

**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., September 25, 2018 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. Cole

3. Pledge of Allegiance

Led by Mr. Grice

4. Roll Call

Present:

Chris Grice
Mark Cole
Kenn Fawn
Sandy Wagner
Brad Spratt – *left the board meeting at 5:21 p.m.*
Georgette Whatley – *left the board meeting at 5:16 p.m.*

Not Present:

Bob Bagley

5. Public Comment

There were no comments from the public.

6. Special Recognition:

Non Field – Facilities Department – Avery Belue, Barrett Gregson, Mitchell Davis and Katelyn Moote.

Medical Director Award – Chris Goodrich, Ethan Camden and Roiann Lee

“Mr. Fawn requested agenda item nos. 9, 11, 12, 14, 15, 16, 17, 19, 21, 22, 23 and 24 be moved up in the agenda prior to agenda item no. 7”

7. 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.

Mr. Randy Johnson, CEO presented a report to the board.

8. **Presentation of MCHD 5 year plan up to year 2023. (Mr. Fawn, Chairman – MCHD Board) (attached)**

Mr. Randy Johnson, CEO presented 5 year plan to the board.

9. **Consider and act on the November and December, 2018 MCHD Regular Board of Directors meeting dates and times. (Mr. Fawn, Chairman – MCHD Board) (attached)**

Mr. Fawn made a motion to consider and act on a combined board meeting for November/December to be held on December 11, 2018. Mr. Spratt offered a second.

Mr. Greg Hudson, Legal Counsel to look into if a meeting is required in the canvas of unopposed candidates.

After discussion motion passed unanimously.

10. **Chief of EMS Report to include updates on EMS staffing, performance measures, staff activities, patient concerns, transport destinations and fleet.**

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

11. **Consider and act on the purchase of Zoll monitors for the Woodlands FD and MCHD growth for 2019. (Mr. Spratt, Chair – EMS Committee) (attached)**

Mr. Spratt made a motion to consider and act on the purchase of Zoll monitors for the Woodlands FD and MCHD growth for 2019. Mr. Grice offered a second and motion passed unanimously.

12. **Consider and act on the purchase of ten ambulances from Horton as detailed in FY/2019 budget. (Mr. Spratt, Chair – EMS Committee) (attached)**

Mr. Spratt made a motion to consider and act on the purchase of ten ambulances from Horton as detailed in FY/2019 budget. Mr. Grice offered a second. After board discussion motion passed unanimously.

13. **COO Report to include updates on facilities, radio system, supply chain, staff activities, community paramedicine, emergency preparedness and IT.**

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

14. **Consider and act on District Policies: (Mr. Cole, Chair – PADCOM Committee)**
• **SEM 27-105 Lock Out Tag Out Policy (attached)**

Mr. Cole made a motion to consider and act on District Policy, SEM 271-05 Lock Out Tag Out Policy. Mr. Spratt offered a second. After board discussion motion passed unanimously.

15. **Consider and act on 1 year lease renewal of Station 90. (Mr. Cole, Chair – PADCOM Committee) (attached)**

Mr. Cole made a motion to consider and act on 1 year lease renewal of Station 90. Mr. Grice offered a second and motion passed unanimously.

16. **Consider and act on MPLS Microwave change order to support fiber network. (Mr. Cole, Chair – PADCOM Committee) (attached)**

Mr. Cole made a motion to consider and act on MPLS Microwave change order to support fiber network. Ms. Whatley offered a second and motion passed unanimously.

17. Consider and act on Medical Supply RFP. (Mr. Cole, Chair – PADCOM)

Ms. Ashley Presswood gave a presentation to the board.

Mr. Cole made a motion to consider and act on medical Supply RFP. Mr. Spratt offered a second and motion passed unanimously.

“Mr. Fawn advised that Ms. Whatley left the board meeting at 5:16 p.m.”

18. 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.

19. 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.

“Mr. Fawn advised that Mr. Spratt left the board meeting at 5:21 p.m.”

20. Presentation of preliminary Financial Report for eleven months ended August 31, 2018 – Brett Allen, CFO, report to include Financial Summary, Financial Statements, Supplemental EMS Billing Information, and Supplemental Schedules.

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

21. 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. Ms. Whatley offered a second and motion passed unanimously.

22. Secretary’s Report - Consider and act on minutes for the August 28, 2018 Regular BOD meeting, September 11, 2018 Public Budget Hearing and September 11, 2018 Special BOD meeting. (Mrs. Wagner, Secretary - MCHD Board)

Mrs. Wagner made a motion to consider and act on the minutes for the August 28, 2018 Regular BOD Meeting. Ms. Whatley offered a second and motion passed unanimously.

Mrs. Wagner made a motion to consider and act on the minutes for the September 11, 2018 Public Budget Hearing and September 11, 2018 Special Meeting. Ms. Whatley offered a second and motion passed unanimously.

23. Convene into executive session pursuant to section 551.074 of the Texas Government Code to:

- a) deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of an employee within the EMS department; or**
- b) to hear a complaint or charge against an officer or employee within the EMS department**

(Ms. Whatley, Chair – Personnel Committee)

Mr. Fawn made a motion to convene into at 4:26 p.m. pursuant to section 551.074 of the Texas Government Code

to:

- a. deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of an employee within the EMS department; or
- b. to hear a complaint or charge against an officer or employee within the EMS department

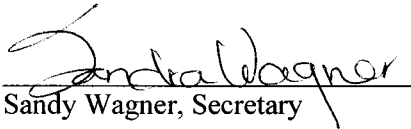
24. Reconvene from executive session and deliberate and take action as necessary regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of an employee within the EMS department. (Ms. Whatley, Chair – Personnel Committee)

The board adjourned from executive session at 4:48 p.m.

Mr. Fawn advised no action to be taken by the board.

25. Adjourn

Meeting adjourned at 5:24 p.m.


Sandy Wagner, Secretary



Montgomery County Hospital District
Five-Year Strategic Plan

September 2018

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EXECUTIVE SUMMARY

In creating the Strategic Plan for the Montgomery County Hospital District, the Board of Directors developed some overarching goals for District executives. Following is the Policy Statement, which serves as the guiding principles of the Executive Management and Command staff:

- MCHD shall set tangible and definable Goals to:
 - Set a standard and then measure MCHD's delivery of services. This metric must be understood, achieved, and then communicated through the organization to the Board and to the Public.
 - Set a standard and then measure MCHD's employee job satisfaction. We will continue to measure this metric by focusing on employee turnover rates and patient satisfaction surveys. This metric must be understood, achieved, and then communicated through the organization to the Board and to the Public.
 - Effectively communicate the successes of the District to the residents of Montgomery County. This will be done by giving quarterly "updates" to Chambers of Commerce, Rotary Clubs, Lions Club, and updates to City Councils. Successes will be promoted in social media and news outlets at least weekly. Finally, success will be communicated to first Responder organizations and local hospitals at least two times a year
- MCHD will assure that tax revenue into the District does not grow faster than the combined annual rate of inflation and the rate of population growth.
- MCHD will strive to maintain a cash reserve of at least three month's operating expenses at all time

The Montgomery County Hospital District (MCHD) was created by special legislation in 1977 as a political subdivision of the State of Texas. The primary responsibility of the District's creation, according to enabling legislation, is to provide healthcare to indigent residents of the county. This is a very broad scope, which can include the Healthcare Assistance Program (HCAP), Emergency Medical Services (EMS), some public health services as defined and directed by the MCHD Board.

Through the years, MCHD services have expanded to include a county-wide emergency medical service (EMS), the 911 communication system, the county's Public Health District, and emergency preparedness (with coordination of agency partners).

This report completes a detailed assessment of the Montgomery County Hospital District's strategic position. As a part of the analysis, the planning group examined the history of the District, the external environment and associated trends, evaluated the stakeholders' needs, assessed the internal operating conditions and current directional strategies to provide the basis for the proposed strategic objectives.

The strategic assessments were performed with specific attention placed on balancing the organization pillars of People, Service, Quality, Finance, and Growth.

The recommendations offered in this report bear a direct relation to the major issues that need to be addressed by the District. Perhaps the largest predictable challenge that faces MCHD in the coming years is the change in healthcare legislation. The state continues to work with the seven year old Affordable Care Act.

As a political subdivision of the state, the District must work within the parameters provided, striving to maximize the available healthcare dollars to positively impact healthcare in Montgomery County.

In addition to healthcare reform, other significant trends include:

- Population growth and the associated growth in volume
- Legislative and regulatory changes in healthcare
- A local economy beginning to recover from oil glut
- Uninsured population growing
- Increasing expenses related to services provided

From these key factors, a series of Five Strategic Goals supported by strategic objectives to fulfill those goals were formulated to enhance the District's ability to balance the needs of competing stakeholders and achieve success in meeting our statutory and elected service goals.

- Maintain MCHD as the regional "Employer of Choice"
- Provide excellent service in our EMS, HCAP and Emergency Preparedness programs to all our customers: co-workers, clients, patients, taxpayers and the community.
- Deliver the highest quality service by establishing and maintaining a structured process to measure and continually improve. This will be evidenced by Key Performance Indicators, Core Measures and implementation of a Process Improvement program.
- Provide for the short and long term financial stability of MCHD and protection for the taxpayer while meeting the needs of the community.
- Proactively meet the growth needs of our community in all areas.
 - Communicate mission and outcomes internally and externally
 - Continuously educate and train our staff, based on current best practices and industry standards

In conclusion, the Montgomery County Hospital District is committed to provide excellent essential services with which it is charged in a fiscally responsible way. MCHD is also dedicated to creating a work environment, for its employees that encourages open communication and highly supports professional growth and education. The District is financially strong and operates in a community that is experiencing steady growth.

MISSION, VISION, AND VALUES

Mission Statement

Our mission is to care for the indigent and provide EMS services while protecting the interest of the taxpayers and insuring long-term stability through fund development.

Vision Statement

Our vision is cost effective indigent care and taxpayer supplemented EMS with total professionalism administered through an elected board of directors.

Values

Our values are quality, innovative, cost effective operations that are open to the public.

Employee Value Statements

Accountability

Being responsible for our thoughts, words, and deeds, and the resources entrusted to us.

Compassion

To be understanding, caring and nurturing.

Excellence

We will strive to exceed all expectations and maintain the highest standards in our industry.

Innovation

Providing superior and professional service to the citizens of Montgomery County utilizing professional development, state of the art technology, and sound practice.

Integrity

Acting with the highest standards of honesty and ethics in every decision and action that we make as individuals or as an organization.

Unity

A group of individuals striving toward shared goals and a vision of improving the quality of life for all.

MCHD HISTORY

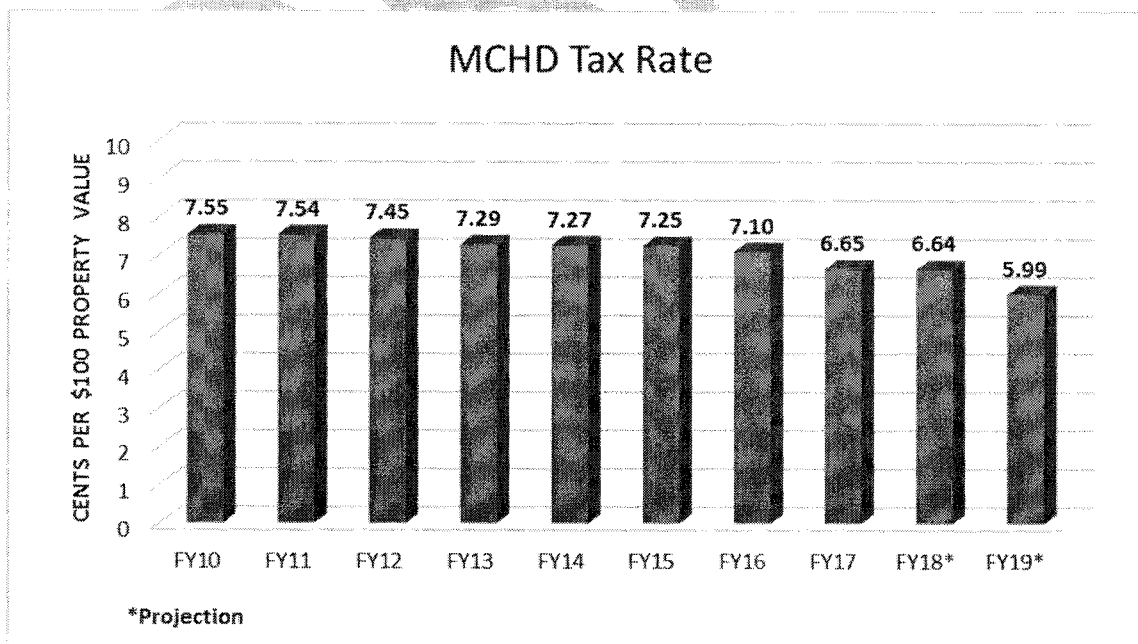
Originally, the District carried out its legislative purpose for the financial health of the Medical Center Hospital in Conroe, Texas. The Medical Center Hospital in Conroe was sold in 1993 to Health Trust, Inc. After the sale of the hospital, the District met its requirement by contracting for services with the new owners of the hospital and other private physicians.

Today, the District's provider network for its Health Care Assistance Program (HCAP) has grown from a handful of physicians to more than 650 providers across Montgomery and Harris Counties. The District contracts for healthcare services across the continuum of care. Our contracts provide pre and post hospital care providers and contracted inpatient care in more than 15 hospitals, in Montgomery County and surrounding areas.

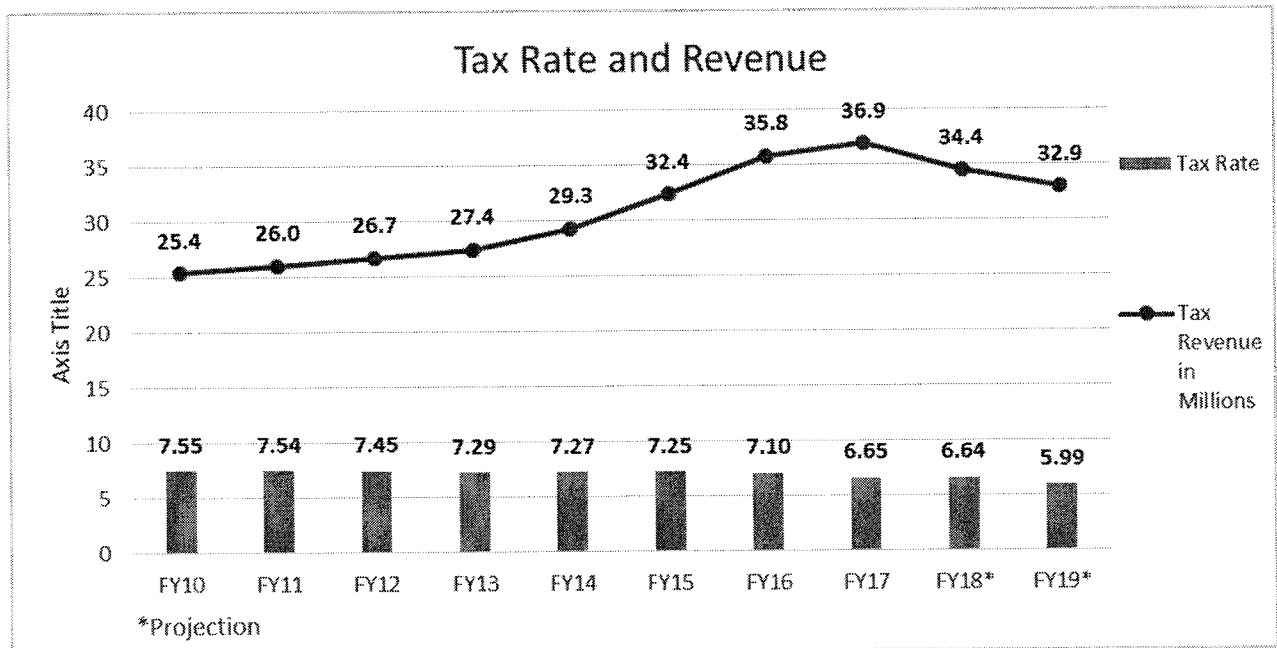
In addition to indigent care, the District provides emergency medical ambulance services for Montgomery County. Medical Center Hospital operated a hospital-based EMS prior to the formation of the District in 1977. At the time of the sale of the hospital, the District maintained operational control of EMS. In 1995, the District contracted with a private company to provide EMS emergency response and transfer services. In 1997, the MCHD Board of Directors decided that in order to reach the desired level of excellence, the District would resume control of EMS operations in 1998.

Because of the District's enabling legislation, it is supported through an ad valorem tax-based funding mechanism. In 2003, MCHD began a trend of reducing property taxes. This was accomplished by controlling costs, eliminating inefficient programs, and increasing fee for service revenue. Rapidly rising property valuations also contributed to the Board's ability to reduce the tax rate. The cost of continued provision of HCAP care has also reduced as better HCAP Case Management has been implemented. As the chart below demonstrates, MCHD has reduced the tax rate every year since 2003.

The graph below shows the progression of the District's tax rate over time.



Likewise, the graph below shows the progress of the tax rate and total tax revenue received by the District over the years.



Because the county's tax base has grown, the tax rate reductions have not negatively affected the District's income. MCHD's conservative Board works diligently to have one of the most efficient tax rates in the county.

The current projection of 2019 taxes indicate that MCHD tax revenue will reduce from \$34.4 MM to \$32.9 MM, due to the 2019 tax rate reduction from 6.64 to 5.99 cents per \$100 valuation.

Historically, even though tax rates have been reduced annually, tax values in the county over the past 10 years have increased an average of 9% each year. The 2018 Homestead exemption and the 2019 significant tax rate are helping to "right size" the tax rate to the annual expense budget.

THE DISTRICT TODAY

The District operates two separate Strategic Service Units. Each unit has a unique mission, set of stakeholders, operating environment and resource requirements. These units are: HCAP and EMS. In addition to these units, there are Support Units that enable the Strategic Service Units to be successful.

Strategic Service Units

Health Care Assistance Program (HCAP)

HCAP is the District's indigent health care program, and is mandated by MCHD's enabling legislation. HCAP does not directly provide medical care, but instead provides the funding mechanism for its members to have access to care through contracted providers. This "membership" program provides healthcare for Montgomery County citizens who meet the eligibility requirements. We contract with hospitals and various pre and post hospital care providers to actively decrease medical cost. This allows MCHD to provide the broadest range of services at the least cost.

The MCHD HCAP eligibility requirements for indigent residents of Montgomery County in need of healthcare services substantially exceed the minimum income eligibility mandates of the State of Texas. Although a complete discussion of the eligibility requirements and the services provided is outside the scope of this discussion, it is important to understand the basic requirements for membership.

