Agreement.

Hazardous Substances: Any hazardous material or substance which is or becomes defined as a hazardous substance, pollutant or contaminant subject to reporting, investigation or remediation pursuant to Applicable Law; any substance which is or becomes regulated by any federal, state or local governmental authority; and any oil, petroleum products and their by-products.

Holdover Fee: defined in subsection 6(c).
Indemnified Party: any Person entitled to Indemnification under section 15 hereof.

Initial Term: defined in subsection 6(a).

Interference: defined in subsection 11(a)(i).

Licensed Frequencies: defined in subsection 11(a)(ii).

Licensed Space: Location of the Approved Equipment on the Tower and at the Ground Space as more specifically described in Exhibits A and B attached hereto.

Licensed User: defined in subsection 11(a)(iii).

Licensee: defined in the introductory paragraph.

Licensor: defined in the introductory paragraph.

Monthly License Fee: defined in subsection 5(a).

Notice Address: defined in section 18.

Party(ies): defined in section 30.

Permitted Assignee: defined in section 19.

Permitted Frequencies: defined in section III on page 1.

Priority User: defined in subsection 11(a)(iv).

Remittance Address: defined in section II of page 1.

Renewal Term(s): defined in subsection 6(b).

Subsequent User: defined in subsection 11 (a)(v).

Term: Initial Term and each Renewal Term which is effected pursuant to section 6 of this Agreement.

Tower: The communications or broadcast tower owned and operated by Licensor and located at the Tower Facility.

Tower Facility: Certain real property owned, leased, subleased, licensed or managed by Licensor shown on page 1 of this Agreement, on which the Tower owned, leased, licensed or managed by Licensor is located, which is reflected in Exhibit A.

Unlicensed Frequencies: defined in subsection 11(a)(vi).

Unlicensed User: defined in subsection 11(a)(vii).
Appendix II
Insurance

A. LICENSOR shall maintain in full force during the term of this Agreement the following insurance:

1. Worker’s Compensation Insurance with statutory limits in accordance with all applicable state and federal laws, and Employers’ Liability Insurance with limits of $500,000.00 per accident/occurrence, or in accordance with all applicable state and federal.

2. Commercial General Liability Insurance (Bodily Injury and Property Damage), the limits of liability of which shall be $1,000,000.00 per occurrence and in the aggregate.

B. LICENSEE shall maintain in full force during the term of this Agreement and shall endeavor to cause all contractors or subcontractors performing work on any Licensed Site prior to the commencement of any such work to maintain the following insurance:

1. Worker’s Compensation Insurance with statutory limits in compliance with the statutory requirements of the state of operation, and Employers’ Liability Insurance with limits of $500,000.00 per accident/occurrence, or in accordance with all applicable state and federal laws.

2. Commercial General Liability Insurance (Bodily Injury and Property Damage), the limits of liability of which shall be $1,000,000.00 per occurrence and in the aggregate.

The insurance specified in this Item B shall contain a waiver of subrogation against LICENSOR and shall include LICENSOR as additional insured as their interest may appear under this Agreement excluding for workers compensation and employer’s liability. The insurance required under this Agreement shall be primary over any insurance coverage in favor of LICENSOR but only with respect to and to the extent of the assured liabilities assumed by LICENSEE under this Agreement and shall contain a standard cross-liability endorsement. Licensor’s additional insured status shall (i) be limited to bodily injury, property damage or personal and advertising injury caused, in whole or in part, by Licensee, its employees, agents or independent contractors; (ii) not extend to claims for punitive or exemplary damages arising out of the acts or omissions of Licensor, its employees, agents or independent contractors or where such coverage is prohibited by law or to claims arising out of the gross negligence of Licensor, its employees, agents or independent contractors; and, (iii) not exceed Licensee’s indemnification obligation under this Agreement, if any.

C. Notwithstanding the foregoing insurance requirements, (a) the insolvency, bankruptcy, or failure of any insurance company carrying insurance for either Party, or failure of any such insurance company to pay Claims accruing, shall not be held to waive any of the provisions of this Agreement or relieve either Party from any obligations under this Agreement, and (b) the Licensor reserves the right, once per Term, to increase the required liability limits described above in Items A and/or B in accordance with then-current customary insurance requirements in the tower industry nationally.
D. Notwithstanding the forgoing, Licensee may, in its sole discretion, self-insure any of the required insurance under the same terms as required by this Agreement. In the event Licensee elects to self-insure its obligation under this Agreement to include Licensor as an additional insured, the following conditions apply: (i) Licensor shall promptly and no later than thirty (30) days after notice thereof provide Licensee with written notice of any claim, demand, lawsuit, or the like for which it seeks coverage pursuant to this Section and provide Licensee with copies of any demands, notices, summonses, or legal papers received in connection with such claim, demand, lawsuit, or the like; (ii) Licensor shall not settle any such claim, demand, lawsuit, or the like without the prior written consent of Licensee; and (iii) Licensor shall fully cooperate with Licensee in the defense of the claim, demand, lawsuit, or the like.
Why change?

- Potential for more appropriate coverage for D&O, Employment Practices, Professional Liability, Crime, and Cyber policies
- A broker represents MCHD's best interests - avoids potential conflict of interest with carrier-agent
- More assistance with risk management activities
  - Risk/exposure identification and analysis
  - Retention and limits analysis
  - Contract review
- Additional assistance with claims management
- Budget-neutral or potential savings (already paying broker fees to Winstar/VFIS of Texas)
Proposals

- Received four proposals
- All four were scored by group (Executives, HR, Risk Management)
- Three invited for interview (CFO, HR Manager, Risk Manager)
- Ranked firms after interview
- Checked references of top scorer
- Made final selection and contacted proposers
Recommendation - Wortham

- Experienced firm and account team
- Local team - based in Houston
- Many healthcare clients, very positive references
- Online portal for policy documents and claims management
- Hands-on approach, “extension of our risk management team”
- Tentative recommendations on current policies
- Experience reviewing/lowering Workers Comp experience modifier
- Lowest cost proposal of the four proposals submitted
## Proposal Evaluation Form

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Brown &amp; Brown</th>
<th>Winstar/VFIS</th>
<th>Gallagher</th>
<th>Wortham</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Financial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet Minimum Requirements</td>
<td>2.9</td>
<td>2.5</td>
<td>2.5</td>
<td>3.2</td>
<td>20%</td>
</tr>
<tr>
<td>Provide Complete Requested Capabilities</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Demonstrated Experience in Supplying Requested Capabilities</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>15%</td>
</tr>
<tr>
<td>Additional Capabilities Beyond Requested</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>15%</td>
</tr>
<tr>
<td>References and Recommendations From Third Parties</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Non-Financial Sub-Total Score (85%)</strong></td>
<td><strong>63.5</strong></td>
<td><strong>61.4</strong></td>
<td><strong>57.6</strong></td>
<td><strong>72.1</strong></td>
<td><strong>85%</strong></td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Evaluated Cost</td>
<td>3.3</td>
<td>3.4</td>
<td>3.5</td>
<td>3.1</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Financial Sub-Total Score (15%)</strong></td>
<td><strong>12.2</strong></td>
<td><strong>12.7</strong></td>
<td><strong>13.1</strong></td>
<td><strong>11.7</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

| Overall Evaluation (Total Weighted Score) | | | | | |
|------------------------------------------| | | | | |
SECTION I - INSTRUCTIONS TO PROPOSERS

1. PROPOSAL SUBMISSION ADDRESS and DEADLINE:
   Completed proposals will be received at the MCHD offices, 1400 S. Loop 336 W., Conroe, TX 77304, until the bid submission deadline (03/15/2017, 4:00 pm). Proposers are cautioned to mail proposals early, to allow for proposals to be received before the proposal submission deadline. PROPOSAL RESPONSES RECEIVED AFTER THE CLOSING TIME AND DATE WILL NOT BE CONSIDERED AND WILL BE RETURNED TO THE SENDER UNOPENED.

2. TAXES:
   MCHD is exempt from Federal Excise and State Sales Tax; therefore, tax must not be included in the proposal price.