In order to qualify for HCAP, an applicant:

- Must be a legal resident of Montgomery County
- Must have a family income that does not exceed 133% of the Federal Poverty Level for the region
- Must have household assets that do not exceed \$2,000 (excluding one household automobile)
- Must not have access to healthcare services that can be funded by any other public or private program
- Must meet other eligibility requirements
- Member must recertify their eligibility every six months.

Certified members of HCAP are entitled to:

- Basic healthcare
- Certain specialty care
- Certain prescription medication (up to three concurrent)
- Hospitalization
- Annual cap on cost of care: \$60,000 which is twice the amount of the legal required minimum

As previously discussed, the direct provision of healthcare services is handled by contracted providers. The HCAP staff is responsible for:

- Managing the eligibility process and certifying eligibility of member applicants
- Resolving eligibility issues with members and service providers
- Resolving issues and conflicts that may arise with, and between, members and service providers
- Overseeing the payment process and resolving any payment issues

- Case Management assists clients in accessing community resources, disease management and overcoming barriers to obtaining optimum health. In addition to providing the above services, HCAP also provides diabetes education and supplies, including home visits to certain clients.

Emergency Medical Services (EMS)

The provision of emergency medical services and the required 911 communication and radio systems to Montgomery County has been a longstanding adopted responsibility of the District. Throughout its history, the MCHD EMS has been recognized for its leadership in level and quality of care. To maintain and in fact improve its quality, MCHD has recently achieved CAAS (Commission on Accreditation of Ambulance Services) certification.

MCHD EMS is well known for its early adoption of cutting edge protocols, techniques and medications. It also has been well regarded for its education programs, quality improvement initiatives and overall operational efficiency.

In addition to 911 transports, MCHD EMS provides non-emergency transfers as requested for patients who are being moved from one facility to another, or to their homes. Currently, MCHD focuses its efforts on critical transfers, a service that relies on the in-depth training and experience of its medics. Unlike emergency response, the cost recovery for this service is very high and predictable.

The following are components of EMS:

- **EMS Operations**

EMS Operations is responsible for deploying, staffing, housing, supervising and operating all EMS resources. MCHD EMS currently operates twenty 24-hour ambulances and six peak units. In addition MCHD operates one squad, four district chief trucks and one deputy chief truck each day.

- **Clinical Services Department**

The Clinical Services Department oversees protocol development, then implements and oversees the provision of care of MCHD EMS. The Department also manages and tracks quality, best practices, EMS hiring and EMS promotion process as well as field, community, and first responder continuing education through classes and in-services. The Clinical Services Department also teaches EMT Basic classes at two area high schools and at MCHD headquarters.

- **Alarm**

MCHD EMS operates a Communications Center to dispatch its emergency and non-emergency calls. The center is accredited by the National Academy of EMS Dispatchers. In addition to dispatching all of MCHD EMS emergency and non-emergency calls, the center is contracted to provide dispatch services for the Conroe Fire Department and for several communications centers throughout underserved areas of Texas. The center also serves as the back-up call center in the event of interrupted operations at the two primary 911 call centers.

- **Community Paramedicine**

MCHD established its Community Paramedicine program established in 2013. The program targets individuals that are high utilizers of 911 Emergency Services and is funded through the Medicaid 1115 Waiver. The goal of CP is to reduce non-emergency 911 calls, and subsequent non-emergency frequent trips to the hospital Emergency Departments.

- **Emergency Preparedness**

MCHD is actively involved with local, regional and statewide health system planning for emergency preparedness. The District's preparedness activities range from working with the Public Health Department to educate the community, to working with Police Department SWAT units to recover victims of mass casualty. In order to be response-ready, MCHD staff participates in planning activities and training exercises, and works with the following organizations/agencies: Montgomery County, city of Conroe, Montgomery County Sheriff's Office, Southeast Texas Regional Advisory Council (SETRAC), and the Texas Department of State Health Services (DSHS).

- **Business Analysis Unit (BAU)**

MCHD created the BAU in 2017 to address technology needs in EMS and data analysis needs throughout the organization. The BAU serves as the single point of contact for most EMS-related technology needs. It also creates reports and performs analysis as needed for other departments including EMS Operations, EMS Clinical, Fleet, Billing, and Accounting. The BAU also ensures that patient care records are reported to the Texas Department of State Health Services (DSHS) and to the receiving hospitals as required by state law.

- **Transfer Division**

The Transfer Division was established in 2017 at the request of our hospital partners and has continued to grow since its inception. The Transfer Division is staffed 24 hours a day 7 days a week to meet the transfer needs of the community. The Division is currently staffed by one 24 hour ambulance and three peak ambulances to handle higher transfer volume hours. The Transfer Division units are available to do both emergent and non-emergent transfers. These transfers mostly originate from a hospital and the patient can may be transported to a wide array of destination types; such as: Specialty Hospital, Long Term Acute Care facility, Skilled Nursing facility, Rehabilitation Hospital, or home. Currently most transfers occur within county limits. We frequently transfer to and from the Texas Medical Center, in Houston. On occasion, we transfer patients to destinations further than 150 miles from Montgomery County.

Support Units

In addition to the two Strategic Service Units, there are eleven Support Units within the District that provide the underlying foundation that allows MCHD to carry out its mission.

- **Finance and Accounting**

The Finance and Accounting Department is responsible for general accounting, grant accounting, financial reporting, cost and budget reporting, accounts payable and receipts management. The department is also responsible for all financial analysis and projections, cash management and treasury functions, as well as the oversight of the District's investments and investment policy. The Board of Directors is charged with approving the actual policies that govern investment decisions, as well as ratifying all invoices paid on a monthly basis.

- **Billing**

MCHD EMS charges patients for services provided. This revenue subsidizes that provided by the taxpayer. That revenue comes in the form of reimbursements made either by or on behalf of patients for services rendered. MCHD EMS maintains its own internal Billing Department to expedite the reimbursement process. Typically, reimbursements for services provided comes through various payor sources, including Medicare, Medicaid, private third-parties (e.g. insurance coverage), or the patients themselves.

- **Radio/Communications Technology**

The District in partnership with The City of Conroe is the primary owner/operator of an EDACS/P25 800 megahertz trunked radio system. Additionally, the District and the City have strategically partnered to own and sublease a network of six radio tower sites throughout Montgomery County. The radio system serves approximately 900 users on the 800 MHz system, but the District also supports approximately 1,000 users on the Fire/EMS VHF paging and tactical channel system. The combined systems are the primary and backup communications resources for Fire and EMS First Responders in the County.

- **Facilities**

The MCHD campus houses the 911 call center, administration, the service center and station 11. Additionally, there are 24 MCHD stations throughout the county; four are regional stations and there are eleven stations that MCHD shares with fire departments. The remaining ten are freestanding stations. The District is responsible for its own facility maintenance including the MCHD campus, the 25 stations and 6 radio towers throughout the country. Campus house-keeping, laundry and grounds are contracted services responsible to the Facilities department.

- **Human Resources**

The Human Resources Department oversees the personnel for both field and office staff. This includes hiring and termination, payroll tracking, administering employee benefits and formal personnel disciplinary actions.

- **Information Systems**

Information Systems (IS) is an internal service provider to all units and departments of the District, and is a mission critical function. Great care is taken to keep the system performing at peak efficiency, and to operating a robust, redundant and safe system. The technological sophistication of the information system has played a significant role in the successful and cost efficient operations of all elements of the District. In 2005, after reviewing options for maintaining the sophisticated system, the District moved to outsource certain information system support services. While District staff is still extremely active in managing the IS operations, MCHD contracts much of the support requiring a high level of specialized skills. All reporting systems are managed in-house.

- **Public Information**

The Public Information Department builds the lines of communication with field and non-field staff, community partners, chambers of commerce, legislators, the media, and the community as a whole. Building and maintaining relationships allow for better partnerships, and enable easier disaster management, communication and coordination.

- **Records and Compliance**

District operations are highly regulated and therefore subject to all of the commensurate record keeping and oversight. The Compliance Officer is responsible for oversight to insure that the District adheres to all state, local and federal regulatory requirements. The Records Department oversees the retention of any and all records created and received by MCHD in the regular course of business to archive essential information for business continuity. The Records department is also responsible for open records requests and contract term review. Additionally, Records department is responsible for MCHD Board correspondence and communication.

- **Materials Management**

Materials Management is the internal service provider to MCHD EMS, HCAP and all MCHD Support Services that is responsible for the purchasing, receiving, distributing and, in some cases, delivering all supplies and equipment utilized by the District. This department maintains a shipping, receiving and distribution process for all clinical and non-clinical supplies. Materials Management staff also provides, or arranges for, the maintenance of all biomedical equipment used by EMS.

- **Quality Improvement**

Quality Improvement is responsible for oversight of continuous performance improvement in all departments. EMS Core Measures, patient satisfaction surveys and CAAS certification indicate commitment to assuring delivery of high quality patient care. HCAP and Support Services departments have Key Performance Indicators that allow for tracking, trending and benchmarking.

- **Fleet**

The Fleet Department is responsible for maintenance and care for all of the District's vehicles. District vehicles log approximately 1.8 million miles each year. The "mission critical" nature of most of the District's vehicles necessitates a rigorous preventative maintenance program, which has established a "mission interruption rate" below one 2.4 incidents per 100,000 vehicle miles.

- **Emergency Preparedness & Risk Management**

This department serves as a resource to EMS, Public Health, and other county agencies planning for large disasters, while also leading internal efforts to ensure that MCHD is ready to respond to an emergency on-site. In addition, we serve as a liaison with our insurance broker to ensure that MCHD's insurance policies are appropriate to cover our risks and to communicate any important changes to our business or to ensure that claims are being appropriately handled. Finally, we track and trend safety-related incidents, recommend and provide staff training, draft safety-related policies and track compliance, and manage the post-exposure process when employees are exposed to biological pathogens.

DRAFT

Strategic Goals

HCAP Strategic Goals

Strategic Goal: Maintain MCHD as the regional “Employer of Choice”

Strategic tactics to meet goal:

- Provide quarterly continuing education to staff
- Staff will participate in MCHD Committees
- Staff will participate in executive staff “town halls” at least annually
- Staff will participate in MCHD’s salary and benefit review every three years

Strategic Goal: Provide Excellent Service to our co-workers, clients, taxpayers and community

Strategic tactics to meet goal:

- Customer Service will be a standing agenda item for staff meetings
- Manager will track and trend service feedback and report monthly at staff meetings
- Employee defined “Standards” will be reviewed quarterly at staff meetings

Strategic Goal: Establish and maintain a structured process to measure and improve quality

Strategic tactics to meet goal:

- Revise current KPI’s as needed to measure improvement with new and established processes
- Involve staff with KPI data collection and action plans
- Check with hospitals and physician offices to discuss process, cost and outcomes

Strategic Goal: Provide for the short and long-term financial stability of MCHD and protection for the taxpayer while meeting the needs of the community.

Strategic Tactics to meet goal:

- Maintain 2-level approval process for all HCAP applicants
- Review the top 25% of high dollar claims for accuracy of bills compared with the contract
- Investigate and recommend the return on investment of providing transportation to and from medical visits

Strategic Goal: Proactively meet the growth needs of our community

Strategic Tactics to meet goal:

- Communicate mission and outcomes internally and externally with
 - Monthly staff meetings
 - Monthly presentation to external stakeholders
 - Continuous education and training of our staff
 - Bimonthly reporting of KPIs at Quarterly Review

EMS Strategic Goals

Strategic Goal: Maintain MCHD EMS as the regional “Employer of Choice”.

Strategic tactics to meet this goal:

- Provide quarterly CE to all staff
- EMS staff will participate in MCHD Committees
- EMS Staff will participate in EMS hiring and promotional practices
- EMS will participate in Bike Medic, Tactical Medic, Community Medic, and community education programs
- EMS will participate in “round and ride out” with Command and Executive staff in order to exchange information between rank and file , at least every 6 months
- Management staff will track staff satisfaction surveys annually and turnover reports monthly
- Management staff will participate in wage and salary comparisons with other agencies every three years.

Strategic Goal: Provide excellent service to MCHD co-workers, clients, taxpayers, and community

Strategic tactics to meet this goal:

- Command staff will trend service feedback and report monthly at staff and Board Meetings
- Core Value, “Compassion” will be discussed at each Supervisor Meeting and each Quarterly CE
- Command Staff will track and trend service feedback and report monthly at staff and quarterly meetings

Strategic Goal: Establish and maintain a structured process to measure and improve quality.

Strategic tactics to meet this goal:

- Track, trend, evaluate, and publish 19 core measures data
- Track, trend, evaluate, and review KPI's and Core Measures for Community Paramedicine, Alarm, Emergency Preparedness, Clinical Services Department, Transfer Services, Business Analysis Unit and EMS Operations
- Review all STEMI, stroke, trauma and a sample percentage of random routine calls for best practices and quality review.

Strategic Goal: provide for the financial stability of MCHD and protection for the taxpayer while meeting the needs of the community

Strategic tactics to meet this goal:

- Review historical call volume and use projected county growth data to expand coverage while maintaining efficiency
- Review monthly operational and capital expenses to budget
- Review Capital project planning and review, on a quarterly basis

Strategic Goal: Proactively meet the growth needs of our community

Strategic tactics to meet this goal:

- Track historical trends and use reporting Metrics to plan for the future
- Meet with first responder agencies, county commissioners, city councils, as well as community agencies, hospitals and volunteer organizations to communicate our mission and receive feedback

Support Unit Strategic Goals

Strategic Goal: Maintain MCHD as the regional “Employer of Choice”.

Strategic tactics to meet this goal:

- Provide continuing education to all staff
- Invite staff to participate on MCHD Committees
- Encourage staff to continue to receive advanced education, management, and leadership skills.
- MCHD will continue to offer a competitive wage and excellent benefits, as well as continuing education for all employees. A wage and benefit survey will be conducted every 3 years.
- Executive Staff will “round” at least annually with each department in order to get “Town Hall” information to and from each department.
- Management staff will track staff satisfaction surveys and turnover reports.
- Staff will from time to time be offered the opportunity to attend a conference specific to their area of expertise.

Strategic Goal: Provide excellent service to MCHD co-workers, clients, taxpayers, and community

Strategic tactics to meet this goal:

- Departmental managers will trend service feedback and report monthly at staff and Board Meetings
- Each KPI will be previewed at least once per year at the Monthly Departmental Meeting and bi-monthly in Quality Review
- Managers will track and trend service feedback and report monthly at staff meetings

Strategic Goal: Establish and maintain a structured process to measure and improve quality.

Strategic tactics to meet this goal:

- Plan, execute, review, and reengage on all departmental capital and operational projects. Review project progress by quarter
- Track, trend, evaluate, and review KPI's for each support department
- Review financials bi-monthly to assure departments are working within budget and budgeted items that are no longer deemed necessary are not purchased, “just because it is in the budget”.

Strategic Goal: Provide for the financial stability of MCHD and protection for the taxpayer while meeting the needs of the community

Strategic tactics to meet this goal:

- Review historical demand and use projected county growth data to expand capabilities within the mission, while maintaining efficiency
- Review monthly operational and capital expenses to budget
- Review Capital project planning and execution on a quarterly basis

Strategic Goal: Proactively meet the growth needs of our community

Strategic tactics to meet this goal:

- Track historical trends and use reporting metrics to plan for the future
- Meet with first responder agencies, county commissioners, city councils, as well as community agencies, hospitals and volunteer organizations to communicate our mission and receive feedback
- Attend conferences in the field of focus to do best practices comparisons

COUNTY TRENDS AND ISSUES

Demographics

The Montgomery County Hospital District serves the geo-political boundaries of Montgomery County. Some business units may have a slightly different community of stakeholders. Some communities served are regional target populations (i.e. radio system customers outside Montgomery County, EMS mutual aid requests, disaster response, etc.).

Physical identifying features:

- Montgomery County, Texas is 1,100 square miles
- Large, recreational water supply lake in the county's northwest corner
- Two major interstates from north to south (IH 45 and IH 69)
- One major state highway (99) transects Montgomery County from the Hardy Toll road to IH 59 in the southernmost portion of the county.
- Two high-volume freight rail lines that carry industrial components to and from Houston, running parallel to the two highways referenced above; other high-volume rail lines travel along Highway 249, FM 2854 and FM 105.
- A secondary road system comprised of primarily two-lane farm to market roads that are currently exceeding original design capacity.
- A two to four lane loop (336) encircles greater Conroe.

Municipalities within Montgomery County

City of Conroe
Montgomery
Magnolia
Willis
Shenandoah
Oak Ridge North

Splendora
Cut and Shoot
Roman Forest
Stagecoach
Woodloch

Panorama Village
Patton Village
Woodbranch

Unincorporated areas including

The Woodlands
Grangerland
Porter

New Caney
Peel Junction
Dobbin

Pinehurst
Tamina
Decker Prairie

School Districts

Cleveland ISD
Conroe ISD
Magnolia ISD
Montgomery ISD
New Caney ISD

Richards ISD
Splendora ISD
Tomball ISD
Willis ISD

Population Growth

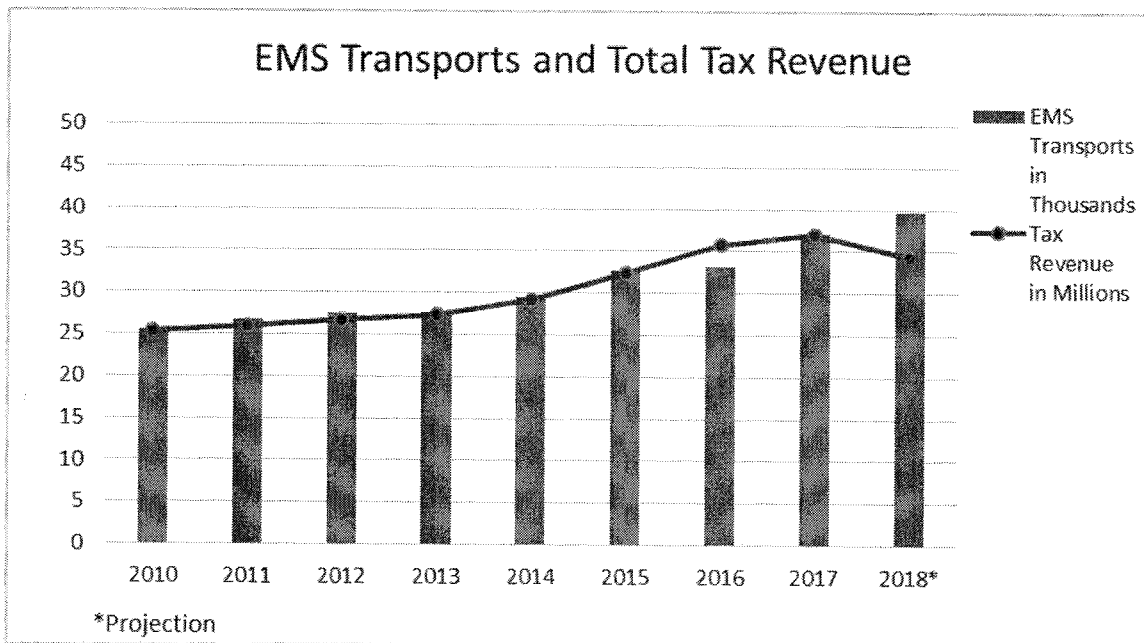
According to the 2016 Woodlands Area Economic Development Partnership, Montgomery County's population was 555,890, making it the 11th largest county in the state. The median household income was \$65,620, and the poverty rate was 10.9%. The median age was 36.1 years. A portion of this growth is due to the number of businesses, including Exxon/Mobil, which have relocated to North Harris County. All factors taken into account, growth throughout the county will continue to occur, which presents certain challenges and opportunities for all service providers.