3. DEMONSTRATIONS:
   Demonstrations or verifications of the Proposer's ability to provide the requested services, when required, must be furnished free of cost to MCHD.

4. ALTERING PROPOSALS:
   Proposals cannot be altered, amended or withdrawn by the Proposer (Vendor) after the proposal submission deadline. Any interlineations, alteration, or erasure made before this deadline, must be initialed by the signer of the proposal, guaranteeing authenticity.

5. PROPOSAL WITHDRAWAL OR REJECTION:
   MCHD reserves the right to withdraw this request for proposal for any reason or to reject any or all proposals or parts of all or any specific proposal or proposals. MCHD further reserves the right to accept part or all of any specific proposals or proposal, and to accept any proposal or proposals.

6. PUBLIC INSPECTION:
   Proposals are not available for public inspection until after the contract award. If the proposal contains trade secrets and confidential information, then those portions of a proposal will not be open to public review even after the proposal award, provided that the PROPOSER HAS CLEARLY IDENTIFIED IN ITS PROPOSAL THOSE SECTIONS THAT CONTAIN TRADE SECRETS AND CONFIDENTIAL INFORMATION.

7. PROPOSALS RECEIVED LATE:
   MCHD is not responsible for lateness or non-delivery of mail, carrier, etc, and the time and date recorded by the MCHD receptionist shall be the official time of receipt.
16. GUARANTEES AND WARRANTIES:
   Each Proposer shall submit a complete breakdown of any warranties or guarantees provided by the vendor/subcontractor or Proposer with the quote submitted.

17. EMPLOYEE TRAINING:
   The successful Proposer shall provide on-site (or classroom, if applicable) instruction to designated MCHD employees as required. MCHD will determine the appropriate amount, type and timing of training needed.

18. INQUIRIES FROM PROPOSERS:
   Questions related to this RFP must be made in writing and directed to:

   Shawn Henners
   Emergency Preparedness & Risk Manager
   Montgomery County Hospital District
   shenners@mchd-tx.org
   1400 S. Loop 336 West
   Conroe, Texas 77304

19. CONTRACT
   Proposer shall provide a sample of their contract as part of the proposal documentation. MCHD and the successful Proposer shall negotiate the contract to be executed. This contract may be, but not limited to, the Proposer's sample contract, MCHD's contract, or a combination of both contracts.

20. PURCHASE ORDER:
   A purchase order may be generated by MCHD to the successful Proposer to initiate the services of the Insurance Broker. If so, the purchase order number must appear on all billing documents.

21. COMPETITIVE SELECTION/EVALUATION FACTORS:
   The successful Proposer will be selected on a rational basis. Evaluation factors outlined below shall be applied to all eligible, responsive Proposers in comparing proposals and selecting the successful Proposer. Award of a contract may be made without discussion with Proposers after responses are received. Proposals should, therefore, be submitted on the most favorable terms. MCHD reserves the right to terminate the contract if the successful Proposer has not performed within the date specified by the Proposer's response.
SECTION II - PROPOSAL FORMAT

REQUIRED SECTIONS

1. COVER LETTER:
   *This section should contain:* The name and address of the proposing firm and the names and telephone numbers of the individuals authorized to answer technical, price, and/or contract questions. The cover letter must also be signed by an officer authorized to bind the company. *Describe, in this letter, the technical experience level and certifications earned by the staff that will be providing MCHD's Insurance Broker service.*

2. SUMMARY:
   Include a summary which gives a brief, concise overview of your proposal.

3. FIRM BACKGROUND, PRINCIPAL OFFICERS, and PRIOR EXPERIENCE:
   *This section should:*
   - State the full name and address of the Proposers’ organization.
   - Identify the parent company if the Proposer is a subsidiary. Specify the branch office or other subordinate element which will perform, or assist in performing this work.
   - Indicate whether the Proposer operates as a corporation, partnership, or individual. Include the State in which the Proposer is incorporated and/or licensed to operate, the date of incorporation or licensing.
   - Provide a listing of the principal officers of the company to include name, title, and length of experience with the Proposer organization.
   - Provide prior year financial statements, if available. Provide the same information for an entity which will participate in this project through a joint venture or subcontract arrangement.
   - Describe the proposed project organization and the position that the project personnel will occupy within the organization. It should identify project personnel by name and provide a detailed resume outlining his/her appropriate experience on other similar projects. The Proposer must supply resumes for all staff to be assigned to the project. MCHD reserves the right to terminate the contract with the successful Proposer due to the removal of any key project staff which MCHD believes would negatively impact the successful completion of the project.