Property Values

Total appraisals in Montgomery County have grown dramatically in recent years. In the past ten years property values have increased an average of 9% per year. New housing starts, commercial development, new manufacturing and increased appraisals on existing properties have consistently increased over the past several years. Over the last five years, the growth in appraisals has enabled the Board to reduce the tax rate below the historic low rate. Growth brings with it an increase in service demands. The District will continue to function in a responsible manner.

Tax Revenue

MCHD has been responsive to the growth in appraisals by reducing tax rates for the last consecutive 15 years. However, during those same years, the District experienced increased demand. We continue to add technology and adjust deployment and work schedules to absorb the volume increase with very few additional resources being added.



As growth continues, MCHD adds resources to keep up with the growing demand. But, as MCHD increases resources, it will add value, due to economies of scale and system duplication.

For example, in 2008 there were approximately 18,500 annual transports. 2008 tax revenue was approximately \$21,600,000, yielding \$1,166 tax dollars per transport. In 2018 MCHD is projecting approximately 40,000 annual transports. 2018 tax revenue was approximately \$34,400,000, yielding \$860 tax dollars per transport.

In an effort to cover the growing needs of the county, we have added more resources to meet these needs, without an increase in costs. MCHD intends to maintain six months' reserve operating funds, and maintain "HCAP" Reserve fund as well as Capital Reserve fund, while most efficiently serving its mission.

Tax Revenue History and Projections

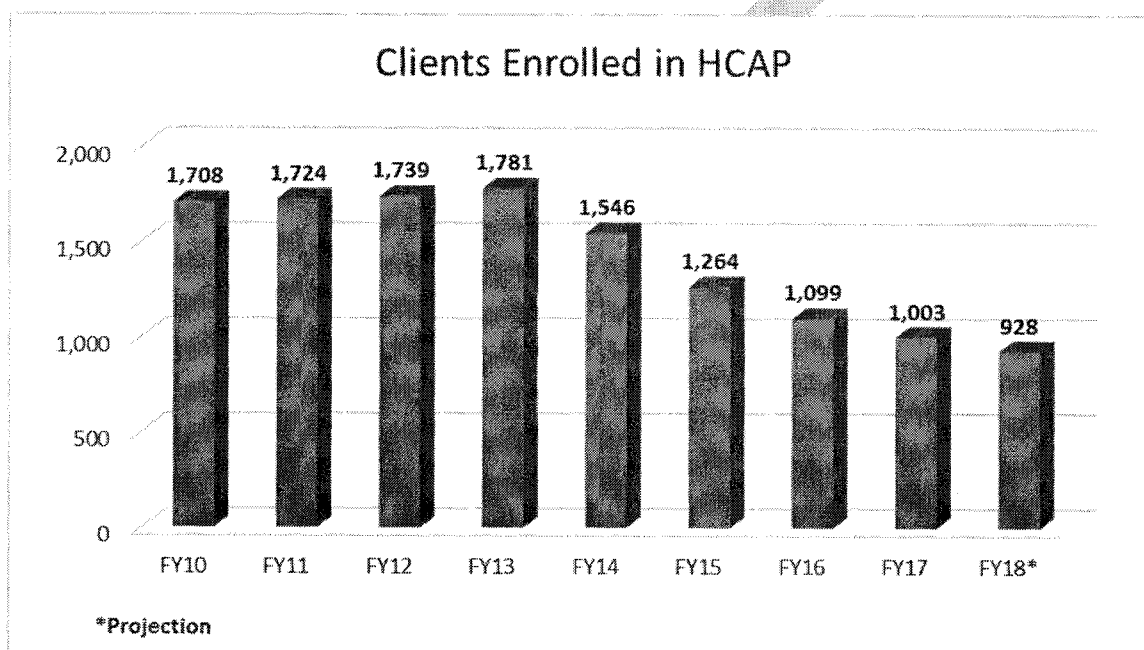
Year	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18*	FY19*
Tax Rate**	0.0755	0.0754	0.0745	0.0729	0.0727	0.0725	0.071	0.0665	0.0664	0.0599
Total Tax Revenue	25,379,675	26,001,632	26,737,471	27,399,294	29,251,683	32,367,127	35,754,407	36,901,789	34,420,415	32,935,208
Tax Revenue Change:										
% Change	5.87%	2.45%	2.83%	2.48%	6.76%	10.65%	10.47%	3.21%	-6.72%	-4.31%
\$ Change	1,407,418	621,957	735,839	661,823	1,852,389	3,115,444	3,387,280	1,147,382	-2,481,374	-1,485,207
* Projections										
** Per \$100 Valuation										

Service Delivery Units Trends and Issues

HCAP

Program Enrollment

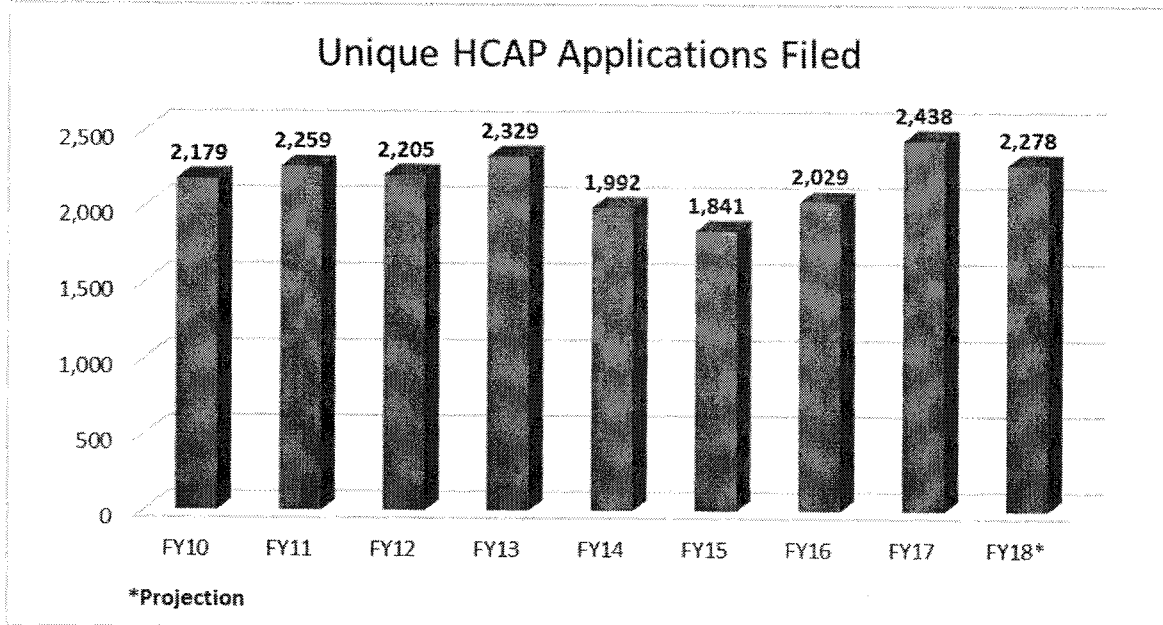
The number of Montgomery County residents enrolling in HCAP steadily increased from FY2010-FY2013. Enrollment growth peaked at ~2.4% in FY2013 but has declined since then for the fifth straight year. The main reason for the decline is a direct result of the Affordable Care Act (ACA) and State Health Insurance Exchanges (HIE), which began operations in October of 2013. Without this HIE Exchange, the program would have continued to add approximately 300 clients per fiscal year to the enrollment panel. In fact, due to the HIE implementation the actual enrollment dipped 13.2% with a decrease of 235 clients between FY 2013 – FY 2014 (see chart below).



Currently, HCAP projects a decrease in enrollment over the next three to five years, if factors affecting indigent health care such as the program eligibility requirements, economy and ACA policies remains the same. If changes occur to the aforementioned factors, enrollment may stabilize or gradually increase over the next few years.

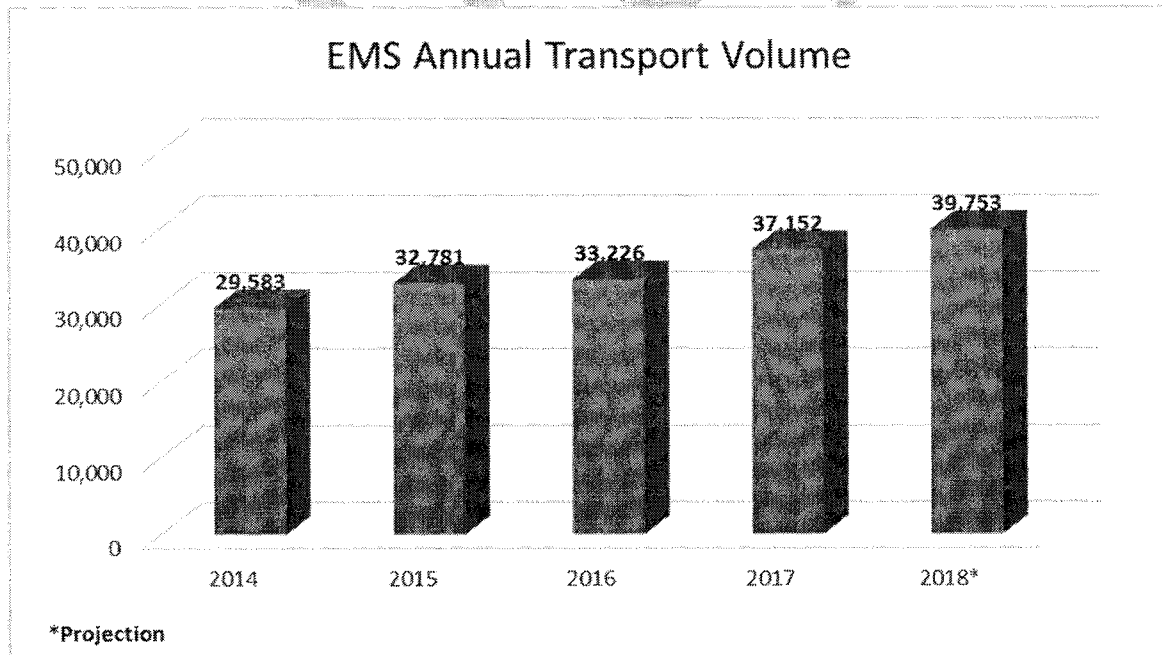
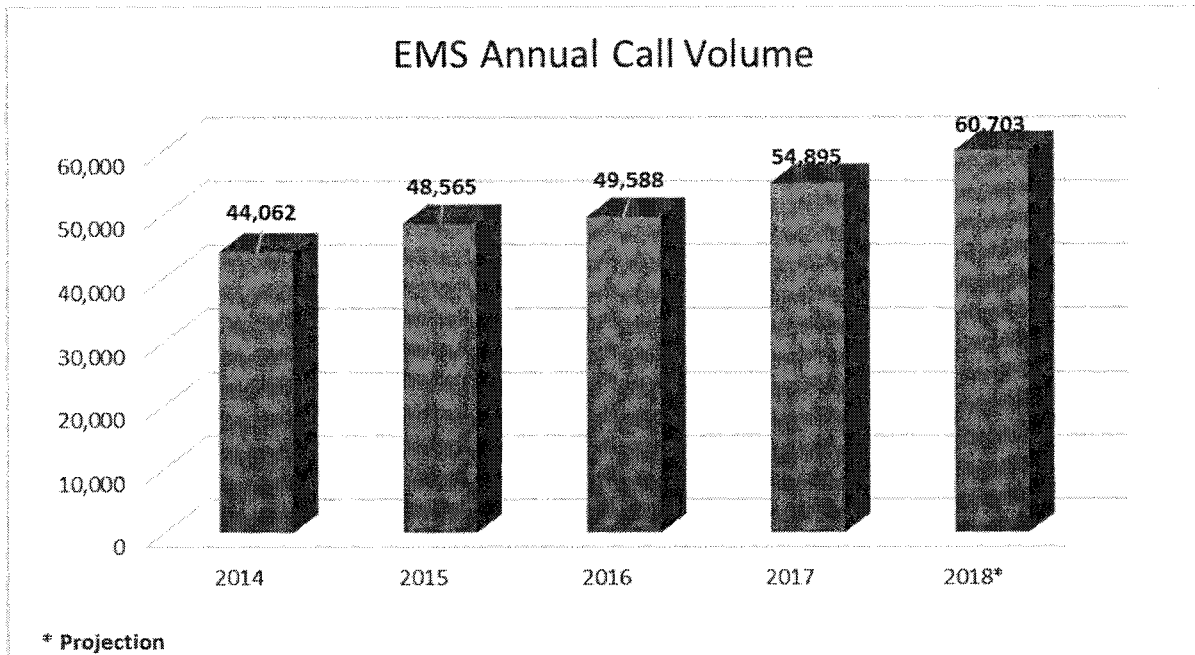
Program Applications

Further analysis of HCAP data also indicates that the program experienced a dramatic drop in the number of applications in FY2015 due to the implementation of the ACA. However, there has been a steady increase in the quantity of applications over the past three years. These numbers will continue to trend upward with increased community collaborations and strategic partnerships.



EMS

EMS calls have remained at a fairly stable 5-6% rate of growth over the past several years. EMS calls spiked by 7% and 14% respectively during 2014 and 2015. During 2016 EMS calls were flat due to the economy and perhaps more free standing Emergency Departments (EDS). MCHD Call volume grew by 12% in 2017. MCHD projects the call volume will continue to grow by an average of 6% per year for the next 5 years. This year, call growth has averaged 7%.



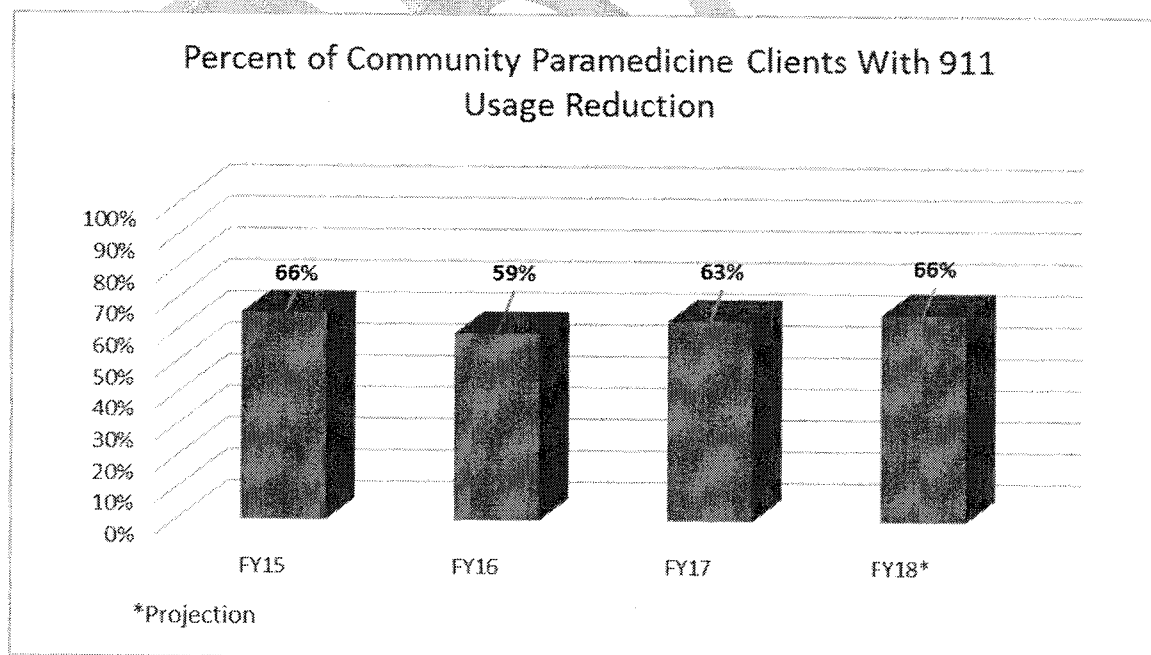
Community Paramedicine

The program utilizes Paramedics, who are already embedded within our community, to optimize clients' health, improve their quality of life and reduce overall costs of healthcare. The program has served over 500 unduplicated residents. Services provided include:

- Physical and psycho-social assessments
- Medication reconciliation and education
- General and disease specific healthcare education
- Care coordination between hospitals, PCPs, Specialist and care facilities
- Navigation assistance with insurance, discharge instructions, transportation
- Connecting with ongoing community resources and support system

In December 2017, the Medicaid 1115 Waiver was renewed for a period of five years. This renewal brought about a change to the focus and outcome measures of this federally funded program. Community Paramedicine fills gaps in healthcare services within Montgomery County and continues to operate in partnership with the Public Health District. However, the metrics and milestones developed for the project are no longer tied to the 1115 Waiver incentive payment structure. MCHD continues to meet with regional healthcare organizations, both hospital and insurance carriers, in order to develop partnerships to reduce healthcare costs through reduction in hospital re-admissions. MCHD has met with four large hospital systems, two Medicaid insurance carriers, hospice services, and other healthcare providers to discuss these reimbursable services. Expectations remain that this program will be funded in the future through private / public partnerships.

Medicaid insurance carriers have been hesitant to enter into contracts for services as Community Paramedicine is not currently a billable Medicaid service in Texas. Other states have made significant progress in this respect and many have current contracts in place with Medicaid providers. MCHD remains involved both locally and statewide in organizations that promote the future sustainability of EMS Mobile Healthcare services.



SWOT ASSESSMENT

The SWOT assessment is a traditional part of the strategic planning process which develops “situational awareness” for the organization.

The strength and weaknesses that currently impact, or may impact, the District’s operations are listed below. Opportunities that may present themselves which the District can take advantage of are also listed. Threats or risks the District faces are considered last. This assessment lays the foundation for the 5 year assumptions that follow.

Strengths

- Well-trained workforce
- Loyal employees (annual turnover rate between 5%-15%, Industry average is 15%-25%)
- Employee involvement in decision making
- Support for professional development
- Financially stable with a well-rounded budget
- Embrace innovation and technology
- Well managed indigent care system with a broad network of providers
- Experienced leadership team
- Well trained and experienced staff throughout the District.
- General Counsel well versed in District history and local government issues. Additionally MCHD has an HR Attorney to assure HR compliance.
- Accredited Communications Center
- Good relationship with vendors that supplement and enhance staff knowledge,
- Public Health Department enables MCHD to have financial mechanism to provide Community Paramedicine
- Strong financial process in place
- Increase in interdepartmental collaboration on projects and committees
- Staff is well equipped to do their job
- Improving media and community relations
- High level of field staff support (MCHD provides staff who delivers, counts and restocks station supply rooms)
- Well managed organizational structure
- Caring and altruistic employees across the organization that exemplifies the corporate values
- Consistent and experienced Board of Directors
- MCHD has a quality expert (CPHQ) employed to oversee the development and implementation of our Quality Improvement
- CAAS Accredited EMS
- Key Performance Indicators (KPI) implemented in each department.
- Have implemented a Reports Manager to focus on metrics management
- Very motivated, experienced, and capable Medical Director

Weaknesses

- Decentralized workforce
- Stressful work environment with a growing demand for services
- Need for greater reliance on objective data for decision making
- Need to support continuity of operations (power, fuel, etc.)
- Limited ability for non-field staff to advance/promote within the District; relatively flat organization
- Need a more objective way to track employee performance (i.e. Laserfiche)
- Lack of internal understanding of/appreciation for work of other departments
- Better use of Crew Scheduler to monitor staff resources and expenses
- Lack of follow through on long-term projects
- Some community members and providers feel HCAP doesn't cover enough residents
- Some systems in the organization such as LaserFiche, Labor Scheduling, Payroll Processing, CAD Reporting and Inventory Control Systems are underutilized
- Quality benchmarking and process improvement need to be hardwired
- Multiple barriers to data retrieval and analysis
- Formal management / leadership programs are not consistent or hardwired.
- More consistent training is needed
- Communication is inconsistent
- Project Management is inconsistent

Opportunities

- Relationship building with strategic partners and community organizations
 - Providing educational opportunities for our community partners and the public
 - Work with community partners to organize a an annual project that meets a community need
- Experienced personnel available for mentoring of new employees
- Maintain external accreditations
- Expand and enhance interoperability capacity of radio system
- Establish an employee mentoring program
- Establish a checklist culture
- Improve documentation of processes in departments
- Establish standardization of operations across departments
- Oversight and management of interdepartmental projects for efficiency, budget adherence and timeliness to negate “mission creep”
- Improve efficiency and accuracy with CAD system
- Quality benchmarking
- Increase involvement in community education
- Become increasingly financially transparent
- Utilization of social media to stay connected to employees and the community
- Infrastructure and staff in place to easily expand services offered to the community
- Expand services of Community Paramedicine
- Increase usage of website to provide information to both the public and employees
- Keep emergency management plans current and host training exercises
- Proactive employees are further defining their role in the organization, as well as the organization’s role in the community, and bringing fresh ideas to management
- Increase facility to facility patient requested transfer
- Improve Project management Systems
- Improve Communication Portal
- Pursue alternative funding mechanisms for new, or expansions to facilities.

Threats

- Increasing healthcare costs
- Unstable political environment – healthcare legislative changes
- Competitive forces on staffing regarding wages and benefits
- Competitive forces for EMS coverage resulting in increasing number of non- emergency providers in Montgomery County
- A Fire department or ESD may take EMS services in -house
- Budget constraints
- Need to be better prepared for a large public health emergency
- Litigation environment/risk
- Appraisals and/or revenue caps on property taxes

FIVE YEAR FINANCIAL PROJECTIONS/ASSUMPTIONS

The five year financial projections are included immediately following this information. The following assumptions were made while developing the five year financial forecast:

1. The MCHD FY2019 tax rate is 0.059 per \$100 valuation. Each year thereafter the tax rate will drop 0.001per \$100 valuation.
2. Taxable value will continue at an average 7% increase each year over the next five years.
3. EMS collected revenue will increase at an average rate of 6% per year.
4. Transfer services are planned to increase 100% during 2019 and then increase 10% per year during the following 4 years.
5. Labor costs will increase at an average rate of 4% each year, over the next five-year period.
6. Texas County and District Retirement System (TCDRS) will be approximately 6.5% of payroll each year.
7. Employee health insurance expenses will increase at an annual rate of 6% per year.
8. Supply expenses will increase at a rate of 5% per year.
9. EMS Drug expenses will increase at 8% per year.
10. Indigent/specialty healthcare will increase at 6% per year, over the next five years.
11. In FY 2019 capital will peak at \$10,141,681. In 2020 capital will return to a baseline of \$7,143,679 and will continue to reduce in the following years to a 2023 amount of \$5,875,770.
12. Purchase new accounting software in FY2020 for \$250,000.
13. Add administrative uninterrupted power supply in 2019 for \$325,000.
14. Refurbish and replace informational technology aging servers and switches each year (\$153,000-\$220,000).
15. Complete remodel of station 34 in 2019 for \$100,000.
16. Build a station in Porter in 2019/2020, estimated cost \$800,000.
17. Replace-remodel Station 22 in 2019/2020, estimated cost \$720,000.
18. Remodel a station at Keenan Cut Off in 2019 for \$112,500.
19. Build a station at 1488/Northwest Woodlands during 2019/2020 for \$1,700,000.
20. Build a station in North Central Conroe in 2020 at \$ 1,000,000.
21. In Caney Creek, build an apartment to existing station for \$800,000 in 2022.
22. Build a new station in West County in 2023 for \$1,200,000.
23. Purchase land for 2 more towers in 2020 for \$300,000 and construct those towers in 2021 and 2022 for \$1,700,000.
24. Upgrade EDACS radio system to P25 capability in 2019 for \$2,100,000.

25. Opticom installation at \$200,000 in FY2019 and \$160,000 each of the following 3 years.
26. Expand Fleet by 4 trucks in 2019, then 1 truck per year, for the next 4 years.
27. Add 6 Replacement trucks in 2019; 9 replacement trucks in 2020 and 2021; and 7 replacement trucks in 2022 and 2023.
28. Purchase one Tahoe per year beginning 2020, with the even years being expansion vehicles and the odd years being replacement vehicles.
29. Purchase new ePCR in 2020 for 350,000.
30. Lease new EKG monitors in 2021, with payments of \$529,000 annually for the next 5 years.
31. Purchase 3 US Digital Station Alerting systems in 2019 for \$90,000, then 1 each year for the next 4 years for \$30,000.

DRAFT

Montgomery County Hospital District					
Financial Projection					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenue					
Tax	32,935,208	35,181,840	37,581,618	40,144,974	42,883,050
EMS	14,864,213	15,756,066	16,701,430	17,703,516	18,765,727
Other	6,845,517	7,187,793	7,547,182	7,924,542	8,320,769
Total Revenue	54,644,938	58,125,699	61,830,230	65,773,032	69,969,546
Expenses					
Payroll					
Direct Labor	25,483,518	26,502,859	27,562,973	28,665,492	29,812,112
Taxes	1,949,496	2,027,469	2,108,567	2,192,910	2,280,627
TCDRS	1,663,889	1,722,686	1,791,593	1,863,257	1,937,787
Health & Dental	4,756,353	5,041,734	5,344,238	5,664,893	6,004,786
Total Payroll	33,853,256	35,294,748	36,807,371	38,386,552	40,035,312
Operating Expenses					
Drugs	172,256	186,036	200,919	216,993	234,352
Other	14,404,821	15,125,062	15,881,315	16,675,381	17,509,150
Total Operating Expenses	14,577,077	15,311,098	16,082,234	16,892,374	17,743,502
Indigent Care					
Uncompensated Care	1,531,032	1,531,032	1,531,032	1,531,032	1,531,032
Specialty Healthcare	3,050,316	3,233,335	3,427,335	3,632,975	3,850,954
Total Indigent Care	4,581,348	4,764,367	4,958,367	5,164,007	5,381,986
Capital	10,141,681	7,143,679	6,144,551	6,361,661	5,875,770
Total Expenses	63,153,362	62,513,892	63,992,523	66,804,594	69,036,570
Revenue O/(U) Expenses	(8,508,424)	(4,388,193)	(2,162,293)	(1,031,562)	932,976

Capital					
Main Campus					
Accounting Software		250,000			
Admin Uninterrupted Power Supply	325,000				
Information Technology	153,000	150,000	175,000	195,000	220,000
Total Main Campus	478,000	400,000	175,000	195,000	220,000
Stations					
Remodel - Porter Station 34	112,500				
New Porter 1314 & 99	400,000	400,000			
Replace - Station 22 Remodel	360,000	360,000			
New - Keenan Cut Off Station 47	100,000				
New - 1488/Northwest Woodlands	850,000	850,000			
New - North / Central Conroe	1,000,000				
Caney Creek Replacement				800,000	
New West County Station					1,200,000
Total Stations	2,822,500	1,610,000	0	800,000	1,200,000
Towers / Radios					
Land for Towers		300,000			
Tower and Equipment			850,000	850,000	
Upgrade EDACS to P25	2,100,000				
Opticom	200,000	160,000	160,000	160,000	
Total Towers / Radios	2,300,000	460,000	1,010,000	1,010,000	0
EMS / Communications/BAU					
Expansion - 911 Ambulance (with equipment	1,808,504	470,392	479,800	489,396	499,184
Replacement - 911 Ambulance	1,975,978	3,083,718	3,145,389	2,495,344	2,545,253
Tahoe	0	39,535	40,326	41,133	41,956
ePCR		350,000			
EKG Monitors (Capital Lease)			529,000	529,000	529,000
US Digital Station Alerting	90,000	30,000	30,000	30,000	30,000
Total EMS	3,874,482	3,973,645	4,224,515	3,584,873	3,645,393
Other Capital	666,699	700,034	735,036	771,788	810,377
Total Capital	10,141,681	7,143,679	6,144,551	6,361,661	5,875,770

Assumptions:					
Tax Revenue					
Adjusted Taxable Value	54,983,652,896	58,832,508,599	62,950,784,201	67,357,339,095	72,072,352,832
MCHD Adopted Tax Rate	0.000599	0.000598	0.000597	0.000596	0.000595
Tax Revenue	32,935,208	35,181,840	37,581,618	40,144,974	42,883,050
Tax Revenue Growth Rate	-4.1%	6.8%	6.8%	6.8%	6.8%
Rates and Growth Factors					
Taxable Value Growth Rate	6.3%	7.0%	7.0%	7.0%	7.0%
Population Growth Rate	2.960%	3.000%	3.000%	3.000%	3.000%
Inflation	1.770%	2.000%	2.000%	2.000%	2.000%
	4.7%	5.0%	5.0%	5.0%	5.0%
EMS Revenue	6.00%	6.00%	6.00%	6.00%	6.00%
Transfer	100.00%	10.00%	10.0%	10.0%	10.0%
Labor Cost Increase	4.00%	4.00%	4.00%	4.00%	4.00%
Payroll Taxes	7.65%	7.65%	7.65%	7.65%	7.65%
TCDRS	6.44%	6.50%	6.50%	6.50%	6.50%
Health Insurance		6.00%	6.00%	6.00%	6.00%
Supply Expenses		5.00%	5.00%	5.00%	5.00%
Drugs		8.00%	8.00%	8.00%	8.00%
Indigent - Specialty Healthcare		6.00%	6.00%	6.00%	6.00%

KEY RELATIONSHIPS

Hospitals

Our local hospitals are important partners for EMS, Public Health and HCAP. Strong relationships with the hospital administrations and medical staff are essential to the success of MCHD. We must continue efforts to recruit local hospitals into the HCAP provider network. At such time as the ACA expires, a broad based hospital network will insure the financial security of the District.

From an EMS perspective, partnerships with local hospitals will insure continuity of care in important service line areas such as stroke, trauma, and acute coronary syndromes. As the demand for service rises, our hospitals must be ready to meet the demand. Failure to do so will result in extended wait times and undesirable outcomes for patients.

Physician Community

We must continue to cultivate and support our network of local physicians willing to provide care for our indigent care patients. The physician community has voiced the basic areas for physician engagement. They include industry appropriate authorization practices, clearly understand covered services, reasonable and timely compensation. MCHD should continuously monitor physician satisfaction with our HCAP program in an effort to maintain an optimized network. A diverse and healthy network will insure access to services in the local community for HCAP patients and help promote the long term financial stability of the District. MCHD must assure prompt payment to keep physician panel intact as healthcare payment rates decrease.

Municipalities and other Local Governments

MCHD provides essential healthcare services for the local municipalities and other local governments. Maintaining close working relationships with the leadership of these entities will ensure we are meeting their service needs and those of their citizens. In addition, these entities can provide essential intelligence on expected growth patterns and potential problems in the future.

Business Community and Local Chambers of Commerce

MCHD has a good relationship with the business community, having a reputation of conservative fiscal management, tax reductions, and quality service to the community. Maintaining strong communication ties with the Chambers and local business leaders will help keep MCHD focused on balancing service needs with our responsibility to assist in creating an environment that promotes economic development.

Civic Groups and Faith Based Community

MCHD leadership must maintain a presence in local civic and faith based organizations. These groups serve two important purposes for MCHD. First, they need to have a good understanding of the services we provide so that they can appropriately refer individuals to MCHD. Second, they will likely be able to represent the concerns and priorities of the community so that we might better understand the needs and plan accordingly.

Key Supply Chain Reinforcement

The District should pursue memorandums of understanding with key suppliers to insure the flow of critical supplies in the event of an emergency.

ORGANIZATIONAL STRUCTURE OF THE FUTURE

The next five years will see MCHD maintain its commitment to excellence in health care, quality, research, best practices and staff development. The District will also actively remain educated in the changes of health care policy – both nationally and locally. Just as successful businesses are continually looking for opportunities to serve its customers as the market changes, MCHD will seek out ways to fulfill its mission in light of the changing health care climate.

Currently, some of the initiatives which are being considered are: providing a larger number of services via our medics, expanding Community Paramedicine services, offering non-emergency ambulance transport services, and expanding our educational offerings.

The incorporation of these activities into our daily business will not only better serve the community by filling gaps left by the current health care system, but it will also give our nursing and field staff the opportunity to put their training into practice and utilize all the medical skills they possess.

These will be years of growth and an opportunity to expand the network within which we work. Employees are being encouraged to think creatively and initiate projects that will serve the community as well as enable our staff to grow professionally.

November 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8 Public Health District BOD meeting	9	10
11 Veterans Day	12 Veteran's Day MCHD Holiday	13	14	15	16	17
18 Texas EMS Conference	19 Texas EMS Conference	20 Texas EMS Conference	21	22 Thanksgiving MCHD Holiday	23 Thanksgiving MCHD Holiday	24
25	26	27 4 th Tuesday MCHD BOD Meeting	28	29	30	

December 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11 Staff's recommendation combine Nov/Dec BOD Meeting	12	13	14	15
16	17	18	19	20	21	22
23	24 Christmas MCHD Holidays	25 Christmas MCHD Holidays	26 Christmas MCHD Holidays	27	28	29
30	31 New Year's MCHD Holidays	New Year's MCHD Holidays				



TO: Montgomery County Hospital District

1300 West Loop South
Conroe, TX 77304

Attn: Jared Cosper

Email: jcosper@mchd-tx.org

Tel: 936-537-0125

ZOLL Medical Corporation

Worldwide Headquarters

269 Mill Rd

Chelmsford, Massachusetts 01824-4105

(978) 421-9655 Main

(800) 348-9011

(978) 421-0015 Customer Support

FEDERAL ID#: 04-2711626

QUOTATION 284552 V:1

DATE: August 29, 2018

TERMS: Net 90 Days

FOB: Shipping Point

FREIGHT: Prepay and Add

ITEM	MODEL NUMBER	DESCRIPTION	QTY.	UNIT PRICE	DISC PRICE	TOTAL PRICE
1	601-2221011-01-66	<p>Refurbished X Series® Manual Monitor/Defibrillator with 4 trace tri-mode display monitor/ defibrillator/ printer, comes with Real CPR Help®, advisory algorithm, advanced communications package (Wi-Fi, Bluetooth, USB cellular modem capable) USB data transfer capable and large 6.5"(16.5cm) diagonal screen, full 12 ECG lead view with both dynamic and static 12-lead mode display.</p> <p>Accessories Included:</p> <ul style="list-style-type: none">• MFC cable• MFC CPR connector• A/C power adapter/ battery charger• A/C power cord• One (1) roll printer paper• 6.6 Ah Li-ion battery• Carry case• Declaration of Conformity• Operator's Manual• Quick Reference Guide <p>• Six (6)- Months EMS warranty</p> <p>Advanced Options: Real CPR Help Expansion Pack CPR Dashboard quantitative depth and rate in real time, release indicator, interruption timer, perfusion performance indicator (PPI) • See - Thru CPR artifact filtering</p> <p>ZOLL Noninvasive Pacing Technology:</p>	18	\$29,820.00	\$21,172.20	\$381,099.60

To the extent that ZOLL and Customer, or Customer's Representative have negotiated and executed overriding terms and conditions ("Overriding T's & C's"), those terms and conditions would apply to this quotation. In all other cases, this quote is made subject to ZOLL's Standard Commercial Terms and Conditions ("ZOLL T's & C's") which accompany this quote. Except in the case of overriding T's and C's, any Purchase Order ("PO") issued in response to this quotation will be deemed to incorporate ZOLL T's & C's, and any other terms and conditions shall have no force or effect except to the extent agreed in writing by ZOLL.

1. DELIVERY IS BASED UPON AVAILABILITY AT TIME OF PURCHASE.
2. PRICES QUOTED ARE VALID FOR 60 DAYS.
3. APPLICABLE TAX, SHIPPING & HANDLING WILL BE ADDED AT THE TIME OF INVOICING.
4. ALL PURCHASE ORDERS ARE SUBJECT TO CREDIT APPROVAL BEFORE ACCEPTABLE BY ZOLL.
5. FAX PURCHASE ORDER AND QUOTATION TO ZOLL CUSTOMER SUPPORT AT 978-421-0015
OR EMAIL TO ESALES@ZOLL.COM.
6. ALL DISCOUNTS OFF LIST PRICE ARE CONTINGENT UPON PAYMENT WITHIN AGREED UPON TERMS.
7. PLACE YOUR ACCESSORY ORDERS ONLINE BY VISITING www.zollwebstore.com.