4. SPECIFICATIONS.
   *This section shall be used by the Proposer to demonstrate their ability to meet each of the specifications listed in Section III below.* Any deviation from the specifications listed should be clearly noted. In addition, this section may be used to demonstrate additional services, programs, capabilities or benefits that the Proposer offers.
SECTION III – SPECIFICATIONS

The successful proposal will include the services described in each section below:

RISK MANAGEMENT

1. Management and coordination of the Risk Control services for MCHD. This includes, but is not limited to, participation in all claims meetings with both Insurers and MCHD.

2. Review of MCHD contract wording as it relates to specific project insurance requirements – as needed and upon request.

3. Review of and advice on MCHD certificates of insurance requirements – as needed and upon request.

4. Attendance at meetings with MCHD executives, managers, and other staff, as needed and upon request, to discuss various ongoing risk management issues.

5. Coordination of insurer site visits when required and/or requested by either MCHD or insurers.

6. Provide resource information on various insurance-related legal issues in coordination with MCHD General Counsel and/or Human Resources counsel.

7. Analyze the risk involved in an activity or transaction being contemplated by MCHD and give MCHD a recommendation on the type and amount of insurance that is needed (or not needed). This service may be provided by telephone or email by discussing the facts of the situation and MCHD insurance coverage (and exclusions) with the caller(s). MCHD Risk Management personnel and Executives will review Broker’s recommendation and will make all final decisions on levels of risk and coverage that MCHD is willing to accept.

8. Review insurance provisions in contracts. Broker will provide within three (3) business days of the receipt of an insurance provision in a contract, a written or oral (as requested) risk analysis of the contracting situation, an analysis of MCHD’s insurance coverage (and exclusions) and a recommendation on the question presented to the Broker.
d. Professional Liability

e. Management Liability

f. Workers Compensation

g. Crime

h. Auto Liability & Auto Physical Damage

i. Portable Equipment

j. Other (please note)

2. Proposals should include explanations of procurement methodologies for insurance products and any opportunities to reduce quoted amounts, including discounts that MCHD might be eligible for in relation to the types of insurance policies set forth above.

3. Proposals should identify as best as possible the anticipated carrier(s), Financial Strength Rating, Issuer Credit Rating, Financial Size Category Ratings, and compensation arrangements for all proposed insurers providing the coverages described above.

4. Proposals should note any special circumstances or contingencies for proposed policies of insurance for the coverages described above.
<table>
<thead>
<tr>
<th>Qty</th>
<th>Serial Number</th>
<th>MCHD Tag</th>
<th>Product Description</th>
<th>S/S</th>
<th>Reason</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>3D6WG4E16AG122756</td>
<td></td>
<td>2010 Dodge Ram 3500 Cab/Chassis; 222,410 miles</td>
<td>Surplus</td>
<td>Remount of shop 21</td>
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<tr>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>COMBICARRIER</td>
<td>salvage</td>
<td>Damaged/cracked - not safe for patient/employee use</td>
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</tbody>
</table>
Montgomery County Hospital District
Proceeds from Sale of Assets
10/01/2016 - 03/31/2017

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Description</th>
<th>Sale of Surplus</th>
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<tbody>
<tr>
<td>Vehicles</td>
<td>2010 Dodge Ram 3500 - 237,850 miles</td>
<td>6,170.00</td>
</tr>
<tr>
<td>Vehicles Total</td>
<td></td>
<td>6,170.00</td>
</tr>
<tr>
<td>Total Proceeds</td>
<td></td>
<td>6,170.00</td>
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