Steven Bagwell
EMS Territory Manager
800-242-9150, x9295

**ZOLL Medical Corporation**

Worldwide Headquarters
269 Mill Rd
Chelmsford, Massachusetts 01824-4105
(978) 421-9655 Main
(800) 348-9011
(978) 421-0015 Customer Support
FEDERAL ID#: 04-2711626

TO: Montgomery County Hospital District

1300 West Loop South
Conroe, TX 77304

Attn: Jared Cosper**Email: jcosper@mchd-tx.org****Tel: 936-537-0125****QUOTATION 284552 V:1****DATE: August 29, 2018****TERMS: Net 90 Days****FOB: Shipping Point****FREIGHT: Prepay and Add**

ITEM	MODEL NUMBER	DESCRIPTION	QTY.	UNIT PRICE	DISC PRICE	TOTAL PRICE
		Masimo Pulse Oximetry SP02 <ul style="list-style-type: none">• Signal Extraction Technology (SET)• Rainbow SET NIBP Welch Allyn includes: <ul style="list-style-type: none">• Smartcuff 10 foot Dual Lumen hose• SureBP Reusable Adult Medium Cuff End Tidal Carbon Dioxide monitoring (ETCO2) Oridion Microstream Technology: Order required Microstream tubing sets separately Interpretative 12- Lead ECG: <ul style="list-style-type: none">• 12-Lead one step ECG cable- includes 4- Lead limb lead cable and removable precordial 6- Lead set				
2	8000-0580-01	Six hour rechargeable Smart battery	34	\$495.00	\$371.25	\$12,622.50 *
3	8200-000100-01	Single Bay Charger for the SurePower and SurePower II batteries.	3	\$945.00	\$708.75	\$2,126.25 *

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ITEM	MODEL NUMBER	DESCRIPTION	QTY.	UNIT PRICE	DISC PRICE	TOTAL PRICE
		<p>Acceptance of an order for Refurbished Equipment is contingent upon product availability at time of order. Orders are filled on a first come, first serve basis.</p> <p>*Reflects Savvik Buying Group AED Contract # 2015-0011.</p> <p>Order will not ship prior to October 1, 2018.</p>				
TOTAL						\$395,848.35

To the extent that ZOLL and Customer, or Customer's Representative have negotiated and executed overriding terms and conditions ("Overriding T's & C's"), those terms and conditions would apply to this quotation. In all other cases, this quote is made subject to ZOLL's Standard Commercial Terms and Conditions ("ZOLL T's & C's") which accompany this quote. Except in the case of overriding T's and C's, any Purchase Order ("PO") issued in response to this quotation will be deemed to incorporate ZOLL T's & C's, and any other terms and conditions shall have no force or effect except to the extent agreed in writing by ZOLL.

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ZOLL QUOTATION GENERAL TERMS & CONDITIONS

1. ACCEPTANCE. This Quotation constitutes an offer by ZOLL Medical Corporation to sell to the Customer the equipment (including a license to use certain software) listed in this Quotation and described in the specifications either attached to or referred to in this Quotation (hereinafter referred to as Equipment). Any acceptance of such offer is expressly limited to the terms of this Quotation, including these General Terms and Conditions. Acceptance shall be so limited to this Quotation notwithstanding (i) any conflicting written or oral representations made by ZOLL Medical Corporation or any agent or employee of ZOLL Medical Corporation or (ii) receipt or acknowledgment by ZOLL Medical Corporation of any purchase order, specification, or other document issued by the Customer. Any such document shall be wholly inapplicable to any sale made pursuant to this Quotation, and shall not be binding in any way on ZOLL Medical Corporation.

Acceptance of this Quotation by the Customer shall create an agreement between ZOLL Medical Corporation and the Customer (hereinafter referred to as the "Contract") the terms and conditions of which are expressly limited to the provisions of this Quotation including these Terms and Conditions. No waiver change or modification of any of the provisions of this Quotation or the Contract shall be binding on ZOLL Medical Corporation unless such waiver, change or modification (i) is made in writing (ii) expressly states that it is a waiver, change or modification of this Quotation or the Contract and (iii) is signed by an authorized representative of ZOLL Medical Corporation.

2. DELIVERY AND RISK OF LOSS. Unless otherwise stated, all deliveries shall be F.O.B. ZOLL Medical Corporation's facility. Risk of loss or damage to the Equipment shall pass to the Customer upon delivery of the Equipment to the carrier.

3. TERMS OF PAYMENT. Unless otherwise stated in its Quotation payment by Customer is due thirty (30) days after the ship date appearing on ZOLL Medical Corporation invoice. Any amounts payable hereunder which remain unpaid after the date shall be subject to a late charge equal to 1.5% per month from the due date until such amount is paid.

4. CREDIT APPROVAL. All shipments and deliveries shall at all times be subject to the approval of credit by ZOLL Medical Corporation. ZOLL Medical Corporation may at any time decline to make any shipment or delivery except upon receipt of payment or security or upon terms regarding credit or security satisfactory to ZOLL Medical Corporation.

5. TAXES & FEES. The pricing quoted in its Quotation do not include sales use, excise, or other similar taxes or any duties or customs charges, or any order processing fees. The Customer shall pay in addition for the prices quoted the amount of any present or future sales, excise or other similar tax or customs duty or charge applicable to the sale or use of the Equipment sold hereunder (except any tax based on the net income of ZOLL Medical Corporation), and any order processing fees that ZOLL may apply from time to time. In lieu thereof the Customer may provide ZOLL Medical Corporation with a tax exemption certificate acceptable to the taxing authorities.

6. WARRANTY. (a) ZOLL Medical Corporation warrants to the Customer that from the earlier of the date of installation or thirty (30) days after the date of shipment from ZOLL Medical Corporation's facility, the Equipment (other than accessories and electrodes) will be free from defects in material and workmanship under normal use and service for the period noted on the reverse side. Accessories and electrodes shall be warranted for ninety (90) days from the date of shipment. During such period ZOLL Medical Corporation will at no charge to the Customer either repair or replace (at ZOLL Medical Corporation's sole option) any part of the Equipment found by ZOLL Medical Corporation to be defective in material or workmanship. If ZOLL Medical Corporation's inspection detects no defects in material or workmanship, ZOLL Medical Corporation's regular service charges shall apply. (b) ZOLL Medical Corporation shall not be responsible for any Equipment defect failure of the Equipment to perform any specified function, or any other nonconformance of the Equipment caused by or attributable to (i) any modification of the Equipment by the Customer, unless such modification is made with the prior written approval of ZOLL Medical Corporation; (ii) the use of the Equipment with any associated or complementary equipment accessory or software not specified by ZOLL Medical Corporation, or (iii) any misuse or abuse of the Equipment; (iv) exposure of the Equipment to conditions beyond the environmental, power or operating constraints specified by ZOLL Medical Corporation, or (v) installation or wiring of the Equipment other than in accordance with ZOLL Medical Corporation's instructions. (c) Warranty does not cover items subject to normal wear and burnout during use, including but not limited to lamps, fuses, batteries, cables and accessories. (d) The foregoing warranty does not apply to software included as part of the Equipment (including software embodied in read-only memory known as "firmware"). (e) The foregoing warranty constitutes the exclusive remedy of the Customer and the exclusive liability of ZOLL Medical Corporation for any breach of any warranty related to the Equipment supplied hereunder. THE WARRANTY SET FORTH HEREIN IS EXCLUSIVE AND ZOLL MEDICAL CORPORATION EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL, IMPLIED, OR STATUTORY, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

7. SOFTWARE LICENSE. (a) All software (the "Software" which term shall include firmware) included as part of the Equipment is licensed to Customer pursuant to a nonexclusive limited license on the terms hereinafter set forth. (b) Customer may not copy, distribute, modify, translate or adapt the Software, and may not disassemble or reverse compile the Software, or seek in any manner to discover, disclose or use any proprietary algorithms, techniques or other confidential information contained therein. (c) All rights in the Software remain the product of ZOLL Medical Corporation, and Customer shall have no right or interest therein except as expressly provided herein. (d) Customer's right to use the Software may be terminated by ZOLL Medical Corporation in the event of any failure to comply with terms of this quotation. (e) Customer may transfer the license conferred hereby only in connection with a transfer of the Equipment and may not retain any copies of the Software following such transfer. (f) ZOLL Medical Corporation warrants that the read-only memory or other media on which the Software is recorded will be free from defects in materials and workmanship for the period and on terms set forth in section 6. (g) Customer understands that the Software is a complex and sophisticated software product and no assurance can be given that operation of the Software will be uninterrupted or error-free, or that the Software will meet Customer's requirements. Except as set forth in section 7(f), ZOLL MEDICAL CORPORATION MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE SOFTWARE AND IN PARTICULAR DISCLAIMS ANY IMPLIED WARRANTIES OR MERCHANTABILITY OR FITNESS OF A PARTICULAR PURPOSE WITH RESPECT THERETO. Customer's exclusive remedy for any breach of warranty or defect relating to the Software shall be the repair or replacement of any defective read-only memory or other media so that it correctly reproduces the Software. This License applies only to ZOLL Medical Corporation Software.

8. DELAYS IN DELIVERY. ZOLL Medical Corporation shall not be liable for any delay in the delivery of any part of the Equipment if such delay is due to any cause beyond the control of the ZOLL Medical Corporation including, but not limited to acts of God, fires, epidemics, floods, riots, wars, sabotage, labor disputes, governmental actions, inability to obtain materials, components, manufacturing facilities or transportation or any other cause beyond the control of ZOLL Medical Corporation. In addition ZOLL Medical Corporation shall not be liable for any delay in delivery caused by failure of the Customer to provide any necessary information in a timely manner. In the event of any such delay, the date of shipment or performance hereunder shall be extended to the period equal to the time lost by reason of such delay. In the event of such delay ZOLL Medical Corporation may allocate available Equipment among its Customers on any reasonable and equitable basis. The delivery dates set forth in this Quotation are approximate only and ZOLL Medical Corporation shall not be liable for or shall the Contract be breached by, any delivery by ZOLL Medical Corporation within a reasonable time after such dates.

9. LIMITATIONS OF LIABILITY. IN NO EVENT SHALL ZOLL MEDICAL CORPORATION BE LIABLE FOR INDIRECT SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM ZOLL MEDICAL CORPORATION'S PERFORMANCE OR FAILURE TO PERFORM PURSUANT TO THIS QUOTATION OR THE CONTRACT OR THE FURNISHING, PERFORMANCE, OR USE OF ANY EQUIPMENT OR SOFTWARE SOLD HERETO, WHETHER DUE TO A BREACH OF CONTRACT, BREACH OF WARRANTY, THE NEGLIGENCE OF ZOLL MEDICAL CORPORATION OR OTHERWISE.

10. PATENT INDEMNITY. ZOLL Medical Corporation shall at its own expense defend any suit that may be instituted against the Customer for alleged infringement of any United States patents or copyrights related to the parts of the Equipment or the Software manufactured by ZOLL Medical Corporation, provided that (i) such alleged infringement consists only in the use of such Equipment or the Software by itself and not as a part of or in combination with any other devices or parts, (ii) the Customer gives ZOLL Medical Corporation immediate notice in writing of any such suit and permits ZOLL Medical Corporation through counsel of its choice, to answer the charge of infringement and defend such suit, and (iii) the Customer gives ZOLL Medical Corporation all requested information, assistance and authority at ZOLL Medical Corporation's expense, to enable ZOLL Medical Corporation to defend such suit.

In the case of a final award of damages for infringement in any such suit, ZOLL Medical Corporation will pay such award, but it shall not be responsible for any settlement made without its written consent.

Section 10 states ZOLL Medical Corporation's total responsibility and liability's, and the Customer's sole remedy for any actual or alleged infringement of any patent by the Equipment or the Software or any part thereof provided hereunder. In no event shall ZOLL Medical Corporation be liable for any indirect, special, or consequential damages resulting from any such infringement.

11. CLAIMS FOR SHORTAGE. Each shipment of Equipment shall be promptly examined by the Customer upon receipt thereof. The Customer shall inform ZOLL Medical Corporation of any shortage in any shipment within ten (10) days of receipt of Equipment. If no such shortage is reported within ten (10) day period, the shipment shall be conclusively deemed to have been complete.

12. RETURNS AND CANCELLATION. (a) The Customer shall obtain authorization from ZOLL Medical Corporation prior to returning any of the Equipment. (b) The Customer receives authorization from ZOLL Medical Corporation to return a product for credit, the Customer shall be subject to a restocking charge of twenty percent (20%) of the original list purchase price, but not less than \$50.00 per product. (c) Any such change in delivery caused by the Customer that causes a delivery date greater than six (6) months from the Customer's original order date shall constitute a new order for the affected Equipment in determining the appropriate list price.

13. APPLICABLE LAW. This Quotation and the Contract shall be governed by the substantive laws of the Commonwealth of Massachusetts without regard to any choice of law provisions thereof.

14. COMPLIANCE WITH LAWS. (a) ZOLL Medical Corporation represents that all goods and services delivered pursuant to the Contract will be produced and supplied in compliance with all applicable state and federal laws and regulations, including the requirements of the Fair Labor Standards Act of 1938, as amended. (b) The Customer shall be responsible for compliance with any federal, state and local laws and regulations applicable to the installation or use of the Equipment furnished hereunder, and will obtain any permits required for such installation and use.

15. NON-WAIVER OF DEFAULT. In the event of any default by the Customer, ZOLL Medical Corporation may decline to make further shipments or render any further warranty or other services without in any way affecting its right under such order. If despite any default by Customer, ZOLL Medical Corporation elects to continue to make shipments its action shall not constitute a waiver of any default by the Customer or in any way affect ZOLL Medical Corporation's legal remedies regarding any such default. No claim or right arising out of a breach of the Agreement by the Customer can be discharged in whole or in part by waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by ZOLL Medical Corporation.

16. ASSIGNMENT. This Quotation, and the Contract, may not be assigned by the Customer without the prior written consent of ZOLL Medical Corporation, and any assignment without such consent shall be null and void.

17. TITLE TO PRODUCTS. Title to right of possession of the products sold hereunder shall remain with ZOLL Medical Corporation until ZOLL Medical Corporation delivers the Equipment to the carrier and agrees to do all acts necessary to perfect and maintain such right and title in ZOLL Medical Corporation. Failure of the Customer to pay the purchase price for any product when due shall give ZOLL Medical Corporation the right, without liability to repossess the Equipment, with or without notice, and to avail itself of any remedy provided by law.

18. EQUAL EMPLOYMENT OPPORTUNITY / AFFIRMATIVE ACTION.

VETERAN'S EMPLOYMENT - If this order is subject to Executive Order 11710 and the rules, regulations, or orders of the Secretary of Labor issued thereunder the contract clause as set forth at 41 CFR 60-250.4 is hereby included as part of this order.

EMPLOYMENT OF HANDICAPPED - If this order is subject to Section 503 of the Rehabilitation Act of 1973, as amended and the rules, regulations or orders of the Secretary of Labor as issued thereunder, the contract clause at 41 CFR 60-741.7 is hereby included as part of this order.

EQUAL OPPORTUNITY EMPLOYMENT - If this order is subject to the provisions of Executive Order 11246, as amended, and the rules, regulations or orders of the Secretary of Labor issued thereunder, the contract clause set forth at 41 CFR 60-1.4 (a) and 60-1.4 (b) are hereby included as a part of this order and Seller agrees to comply with the reporting requirements set forth at 41 CFR 60-1.7 and the affirmative action compliance program requirements set forth at 41 CFR 60-1.40.

19. VALIDITY OF QUOTATION. This Quotation shall be valid and subject to acceptance by the Customer, in accordance with the terms of Section 1 hereof for the period set forth on the face hereof. After such period, the acceptance of this Quotation shall not be binding upon ZOLL Medical Corporation and shall not create a contract, unless such acceptance is acknowledged and accepted by ZOLL Medical Corporation by a writing signed by an authorized representative of ZOLL Medical Corporation.

20. GENERAL. Any Contract resulting from this Quotation shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts. This constitutes the entire agreement between Buyer and Supplier with respect to the purchase and sale of the Products described in the face hereof, and only representations or statements contained herein shall be binding upon Supplier as a warranty or otherwise. Acceptance or acquiescence in the course of performance rendered pursuant hereto shall not be relevant to determine the meaning of this writing even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection. No addition to or modification of any of the terms and conditions specified herein shall be binding upon Supplier unless made in writing and signed by a duly authorized representative of Supplier. The terms and conditions specified shall prevail notwithstanding any variance from the terms and conditions of any order or other form submitted by Buyer for the Products set forth on the face of this Agreement. To the extent that this writing may be treated as an acceptance of Buyer's prior offer, such acceptance is expressly made conditional on assent by Buyer to the terms hereof, and, without limitation, acceptance of the goods by Buyer to the terms hereof, and, without limitation, acceptance of the goods by Buyer shall constitute such assent. All cancellations and reschedules require a minimum of thirty (30) days notice.

ZOLL Medical Corporation



Tanner Jacob
Account Manager
tanner.jacob@proambulance.net
979.249.7355

Professional Ambulance Sales and Service
8700 E FM 917
Alvarado, Texas 76009
800.561.6070

Montgomery County Hospital District
1400 S Loop 336 West
Conroe, Texas 77034

September 13, 2018

We would like to take this opportunity to thank you for your interest in our company and the products/services we have to offer. We also appreciate the ability to provide your department with the following proposals for (10) new Horton Type 1 623 Dodge Ram Ambulances. We hope this information is both helpful and informative for your upcoming purchasing decision.

Type 1 Horton 623 Dodge Ram Ambulance. (10) \$3,292,970


**See Additional Page for Spec List and Drawings

**Delivery estimated at 120 days from receipt of chassis.

If you have any questions or need any additional information, please do not hesitate to give me a call at 979-249-7355.

Thank you,

Tanner Jacob

 Montgomery County Hospital District	LOCK OUT TAG OUT	Page 1 of 3
Department	Policy Number	CAAS Reference Number
Emergency Preparedness & Risk Management	SEM 27-105	

I. PURPOSE

The purpose of this policy is to establish the responsibility of every MCHD employee, contractor, and vendor in preventing injury or death due to hazardous energy during equipment service or maintenance. Service or maintenance includes installing, repairing, adjusting, inspecting, setting up, trouble-shooting, testing, cleaning, and dismantling machines, equipment, or processes.

II. SCOPE

This policy applies to all MCHD employees, contractors, and vendors who may be exposed to hazardous energy during service or maintenance work. Uncontrolled energy includes potential, kinetic, flammable, chemical, electrical, and thermal sources.

III. DEFINITIONS

1. Affected employee – An employee whose job requires him/her to operate or use a machine or equipment on which servicing or maintenance is being performed under lockout/tagout, or whose job requires him/her to work in an area in which such servicing or maintenance is being performed.
2. Authorized employee – A person who locks out or tags out machines or equipment in order to perform servicing or maintenance on that machine or equipment. An affected employee becomes an authorized employee when that employee's duties include performing servicing or maintenance covered under this section. All authorized employees shall be trained and qualified to perform lock out and tag out under this policy.
3. Energized – Connected to an energy source or containing residual or stored energy.
4. Energy isolating device - A mechanical device that physically prevents the transmission or release of energy, including but not limited to the following: A manually operated electrical circuit breaker; a disconnect switch; a manually operated switch by which the conductors of a circuit can be disconnected from all ungrounded supply conductors, and, in addition, no pole can be operated independently; a line valve; a block; and any similar device used to block or isolate energy.
5. Energy source – Any source of electrical, mechanical, hydraulic, pneumatic, chemical, thermal, or other energy.

LOCK OUT TAG OUT	SEM 27-105	Page 2 of 3
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6. Lock out – The placement of a lockout device on an energy isolating device, in accordance with an established procedure, ensuring that the energy isolating device and the equipment being controlled cannot be operated until the lockout device is removed.
7. Lock out device - A device that utilizes a positive means such as a lock, either key or combination type, to hold an energy isolating device in the safe position and prevent the energizing of a machine or equipment.
8. Tag out – The placement of a tag, labeled with an individual's name and date, on an energy isolating device, in accordance with an established procedure, while that individual is working on the device or energized equipment connected to the device, ensuring that others will know that work is being performed by that individual. Should be used in conjunction with a lock out device.

IV. POLICY

1. Only authorized employees will perform service or maintenance on energized equipment.
2. All energized equipment shall be locked out and tagged out before performing maintenance or servicing to protect against accidental or inadvertent operation when such operation could cause injury.
3. Contractors and vendors may follow their agency's written lock out tag out (LOTO) procedure as long as it meets or exceeds the requirements of 29 CFR 1910.147. If no such written policy or procedure exists, then they will use MCHD's procedure.
4. No employee, contractor, vendor, or visitor will attempt to operate any switch, valve, or other energy isolating device bearing a lock out device and/or tag, or attempt to remove or disable the lock out device and/or tag, except as specified in the LOTO procedure.
5. Lock out and tag out devices must meet the following criteria to ensure that they are effective and not removed inadvertently:
 - Any employee who sees a lockout or tagout device must be able to recognize who attached it and its purpose.
 - Each lock must have a unique key or combination.
 - Lock out devices must work under the environmental conditions in which they are used.
 - Lock out devices and tag out devices must be designated by color, shape, or size.

LOCK OUT TAG OUT	SEM 27-105	Page 3 of 3
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- Lock out devices and tag out devices must be strong enough that they can't be removed inadvertently.
- Tag out devices must be attached with a single-use, self-locking material such as a nylon cable tie, with a minimum unlocking strength of 50 pounds.
- Tag out device warnings must remain legible even when they are used in wet, damp, or corrosive conditions.
- Tag out devices must have a standardized print and warning format.

V. TRAINING

Employees who may be exposed to hazardous energy will receive training before assignment to ensure that they understand this policy and have skills to apply, use, and remove energy controls. The training shall include the requirements of 1910.147 and the following:

- Affected employees will be trained in the purpose and use of energy-control procedures.
- Authorized employees will be trained to recognize hazardous energy sources, the type and magnitude of energy in the workplace, the methods and means necessary for isolating and controlling energy, and the means to verify that the energy is controlled.
- Employees working in areas where energy-control procedures are used will be trained about the procedures and the prohibition against starting machines that are locked or tagged out.
- Employees will be retrained annually to ensure they understand energy-control policy and procedures.
- Authorized and affected employees will be retrained whenever their job assignments change, energy-control procedures change, equipment or work processes present new hazards, or when they don't follow energy-control procedures.

Current training records will be maintained for each authorized and affected employee including the employee's name and the training date.

References

29 CFR 1910.147

Original Date	04/2018
Review/Revision Date	MM/YYYY
X Supersedes all Previous	
Approved by Board of Directors	__/__/__

CHCA Conroe, L.P. d/b/a Conroe Regional Medical Center ("Landlord") and Montgomery County Hospital District ("Tenant"), under the following circumstances:

Landlord and Tenant have entered into that certain Medical Office Building Lease, dated as of September 20, 2017 (such lease as it may have been amended is hereinafter referred to as the "**Lease**"), whereby Landlord has leased to Tenant premises consisting of approximately 3,001 square feet and known as Suite No. A (the "**Premises**") on the first (1st) floor of the building located at 301 George Strake Blvd., Conroe, Texas 77304; and

Landlord and Tenant desire to enter into this Amendment in order to extend and modify certain terms of the Lease.

NOW THEREFORE, in consideration of the premises and the agreements and covenants contained herein, Landlord and Tenant agree that the Lease is amended and modified as follows:

A. Amendments

1. **Term.** The Term of the Lease is hereby extended for an additional period (the "**Extended Term**") commencing on the "Extended Term Commencement Date" (as defined below) and expiring at 11:59 p.m. on the "Extended Term Expiration Date" (as defined below). "**Extended Term Commencement Date**" shall mean the later of October 1, 2018 or the date of execution of this Amendment by Landlord as set forth in Landlord's signature block. "**Extended Term Expiration Date**" shall mean the later of September 30, 2019 or the last day of the first Extended Term Lease Year. "**Extended Term Lease Year**" shall mean the period beginning on the Extended Term Commencement Date and ending on the first anniversary of the last day of the calendar month in which the Extended Term Commencement Date occurs (unless the Extended Term Commencement Date is the first day of a calendar month, in which event such first Extended Term Lease Year shall end on the day prior to the first anniversary of the Extended Term Commencement Date) and each twelve (12) month period thereafter during the Term of this Lease.
2. **Base Rent.** Beginning on the Extended Term Commencement Date, the amount of Base Rent payable in accordance with Section 2 of the Lease shall be as provided in the following Extended Term Schedule A.

EXTENDED TERM SCHEDULE A			
Extended Term Lease Year	Annual Base Rent Rate	Annual Base Rent	Monthly Rent Installment
<u>1</u>	<u>\$14.42/r.s.f.</u>	<u>\$43,274.40</u>	<u>\$3,606.20</u>

3. If the Lease is in a One Year Extension Term at the time of the commencement of the Extended Term, then such One Year Extension Term shall terminate upon the commencement of the Extended Term.
4. The Lease is hereby amended by adding the following Section thereto:

SECTION 23. TERMINATION OPTION

So long as Tenant is not in default under the terms of this Lease, then subject to the terms of this Section, Tenant may terminate this Lease at any time by giving Landlord not less than 90 days prior written notice of termination. Within 30 days after Landlord's receipt of such notice of termination, Landlord shall notify Tenant in writing of the amount of the cancellation fee (the "**Cancellation Fee**") that Tenant shall be required to pay in consideration for the

Tenant has paid the Cancellation Fee, then this Lease shall terminate upon the later of the following (the "**Termination Date**"): (i) the date of termination set forth in such notice, (ii) the 90th day after the date Landlord receives such notice of termination, or (iii) such other date as may be agreed upon in writing by Landlord and Tenant. Tenant shall surrender the Premises to Landlord in accordance with the provisions of Section 16.1(a) of this Lease on or before the Termination Date. Notwithstanding anything to the contrary set forth herein, (x) no exercise of the foregoing termination option shall extend the term of this Lease and (y) if following the Termination Date, Tenant has not vacated and surrendered the Premises in accordance with Section 16.1(a) of this Lease, then this Lease shall not terminate, but instead shall continue as an Unauthorized Holdover subject to Section 16.1(b). The parties agree that in the event this Lease is terminated pursuant to this Section, they shall not enter into a new lease or agreement for the lease or occupancy of the Premises by Tenant at any time prior to one year after the Commencement Date. Upon termination as provided above, both parties shall be released of all obligations and liabilities arising under this Lease following the effective date of termination; provided that the parties shall remain liable under the provisions of the preceding sentence and for all obligations under this Lease that have accrued prior to such termination or are otherwise intended to survive termination of this Lease.

B. Miscellaneous.

1. Except as amended by this Amendment, the Lease is not otherwise amended, and the Lease is hereby ratified and confirmed and remains in full force and effect, as amended hereby. In the event of a conflict between the terms of this Amendment and the terms of the Lease, the terms of this Amendment shall control. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Defined terms used in this Amendment not defined herein shall have the meaning set forth in the Lease.

[signatures on following page]

As to Tenant:

(Witness Signature)

(Witness Printed Name)

(Witness Signature)

(Witness Printed Name)

WITNESS

As to Landlord:

(Witness Signature)

(Witness Printed Name)

(Witness Signature)

(Witness Printed Name)

Montgomery County Hospital District

By: _____

Name: Randy E. Johnson

Title: Chief Executive Officer

Date: _____

LANDLORD:

CHCA Conroe, L.P. d/b/a Conroe Regional Medical Center

By: Conroe Hospital Corporation

Its: General Partner

By: _____
(Signature)

Name: Christopher Davis

Title: Vice President

Date: _____
[Date must be inserted at time of execution]

Gross Lease

5/01/08

MEDICAL OFFICE BUILDING LEASE

THIS LEASE, dated _____, 2017 for reference purposes (the "Date of this Lease"), is made and entered into by and between CHCA Conroe, L.P. d/b/a Conroe Regional Medical Center, or its assigns ("Landlord"), and Montgomery County Hospital District ("Tenant").

Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed by Tenant as hereinafter set forth, hereby leases to Tenant and Tenant hereby leases from Landlord, Suite No. A, consisting of 3,001 rentable square feet of space (the "Premises"), on the first (1st) floor in the building located at 301 George Strake Blvd., Conroe, Texas 77304 ("Building"), for the term and upon the conditions and agreements hereinafter set forth ("Lease"). The Building is located at or upon the property more particularly described in Exhibit A-1 attached hereto and incorporated herein. The Premises are more particularly shown or described on Exhibit A-2 attached hereto and incorporated herein. This Lease shall constitute a binding agreement between the parties effective as of the date this Lease is executed by Landlord and Tenant.

SECTION 1. TERM

The commencement date of the term of this Lease shall be September 18, 2017 (such date, as it may be adjusted is hereinafter called the "Commencement Date"), and shall continue thereafter for one (1) year, zero (0) months and twelve (12) days and shall expire at 11:59 p.m. on September 30, 2018 (the "Expiration Date") (such term, any extension or renewal thereof and any "Unauthorized Holdover Term" and any "One Year Extension Term", as such terms are defined in Section 16, are referred to individually and collectively, as the case may be, as the "Term"). In the event the date of execution of this Lease by Landlord as set forth in Landlord's signature block is after the Commencement Date as set forth above, then the Commencement Date shall mean the date of execution of this Lease by Landlord as set forth in Landlord's signature block. Furthermore, in the event the Commencement Date is adjusted pursuant to Section 11, then the Commencement Date shall mean the Commencement Date as determined pursuant to Section 11 hereof. No change to the Commencement Date pursuant to this paragraph or pursuant to Section 11 shall change the Expiration Date unless (a) a different Expiration Date is set forth on a "Commencement Date Certificate" (as defined below), in which event the Expiration Date shall mean the day as set forth on the Commencement Date Certificate, or (b) the initial Term of this Lease as a result of such change in the Commencement Date is less than one (1) year, in which event the Expiration Date shall mean the last day of the first "Lease Year" (as defined below) (in the event of a conflict between clause (a) and clause (b) of this sentence, the Expiration Date resulting in the longest initial Term shall control). In the event of any change in the Commencement Date pursuant to the terms of this Section or pursuant to Section 11, Tenant at Landlord's request shall execute and deliver to Landlord a Commencement Date Certificate in the form attached hereto as Exhibit B acknowledging such change in the Commencement Date, and if applicable, the Expiration Date (the "Commencement Date Certificate"). Any change to the Commencement Date and/or Expiration Date pursuant to the terms of this Section or pursuant to Section 11 shall be automatic and refusal or failure by Tenant to sign a Commencement Date Certificate shall not affect such change to the Commencement Date and/or Expiration Date. "Lease Year" shall mean the period beginning on the Commencement Date and ending on the first anniversary of the last day of the calendar month in which the Commencement Date occurs (unless the Commencement Date is the first day of a calendar month, in which event such first Lease Year shall end on the day prior to the first anniversary of the Commencement Date) and each twelve (12) month period thereafter during the Term of this Lease.

SECTION 2. RENT

2.1. Base Rent. During the Term, Tenant shall pay to Landlord "Annual Base Rent" as determined pursuant to Schedule A or Schedule B below, whichever is applicable, multiplied by the number of rentable square feet of the Premises (such sum is hereafter referred to as "Base Rent"), together with any "Additional Rent" (as hereinafter defined). Base Rent shall be payable in monthly installments in advance without notice, demand, setoff or deduction and all such installments shall be paid to Landlord or its "Property Manager" (as hereinafter designated) in U.S. Dollars, at the following address: HCA, Inc., P.O. Box 403375, Atlanta, GA 30384-3375, or at such other address as Landlord may designate. Landlord's "Property Manager" is Lincoln Harris, CSG. Except as otherwise may be provided in Section 11, the first monthly installment for Base Rent shall be due on the Commencement Date and, thereafter, such monthly installments shall be due on the first day of each calendar month. If Tenant's obligation to pay Base Rent relates to only a part of a month at the beginning or the end of the Term, Tenant shall pay Landlord a proportionate part of the applicable monthly installment for each such partial month, which shall be payable at the same time as the first or last (as applicable) monthly installment is due under this Lease.

Schedule A shall apply to this Lease.

SCHEDULE A				SCHEDULE B		
Lease Year	Annual Base Rent Rate	Annual Base Rent	Monthly Rent Installment	Annual Base Rent Rate	Annual Base Rent (1)	Monthly Rent Installment (1) (First Year Only)
<u>1</u>	<u>\$14.00/r.s.f.</u>	<u>\$42,014.04</u>	<u>\$3,501.17</u>	<u>\$_____ /r.s.f.</u>	<u>\$_____</u>	<u>\$_____</u>

1) The Base Rent set forth in Schedule B is subject to increases as a result of increases in the cost of living during the Term. On the first day of the second Lease Year and on the first day of each Lease Year thereafter during the term of this Lease (each such date an "Adjustment Date"), Base Rent shall be adjusted to reflect the increase, if any, in the cost of living over the preceding Lease Year. Base Rent due as a result of an increase in the cost of living shall be calculated in accordance with the terms set forth below. The basis for computing the cost of living shall be the unadjusted Consumer Price Index for all Urban Consumers, All Items (1982-84 = 100) published by the Bureau of Labor Statistics of the United States Department of Labor (the "Index"). The Index for the third calendar month preceding the month in which the Commencement Date occurs shall be the "Base Index Number". The Index for the same calendar month preceding the applicable Adjustment Date shall be the "Current Index Number". The Base Rent for the Lease Year commencing on each Adjustment Date shall be the product obtained from multiplying the amount of Annual Base Rent set forth in Schedule B (the "Initial Base Rent") by the fraction whose numerator is equal to the Current Index Number and whose denominator is equal to the Base Index Number; provided that in no event will Base Rent for such Lease Year be less than the greater of the initial Base Rent or the adjusted Base Rent for the Lease Year immediately preceding the Adjustment Date. If on any Adjustment

SECTION 3. ADDITIONAL RENT

3.1. **Additional Rent.** In addition to the Base Rent as set forth in Section 2 herein, Tenant shall pay Landlord "Additional Rent", which term shall be defined to include the following:

(a) any sum owed for separately metered utilities, including, without limitation, electricity, or as a "Surcharge" (as defined in Section 5); and

(b) any other sums owed by Tenant pursuant to the terms of this Lease or otherwise arising in connection with Tenant's occupancy of the Premises.

For purposes of this Lease, Base Rent and Additional Rent shall hereinafter be collectively referred to as "Rent".

3.2. **Security Deposit.** Tenant has deposited with Landlord the sum of \$0.00 (the "Security Deposit") as security for the full and faithful performance by Tenant of all of Tenant's obligations hereunder. No interest shall be paid upon the Security Deposit nor shall Landlord be required to maintain the deposit in a segregated account, unless required by applicable law in which event Landlord will comply with such legal requirement. The Security Deposit shall not be construed as prepaid rent. In the event that Tenant shall default in the full and faithful performance of any of the terms hereof, then Landlord may, without notice, either retain the Security Deposit as liquidated damages, or Landlord may retain the same and apply it toward any damages sustained by Landlord, including but not limited to actual damages sustained by the Landlord by reason of the default of Tenant, including any past due Rent. In the event of bankruptcy or other debtor-creditor proceedings, either voluntarily or involuntarily instituted by or against Tenant, the Security Deposit shall be deemed to be applied in the following order: to actual damages, obligations and other charges, including any damages sustained by Landlord, other than unpaid Rent, due to Landlord for all periods prior to the filing of such proceedings; to accrued and unpaid Rent prior to the filing of such proceeding; and thereafter to actual damages, obligations, other charges and damages sustained by Landlord and rent due the Landlord for all periods subsequent to such filing. In the event of a sale of the Premises or all or any portion of the Building, Landlord shall have the right to transfer the Security Deposit to the buyer, and Landlord shall thereupon be relieved of all obligations to return the Security Deposit to Tenant, and Tenant agrees to look solely to the buyer for the return of the Security Deposit. If Tenant fully and faithfully complies with all of the terms hereof, the Security Deposit or any balance thereof shall be returned to Tenant within thirty (30) days after expiration of this Lease, including any renewal thereof.

3.3. The rentable square footage of the Premises may at Landlord's option, be calculated in accordance with the definition of "rentable area" in the BOMA Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1 - 1996 (the "BOMA Standard") or in accordance with any other method adopted by Landlord for the Building so long as such method is used for the calculation of the rentable square footage of all of the rentable area of all space leased or suitable for lease in the Building and so long as the sum of the proportionate share of all such rentable area does not exceed one hundred percent. If requested by Tenant, Landlord shall provide Tenant with a copy of the methodology adopted by Landlord for calculating the rentable square footage of the Building and Premises. The rentable area in the Premises as set forth on Page 1 of this Lease is hereby stipulated to be the rentable area of the Premises for all purposes under this Lease, whether the same should be more or less as a result of minor variations resulting from actual construction and completion of the Premises and for actual occupancy; provided, however, in the event Landlord re-measures the Premises or the Building in accordance with commercially reasonable procedures and if such remeasurement indicates that the rentable area of the Premises is different than above stated, then Landlord may give Tenant written notice of the change and the new number of square feet shall become the rentable area of the Premises for all purposes effective as of the date of such notice. .

SECTION 4. USE OF PREMISES

4.1. **Prohibited Uses.** (a) The Premises shall continuously and at all times during the Term be used and occupied by Tenant only as medical offices for licensed physicians ("Physicians") to engage in the private practice of medicine and other related activities incidental thereto, and for no other purpose. Notwithstanding the foregoing, the provision or operation of any of the following services or facilities shall not be permitted in the Premises:

- (i) a health care facility that has facilities for overnight accommodations of patients;
- (ii) the provision of any medical or related service to or for any person that is in addition to the examination and diagnosis of patients performed directly by a Physician or by other health care professionals either independently licensed or under the direct supervision of a Physician, or a facility operated for the provision of any such service(s);
- (iii) outpatient or inpatient surgery services;
- (iv) outpatient or inpatient birthing services;
- (v) an oncology treatment facility;
- (vi) an emergency center;
- (vii) physical, inhalation or respiratory therapy services;
- (viii) a laboratory (including, without limitation, a pathology laboratory or a clinical laboratory); and
- (ix) diagnostic or therapeutic testing services, including without limitation, all diagnostic imaging services, including without limitation:
 - A. fluoroscopy;
 - B. x-ray;
 - C. plain film radiography;
 - D. computerized tomography (CT);
 - E. ultrasound;

not constitute the Physician's primary medical practice or specialty or constitute the predominant services rendered by the Physician to the Physician's patients.

(c) Prior to providing pathological laboratory or x-ray services, Tenant shall have submitted to Landlord a detailed description of the laboratory or x-ray services Tenant desires to provide or perform and Landlord shall have consented in writing to the provision or performance of such services, which consent may be denied in Landlord's sole and absolute discretion (the provision of such services and procedures shall be strictly limited to those services and procedures to which Landlord has expressly consented in writing and the terms of this paragraph shall be strictly construed to prohibit any expansion or addition to such services or procedures without Landlord's written consent). Tenant shall not dispense any drugs or medicines to persons other than Tenant's own patients. Prior to the installation of any diagnostic, laboratory or radiology equipment for services permitted hereunder, Tenant shall provide Landlord with a list of such equipment; a list of any hazardous substances, wastes or materials, as hereinafter defined, which will be used or generated in connection with the use of such diagnostic, laboratory or radiology equipment; and Tenant's proposed procedures for the use, storage and disposal of any hazardous substances, wastes or materials, including but not limited to the procedure for silver recovery for any radiology equipment.

4.2. Approved Services. Notwithstanding anything in this Section 4 to the contrary, Tenant may provide the following ancillary medical care and services in the Premises to patients of Tenant or of any Physician owner or employee of Tenant practicing in the Premises (the "Approved Services"): None; provided that the provision of Approved Services shall be subject to the following limitations and restrictions: (a) the patients of Tenant or of any Physician owner or employee of Tenant practicing in the Premises to whom Approved Services are provided shall not be referred to Tenant or such Physician for the purpose of obtaining such services or procedures; and (b) the Approved Services are and at all times shall be incidental to and a necessary part of the examination or diagnosis rendered to Tenant's or such Physician's patients (i.e., no provision of services to third parties), and ancillary and incidental to Tenant's or such Physician's primary medical practice and shall not constitute either Tenant's or such Physician's primary medical practice or specialty, or the predominant services rendered by Tenant to Tenant's patients or by such Physician to such Physician's patients. Without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion, Tenant shall not modify or expand any of the Approved Services.

4.3. Physician Qualifications. All Physicians who conduct a medical practice and related activities in the Premises must be and remain appropriately licensed and in good standing with the state licensing board and any applicable federal, state or local certification or licensing agency or office, without restriction, not subject to any sanction, exclusion order, or other disciplinary order with respect to his or her participation in any federal or state healthcare program. Further, each such Physician must be qualified to be a member of the active medical staff of Conroe Regional Medical Center (the "Hospital"); provided, however, that nothing in this Section 4.3 shall require any Physician who conducts a medical practice in the Premises actually to be a member of the Hospital's active medical staff.

4.4. Supervision and Management. Each medical practice conducted upon the Premises shall at all times be conducted under the supervision and authority of a Physician and, except with Landlord's prior written consent, which may be withheld in Landlord's sole and absolute discretion, no such Physician shall (1) allow any other person or entity to purchase, manage or operate its medical practice or (2) conduct the medical practice while serving as an agent or employee of any other person or entity.

4.5. Compliance with Legal Requirements. Tenant shall comply with all governmental laws, codes, ordinances and regulations applicable to the use of the Premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances and other activities in or upon, or connected with the Premises. Tenant shall not use or occupy the Premises in violation of the certificate of use or occupancy issued for the Premises or the Building (the "Certificate"). Tenant shall act in accordance with and not violate any restrictions or covenants of record affecting the Premises or the Building. Tenant shall immediately discontinue any use of the Premises which is declared by either any governmental authority having jurisdiction or the Landlord to be a violation of any such governmental laws, codes, ordinances or regulations, Certificate, restrictions or covenants. Tenant shall comply with any direction of any governmental authority having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupancy thereof. To the extent any alterations to the Premises are required by the Americans with Disabilities Act, as amended from time to time (the "ADA") or other applicable laws or regulations, Tenant shall bear the expense of the alterations. To the extent any alterations to areas of the Building outside the Premises or common areas are required by the ADA or other applicable laws or regulations (for "path of travel" requirements or otherwise), Landlord shall bear the expense of the alterations.

4.6. Hazardous Acts; Waste; Nuisance. Tenant shall not do nor permit to be done anything which will invalidate or increase the cost of any casualty and extended coverage insurance policy covering the Building, the Premises and/or property located in the Building or the Premises, and shall comply with all rules, orders, regulations and requirements of the appropriate Fire Rating Bureau or any other organization performing a similar function. Tenant shall promptly upon demand reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this paragraph. Tenant shall not do nor permit anything to be done in, on or about the Premises which would in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or use or allow the Premises to be used for any immoral, unlawful or objectionable purpose, nor shall Tenant maintain or permit any nuisance or commit or suffer to be committed any waste in, on or about the Premises.

SECTION 5. BUILDING SERVICES AND MAINTENANCE

5.1. Landlord's Services. Landlord shall provide all of the following utilities and services:

(a) Electricity and water for the Premises, as reasonably necessary for the uses permitted under this Lease, except to the extent those utilities are separately metered or submetered to the Premises;

(b) If the Building is equipped with a central heating and air-conditioning system that serves the rentable areas of the Building, heat and air-conditioning as required for Tenant's comfortable use and occupancy of the Premises during normal business hours. The term "normal business hours" shall mean the hours of N/A to N/A Monday through Friday and N/A to N/A on Saturday, excluding federal and/or state holidays as elected by Landlord;

(c) Unless the Premises are equipped with a water heater, hot water at those points of supply provided for the general use of Tenant and other tenants of the Building;

any of the foregoing or the disposal of foreign materials or substances not intended to be disposed in toilets or sinks, all of which shall be the sole responsibility of Tenant.

All such services shall be provided in a manner that is consistent with those services provided in comparable medical office buildings of similar size and age which are located within the local community.

5.2. Utility Services; Damage to Tenant's Property. If Tenant requires or utilizes more water or electric power than is considered reasonable or normal by Landlord, Landlord may reasonably determine and require Tenant to pay as Additional Rent, the cost incurred as a result of such additional usage ("Surcharge"). Unless otherwise directed by Landlord, Tenant shall pay directly to the utility provider all separately metered utilities required and used by Tenant in the Premises. Landlord reserves the privilege of stopping any or all utility services in case of accident or breakdown, or for the purpose of making alterations, repairs or improvements. Landlord shall not be liable for the failure to furnish or delay in furnishing any or all of such services when same is caused by or is the result of (a) strikes, labor disputes, labor, fuel or material scarcity, or governmental or other lawful regulations or requirements; (b) the failure of any corporation, firm or person with whom the Landlord may contract for any such service, or for any service incident thereto, to furnish any such service; (c) the making of any alterations, repairs or improvements as described in the preceding sentence; (d) any other cause other than the gross negligence of the Landlord; and the failure to furnish any of such services in such event shall not be deemed or construed as an eviction, or relieve Tenant from the performance of any of the obligations imposed upon Tenant by this Lease, including its obligation to pay Rent. Landlord shall not be responsible for the failure of any equipment or machinery to function properly on account of any such interruption of such services. Tenant shall be solely responsible for and shall promptly pay all charges for telephone, Internet services and all other communication services.

5.3. Medical and Hazardous Waste; Mold. (a) Tenant, at Tenant's sole cost and expense, shall be responsible for medical, special and infectious waste removal for the Premises and the maintenance and storage thereof pending removal, all in accordance with all applicable laws, regulations and orders. Tenant shall not cause or permit the release or disposal of any hazardous substances, wastes or materials, or any medical, special or infectious wastes, on or about the Premises or the Building. "Hazardous substances" as such term is used in this Agreement means any hazardous or toxic substance, material or waste, regulated or listed pursuant to any federal, state or local environmental law, including without limitation, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act and the Occupational Safety and Health Act. Tenant shall comply with all rules and policies set by Landlord, and with all federal, state and local laws, regulations and ordinances which govern the use, storage, handling and disposal of hazardous substances, wastes or materials and medical, special or infectious wastes. Tenant shall indemnify, defend and hold Landlord harmless from and against any claims or liability arising out of or connected with Tenant's failure to comply with the terms of this Section 5.3, which terms shall survive the expiration or earlier termination of this Lease. If Landlord decides to provide medical, special and infectious waste removal services for its tenants (which decision may be made in Landlord's sole discretion), Tenant may elect to contract separately with Landlord for such services; provided that Tenant shall pay Landlord a reasonable fee for the provision of such service, the amount of which shall be determined by Landlord.

(b) Tenant shall not permit undue accumulations of garbage, trash, rubbish or other refuse within the Premises and shall keep all refuse in proper containers until disposal of such refuse. Tenant shall not permit the mixing or disposal of any hazardous substances, wastes or materials or any medical, special or infectious waste with the general office refuse and Landlord shall have no duty or obligation to remove any hazardous substances, wastes or materials or any medical, special or infectious waste from the Premises (except as provided by separate contract as set forth above in Section 5.3(a)).

(c) Tenant acknowledges that mold, mildew, fungi and bacteria are naturally occurring organisms. Tenant acknowledges that it has had the opportunity prior to occupying the Premises to test the Premises, at its own expense, for the presence of mold, mildew, fungi and other harmful bacteria (mold, mildew, fungi and harmful bacteria shall be referred to herein as "Organics"). Tenant shall provide Landlord with a copy of any such test results. Tenant covenants, warrants and agrees that (i) Tenant shall not take or omit to take any action with respect to its use of the Premises so as to cause or contribute to the growth of Organics in the Premises or the Building, and (ii) Tenant shall (A) keep the Premises adequately ventilated at all times, (B) repair any condition of the Premises which could cause or contribute to the growth of Organics including, without limitation any condition which causes or permits water to collect or condense within the Premises, (C) maintain indoor humidity within the Premises at a reasonable level (no higher than 60%), (D) regularly inspect all window areas or other areas where water may condense in or leak into the Premises, and (E) if and to the extent the maintenance and repair of the HVAC units serving the Premises are Tenant's responsibility, cause such HVAC units to be inspected and cleaned periodically. Tenant shall immediately notify Landlord in writing of any visible signs of the presence or growth of Organics in the Premises or in the common areas of the Building or of any water leak or excessive water condensation in the Premises or in the common areas of the Building. Furthermore, Tenant shall immediately notify Landlord in writing if Tenant has reasonable cause to believe that the growth of Organics has or will occur in the Premises or in any other portion of the Building. Tenant shall use its best efforts to remove immediately from the Premises any water that (i) leaks into the Premises from inside or outside the Building, (ii) runs into the Premises from any break or damage to any pipes, appliances or plumbing works, (iii) overflows into the Premises from any faucet, sink or tub, or (iv) condenses in the Premises. Tenant shall promptly (x) repair any damage to the Premises caused by any such water leak, run overflow or condensation, and (z) return the Premises to the condition in which it existed immediately prior to such water leak, run overflow or condensation. Furthermore, Tenant at its sole cost and expense shall be responsible for remediating and removing all Organics from the Premises. Landlord shall not be responsible for remediating or removing any Organics from the Premises (unless Landlord at its option elects to remediate and remove Organics from the Premises) and Landlord shall specifically not be liable for any damage, injury or loss of any kind, to persons or property, including without limitation consequential damages, arising out of the presence of any form of Organics in the Premises or in the Building. If any water leak, run overflow or condensation in the Premises or in any other portion of the Building is caused by the action or negligence of Tenant, then at Landlord's option, if requested by Landlord in writing, Tenant shall reimburse and pay to Landlord the cost of any assessment or report obtained by Landlord with respect to the presence or growth of Organics in the Premises and/or such other portion of the Building.

5.4. Landlord's Repairs. Except as provided in Section 5.5(b), Landlord shall maintain in good repair the Building, the common areas and facilities of the Building used by Tenant, the mechanical, plumbing and electrical systems of the Premises, the walls, floors, doors, windows and all structural elements of the Premises (excepting painting and repair or replacement of floor or wall coverings). Except as otherwise specifically provided in Section 5, Landlord shall have no duty to maintain, repair, clean or service the Premises.

5.5. Tenant's Repairs. (a) Tenant shall maintain the Premises in good repair and condition and shall make all repairs

All changes, alterations, improvements and additions to the Premises shall be done only by Landlord or contractors or mechanics approved by Landlord, and shall be at Tenant's sole expense and at such times and in such manner as Landlord may approve. If Tenant shall make any changes, alterations, improvements or additions to the Premises, Landlord may require Tenant, at the expiration of this Lease, to restore the Premises to substantially the same condition as existed at the commencement of the Term. The interest of Landlord shall not be subject to liens for improvements made by Tenant in and to the Premises. Tenant shall notify every contractor making such improvements of the provisions set forth in the preceding sentence of this paragraph. Any mechanics or materialmen's lien for which Landlord or Tenant has received a notice of intent to file or which has been filed against the Premises or the Building arising out of work done for, or materials furnished to or on behalf of Tenant, its contractors or subcontractors shall be discharged, bonded over or otherwise satisfied by Tenant within ten (10) days following the earlier of the date Tenant receives (a) notice of intent to file a lien or (b) notice that the lien has been filed. If Tenant fails to discharge, bond over, or otherwise satisfy any such lien, Landlord may do so at Tenant's expense, and the amount expended by Landlord, including reasonable attorneys' fees, shall be paid by Tenant within ten (10) days following Tenant's receipt of a bill from Landlord.

SECTION 7. DAMAGE TO PROPERTY - INJURY TO PERSONS; INSURANCE

7.1. Tenant's Indemnity. Subject to Section 21.5 hereof, Tenant shall and hereby does indemnify, defend and hold harmless Landlord and its agents from and against any and all claims, demands, actions, losses, damages, orders, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and costs of litigation) incurred by Landlord and/or its agents as a result of or arising from: (a) the use or occupancy of the Premises by Tenant or any subtenant of Tenant; (b) any willful or negligent acts or omissions of Tenant, any subtenant of Tenant or Tenant's or such subtenant's agents, employees, contractors or invitees; or (c) any breach or violation by Tenant of the terms of this Lease.

7.2. Landlord's Indemnity. Subject to Section 21.5 hereof, Landlord shall and hereby does indemnify, defend and hold harmless Tenant from and against any and all claims, demands, actions, losses, damages, orders, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and costs of litigation) incurred by Tenant as a result of or arising from: (a) any accident or occurrence occurring within the Building or the common areas and facilities, arising out of the negligence or intentional misconduct of Landlord, or of Landlord's agents, employees or contractors; or (b) any breach or violation by Landlord of the terms of this Lease.

7.3. Insurance. Tenant shall, throughout the Term, at its sole cost and expense, provide and keep in force, with responsible insurance companies reasonably acceptable to Landlord, insurance with respect to this Lease and the Premises in the following amounts for any one accident or occurrence: (a) commercial general liability insurance written on an occurrence basis with limits for property damage claims of not less than \$100,000 and limits for personal injury or death not less than \$1,000,000 per person and \$1,000,000 per occurrence; and (b) casualty insurance insuring Tenant against loss or damage to its equipment and other personal property in the Premises by fire and all other casualties usually covered under an "all risk" policy of casualty insurance. To the extent Landlord also maintains any insurance in any way connected with the Premises, Landlord's insurance shall be excess coverage and Tenant's insurance shall be primary coverage. The policies described herein shall be endorsed to include Landlord and its Property Manager as additional insureds. The policies required herein shall contain an agreement by the insurer that it will not cancel the policy except after not less than ten (10) days' prior written notice to Landlord and that any loss otherwise payable under the policy shall be payable notwithstanding any act or negligence of Landlord or Tenant that might, absent such agreement, result in a forfeiture of all or a part of the insurance payment. Tenant shall furnish the Landlord with proof of all such insurance at least annually and upon demand of the Landlord.

7.4. Waiver of Liability. Neither Landlord nor its agents shall be liable for any damage to property entrusted to employees of the Building, nor for loss of or damage to any property by theft or otherwise, nor for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface, or from any other place or resulting from dampness or any other cause whatsoever, unless caused by or due to the negligence of Landlord, its agents, servants or employees. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or in the Building or of defects therein or in the fixtures or equipment. Tenant hereby acknowledges that Landlord shall not be liable for any interruption to Tenant's business for any cause whatsoever, and that Tenant shall obtain business interruption insurance coverage should Tenant desire to provide coverage for such risk.

SECTION 8. DAMAGE OR DESTRUCTION

A total destruction of the Building in which the Premises are located shall automatically terminate this Lease as of the date of such destruction. If the Building is damaged or destroyed by fire or other casualty (collectively "Casualty") and if as a result thereof Landlord elects to close and/or demolish the Building or the wing(s) or floor(s) thereof in or upon which the Premises are located, then Landlord shall notify Tenant in writing thereof and this Lease shall terminate (a) as of the date of the Casualty if Tenant has been unable to use or access the Premises as a result of such Casualty, or (b) if Tenant has been able to use and access the Premises after such Casualty, then on the ninetieth (90th) day after Landlord delivers such written notice to Tenant. If the Premises are damaged by a Casualty and this Lease is not terminated as provided above, then Landlord shall notify Tenant in writing within sixty (60) days after the date of the Casualty of whether or not Landlord elects to repair the Premises. If Landlord delivers to Tenant written notice that Landlord elects not to repair the Premises (the "No Repair Notice"), then either party may terminate this Lease by delivering written notice of termination to the other party not more than fifteen (15) days after Landlord's delivery to Tenant of the No-Repair Notice. If Landlord delivers to Tenant written notice that Landlord elects to repair the Premises (the "Repair Notice"), then such Repair Notice shall include Landlord's good faith estimate of the date by which such repairs will be substantially completed (the "Estimated Completion Date"). If the Estimated Completion Date is more than one hundred eighty (180) days after the date of the Casualty, then either party may terminate this Lease by delivering written notice of termination to the other party not more than fifteen (15) days after Landlord's delivery to Tenant of the Repair Notice. If a notice of termination is given pursuant to one of the three preceding sentences, then this Lease shall terminate (a) as of the date of the Casualty if Tenant has been unable to use or access the Premises as a result of such Casualty, or (b) if Tenant has been able to use and access the Premises after such Casualty, then on the thirtieth (30th) day after delivery of such termination notice. If the Premises are damaged by a Casualty and this Lease is not terminated, then the damage to the Premises shall be repaired by and at the expense of Landlord, provided Landlord shall not be required to repair or replace any personal property or trade fixtures located in the Premises. Landlord shall use good faith efforts to cause such repairs to be substantially completed by the Estimated Completion Date without the payment of overtime or other premiums; provided, however, Tenant understands Landlord cannot guarantee completion by that date. Tenant acknowledges and agrees that completion of such repairs may be delayed by (i) any combination action of workmen (either those employed on the project or in any industry essential to the conduct of the work) such as strikes, embargoes, or lockouts; (ii) acts of government; (iii) acts of God; (iv) shortage of materials, energy, fuel, equipment, facilities or labor; or (v) by other causes that are beyond Landlord's control and Tenant agrees that completion of such repairs and the Estimated Completion Date will be extended accordingly. Until the earlier

expressly made to Tenant for: (a) the taking of personal property and fixtures belonging to Tenant; (b) the interruption of or damage to Tenant's business or profession; (c) the cost of relocation expenses incurred by Tenant; and (d) Tenant's unamortized cost of leasehold improvements; provided that the making of any such award to Tenant shall not reduce or diminish Landlord's award relating to such condemnation. Landlord may without any obligation or liability to Tenant stipulate with any condemning authority for a judgment of condemnation without the necessity of a formal suit or judgment of condemnation, and the date of taking under this clause shall then be deemed the date agreed to under the terms of said agreement or stipulation.

SECTION 10. ASSIGNMENT AND SUBLETTING

Tenant shall not, either voluntarily or by operation of law, directly or indirectly, sell, assign or transfer this Lease, in whole or in part, or sublet the Premises or any part thereof, or permit the Premises or any part thereof to be occupied by any person, corporation, partnership, or other entity except Tenant or Tenant's employees, without the prior written consent of Landlord in each instance. A transfer of stock control in Tenant, if Tenant is a corporation, or the transfer of a greater than forty-nine percent (49%) beneficial ownership interest in Tenant, if Tenant is a partnership, limited liability company or other entity, shall be deemed an act of assignment hereunder. In addition, any such subletting or assignment transaction shall be in all respects in compliance with the applicable provisions of the Medicare Anti Kick-Back Law, 42 USC 1320a-7(b)(1) and (2) and the Stark Self-Referral Prohibition Act, 42 USC 1395nn et. seq., as the same may be modified, supplemented or replaced from time to time, and all regulations promulgated thereunder from time to time. Any sale, assignment, mortgage, transfer or subletting of this Lease or the Premises which is not in compliance with the provisions of this Section 10 shall be void. The consent by Landlord to any assignment or subletting shall not be construed as relieving Tenant from obtaining the express prior written consent of Landlord to any further assignment or subletting or as releasing Tenant from any liability or obligation hereunder, whether or not then accrued. Should Landlord permit any assignment or subletting by Tenant and should the moneys received as a result of such assignment or subletting (when compared to the moneys still payable by Tenant to Landlord) be greater than would have been received hereunder had not Landlord permitted such assignment or subletting, then the excess shall be payable by Tenant to Landlord, it being the parties' intention that Landlord, and not Tenant, shall be the party to receive any profit from any assignment or subletting. In the event of any assignment or subletting approved by Landlord, the assignee or sublessee shall assume all of Tenant's obligations under this Lease and shall be bound to comply with all the terms and provisions of this Lease and Tenant and such assignee or sublessee shall be jointly and severally liable for the performance of Tenant's covenants under this Lease.

SECTION 11. ACCEPTANCE OF PREMISES

Tenant shall not occupy or use the Premises prior to the Commencement Date as determined pursuant to the first two sentences of Section 1 of this Lease. If Landlord is unable to deliver possession of the Premises to Tenant by the Commencement Date as determined pursuant to the first two sentences of Section 1, then (a) the Commencement Date shall mean the date that the Premises are available for occupancy as set forth in a written notice from Landlord to Tenant, and (b) Tenant shall take possession of the Premises within ten (10) days after receipt of written notice from Landlord that the Premises are available for occupancy. By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises in its "as-is" condition, fit for occupancy, and acknowledged that the Premises are in satisfactory condition and repair.

SECTION 12. DEFAULTS

12.1. Events of Default. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

- (a) The vacating or abandonment of the Premises by Tenant prior to the expiration or earlier termination of this Lease.
- (b) A failure by Tenant to pay Rent or to make any other payment required to be made by Tenant hereunder within ten (10) days after same is due and payable.
- (c) A failure to maintain the insurance required pursuant to Section 7 of this Lease.
- (d) A violation of the terms of Section 10 of this Lease.
- (e) A failure to provide any declaration, document or instrument required pursuant to Section 18 of this Lease within the time period set forth in such Section.
- (f) The failure by Tenant to vacate and surrender the Premises by the date required pursuant to Section 16.1 (b) or Section 16.2 hereof or by the date required pursuant to any other termination option or agreement set forth herein or in any amendment or other agreement.
- (g) A failure by Tenant to observe or perform any other obligation under this Lease to be observed or performed by Tenant, other than payment of any Rent, within thirty (30) days after written notice by Landlord to Tenant specifying wherein Tenant has failed to perform such obligation; provided, however, that if the nature of Tenant's obligation is such that more than thirty (30) days are required for its performance, then Tenant shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecute the same to completion by not later than ninety (90) days after Tenant receives Landlord's written notice.
- (h) The making by Tenant or any guarantor of this Lease of any general assignment for the benefit of creditors; the filing by or against Tenant or such guarantor of a petition to have Tenant or such guarantor adjudged a bankrupt or the filing of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant or such guarantor, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

SECTION 13. REMEDIES

13.1. **Remedies.** In the event an event of default occurs on the part of Tenant as set forth in Section 12, Landlord may exercise one or more of the following described remedies, in addition to all other rights and remedies available at law or in equity, whether or not stated in this Lease:

(a) Upon the occurrence of an event of default on Tenant's part as set forth in Section 12, Landlord may continue this Lease in full force and effect and shall have the right to collect Rent when due, and Landlord may re-enter the Premises with or without legal process and relet them, or any part of them, to third parties for Tenant's account and Tenant hereby expressly waives any and all claims for damages by reason of such re-entry, as well as any and all claims for damages by reason of any distress warrants or proceedings by way of sequestration which Landlord may employ to recover said rents. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, reasonable attorneys' fees and costs and like costs. Reletting can be for a period shorter or longer than the remaining Term of this Lease, and in no event shall Landlord be under any obligation to relet the Premises except as otherwise expressly required by law. On the dates such rent is due, Tenant shall pay to Landlord a sum equal to the Rent due under this Lease, less the rent Landlord receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate the Lease.

(b) At any time after the occurrence of an event of default by Tenant as described in Section 12, Landlord may terminate this Lease. Upon termination, Landlord shall have the right to collect an amount equal to the sum of the following: all expenses incurred by Landlord in recovering possession of the Premises, including reasonable attorneys' fees and costs; all reasonable costs and charges for the care of the Premises while vacant; all renovation costs incurred in connection with the preparation of the Premises for a new tenant; all past due Rent which is unpaid, plus interest thereon at the Interest Rate (as defined in Section 21.9); the unamortized portion of any and all tenant improvement, finish and/or renovation allowances provided by Landlord in connection with this Lease or any amendment or extension of this Lease (such amortization to be determined on a straight-line basis); and an amount by which the entire Rent for the remainder of the Term exceeds the loss of Rent that Tenant proves could have been reasonably avoided.

(c) No termination of this Lease, or taking or recovering possession of the Premises with or without termination of this Lease, shall deprive Landlord of any remedies or actions against Tenant for Rent or for damages due or to become due for the breach of any covenant or condition in this Lease, nor shall the bringing of any such action for Rent, or breach of any covenant or condition, or the resort to any other remedy be herein construed as a waiver of the right to terminate or to obtain possession of the Premises as otherwise provided herein. No receipt of money by Landlord from Tenant after default or termination of this Lease shall: (i) reinstate, continue, or extend the Term or affect any notice given to Tenant, (ii) operate as a waiver of the right of Landlord to enforce the payment of Rent then due or to become due, or (iii) operate as a waiver of the right of Landlord to terminate the Lease, recover possession of the Premises or exercise any other remedy.

(d) In the event of an "Unauthorized Holdover" (as defined in Section 16.1), then in addition to all other remedies available herein, at law or in equity, at Landlord's election, Tenant shall pay to Landlord any and all damages, losses, claims, demands, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and costs of litigation) incurred or suffered by Landlord as a direct or indirect result of or arising from Tenant's failure to timely vacate and surrender the Premises, including without limitation, any lost rent or profit resulting from any delay in Landlord's ability to deliver possession of the Premises to another tenant.

13.2. **Additional Remedies.** Should any of these remedies, or any portion thereof, not be permitted by the laws of the state in which the Building is located, then such remedy or portion thereof shall be considered deleted and unenforceable, and the remaining remedies or portions thereof shall be and remain in full force and effect. Landlord may avail itself of these as well as any other remedies or damages allowed by law. All rights, options and remedies of Landlord provided herein or elsewhere by law or in equity shall be deemed cumulative and not exclusive of one another. In the event Landlord employs the services of an attorney to enforce any of its rights under this Lease or to collect any sums due to it under this Lease or to remedy the breach of any covenant in this Lease on the part of Tenant to be kept or performed, Tenant shall pay to Landlord such reasonable fees and costs as shall be charged by Landlord's attorney for such services.

SECTION 14. RULES AND REGULATIONS

Tenant shall observe faithfully and comply strictly with the rules and regulations set forth on Addendum "A" attached to this Lease and made a part hereof, and such other rules and regulations as Landlord may from time to time reasonably adopt for the safety, care and cleanliness of the Building or the preservation of good order therein (the rules and regulations set forth on Addendum "A" attached hereto, together with any such other rules and regulations shall be referred to herein as the "Rules and Regulations"). Landlord shall not be liable to Tenant for violation of any such Rules and Regulations by any other tenant in the Building, or for the breach of any covenant or condition in any lease by any other tenant in the Building. By the signing of this Lease, Tenant acknowledges that Tenant has read the Rules and Regulations set forth on Addendum "A" attached hereto and has agreed to comply with the Rules and Regulations.

SECTION 15. RIGHT OF ACCESS

Upon reasonable notice to Tenant, Landlord and its employees, contractors and agents shall have free access to the Premises during all reasonable hours to inspect the Premises, to make reasonable repairs as required hereunder (provided, however, Landlord shall have no obligation as a result of such examination to make any repairs other than as expressly set forth herein), to remediate and remove Organics from the Premises (provided, however, Landlord shall have no obligation to remediate and/or remove Organics), to maintain and repair any pipes, ducts, conduits and the like in and through the Premises (whether the same service the Premises or other portions of the Building) and to exhibit the Premises to prospective purchasers, lenders or tenants. Furthermore, upon reasonable notice to Tenant, Landlord and its employees, contractors and agents shall have free access to the Premises during all reasonable hours to construct and install any and all supports, improvements, pipes, ducts, conduits, wires and mechanical equipment serving other portions of the Building, in, through, under or above the Premises that Landlord deems desirable therefor, without the same constituting an actual or constructive eviction of Tenant; provided, however, Landlord shall use reasonable efforts to minimize the disruption to Tenant's business. Furthermore, Tenant acknowledges that Landlord may from time to time, construct

placed in the Premises by Tenant, provided that Tenant promptly repairs any damage to the Premises or the Building caused by such removal. Notwithstanding the foregoing, Tenant shall not have the right to remove any fixtures or equipment constructed or installed in the Premises by Landlord or Landlord's contractor or agents. All of Tenant's personal property not removed by Tenant on or before the termination or expiration of the Term of this Lease shall be considered abandoned by Tenant and may be appropriated, stored, sold, destroyed or otherwise disposed of by Landlord without first giving notice thereof to Tenant, without any payment to Tenant and without any obligation to account to Tenant therefor. If any low-voltage cable and/or wiring has been installed by Tenant or by Landlord at Tenant's request in the Premises or elsewhere in the Building (the "**Low-Voltage Wiring**"), then at Landlord's election, and at Tenant's sole cost and expense, such Low Voltage Wiring shall be removed by Tenant before the expiration or earlier termination of this Lease or removed by Landlord before or after the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord upon demand by Landlord for all costs incurred by Landlord in removing or storing any abandoned personal property or Low-Voltage Wiring.

(b) If Landlord notifies Tenant in writing that Tenant must vacate the Premises by the end of a Lease Term and Tenant holds over and remains in possession of the Premises after such Lease Term expiration date, or if Landlord or Tenant exercises any right or option to terminate this Lease or otherwise agree in writing to terminate this Lease and Tenant holds over and remains in possession of the Premises after the date by which Tenant is required to vacate and surrender the Premises, then such holding over shall operate as an extension of this Lease from month to month (such holdover shall be referred to herein as an "**Unauthorized Holdover**" and the term of such Unauthorized Holdover shall be referred to herein as an "**Unauthorized Holdover Term**"). Such Unauthorized Holdover Term shall be on all of the same terms and conditions as herein provided (other than the duration of the term) and Tenant shall pay Landlord monthly Base Rent for the period of its holdover equal to 120% of the amount of the monthly Base Rent installment due and payable hereunder for the last full month of the Term before such holdover. Such Unauthorized Holdover Term may be terminated by Landlord or Tenant delivering not less than thirty (30) days' prior written notice of termination to the other party. In the event of the delivery of any such notice of termination, this Lease shall terminate upon the later of the following (the "**Unauthorized Holdover Termination Date**"): (i) the date of termination set forth in such notice, (ii) the thirtieth (30th) day after the delivery of such notice to the non-terminating party, or (iii) such other date as may be agreed upon in writing by Landlord and Tenant. In the event of any such termination of this Lease, Tenant shall vacate and surrender the Premises to Landlord in accordance with the provisions of Section 16.1(a) of this Lease on or before the Unauthorized Holdover Termination Date. Notwithstanding anything to the contrary set forth herein, (x) no exercise of the foregoing termination option shall extend the term of this Lease and (y) if following the Unauthorized Holdover Termination Date, Tenant has not vacated and surrendered the Premises in accordance with Section 16.1(a) of this Lease, then this Lease shall not terminate, but instead shall continue as a new Unauthorized Holdover and the monthly Base Rent payable for such new Unauthorized Holdover shall increase to 120% of the amount of the monthly Base Rent due and payable hereunder for the immediately preceding Unauthorized Holdover Term. Notwithstanding anything to the contrary set forth herein, the Base Rent payable for any Unauthorized Holdover Term shall not exceed the amount permitted under the "Stark Law" (as defined in Section 21.13(a) hereof) as determined by Landlord. If any Unauthorized Holdover violates the Stark Law, and as a result of such violation (i) Landlord or any affiliate of Landlord is denied any payment for healthcare or related services under Medicare or any other "Federal Healthcare Program" (as defined in Section 21.13(c) hereof), or (ii) Landlord or any affiliate of Landlord voluntarily or involuntarily refunds any payment for healthcare or related services under Medicare or any other Federal Healthcare Program, then in any such event, at Landlord's election, Tenant shall reimburse and pay to Landlord or such affiliate the amount of such denied or refunded payment.

16.2. Automatic One Year Extension Terms. (a) Landlord and Tenant acknowledge and agree that if the parties mutually desire to renew or extend the Term of this Lease, then the preferred method for accomplishing such renewal or extension shall be by the execution of a new lease of the Premises. Nothing set forth herein, however, shall obligate either Landlord or Tenant to execute a new lease. If the parties do not enter into a new lease of the Premises, Tenant remains in possession of the Premises after the expiration of the Term of this Lease and such continued possession does not constitute an Unauthorized Holdover, then in order to prevent such continued possession from violating the Stark Law, the parties agree that this Lease shall be extended automatically for an additional term of one (1) year (each such one (1) year term, a "**One Year Extension Term**"). Except as otherwise expressly provided in Section 16.1(b) above, Tenant's failure to vacate and surrender the Premises in accordance with Section 16.1(a) above upon the expiration of the Term of this Lease shall constitute Tenant's incontestable and irrevocable consent and agreement to extend the Term of this Lease by such One Year Extension Term upon such terms and conditions as provided in this Section 16.2. Such One Year Extension Term shall be on the same terms and conditions as contained in this Lease, except as provided otherwise in this Section 16.2. Annual Base Rent for each One Year Extension Term (the "**New Base Rent**"), shall be determined as set forth below.

(1) Landlord shall endeavor to notify Tenant in writing of the New Base Rent payable for the Premises during an One Year Extension Term (a "**New Base Rent Notice**") not less than 45 days prior to the commencement of such One Year Extension Term; provided, however, failure to deliver a New Base Rent Notice to Tenant 45 or more days prior to the commencement of such One Year Extension Term shall not constitute a breach or violation of the terms of this Lease by Landlord. Annual Base Rent for an One Year Extension Term as set forth in a New Base Rent Notice shall be the amount equal to the fair market rental value of the Premises, on an annual basis, as determined by Landlord. Landlord and Tenant agree that delivery of a New Base Rent Notice before or after the exercise of any right or option to terminate this Lease shall not be deemed to void, cancel or otherwise affect the exercise of such right or option to terminate unless Landlord and Tenant agree in writing to cancel the exercise of such right or option to terminate.

(2) If Landlord delivers the New Base Rent Notice to Tenant 45 or more days prior to the commencement of such One Year Extension Term, then the annual New Base Rent for such One Year Extension Term shall be the annual Base Rent for the Premises as set forth in such New Base Rent Notice. If Landlord fails to deliver the New Base Rent Notice to Tenant 45 or more days prior to the commencement of such One Year Extension Term or if Landlord does not deliver a New Base Rent Notice, then the annual New Base Rent rate for such One Year Extension Term shall be 115% of the amount of the annual Base Rent rate in effect immediately prior to the commencement of such One Year Extension Term. Beginning on the first day of such One Year Extension Term and thereafter for the remainder of such One Year Extension Term, Tenant shall pay the New Base Rent in equal monthly installments on the first day of each month of such One Year Extension Term. The parties agree that delivery of a New Base Rent Notice to Tenant less than 45 days prior to the commencement of an One Year Extension Term shall not effect the calculation or determination of the New Base Rent payable for such One Year Extension Term. Subject to the rights to terminate this Lease pursuant to this Section 16.2, the determination pursuant to this paragraph of the New Base Rent payable for an One Year Extension Term shall be incontestably binding on Tenant, shall not require the execution of any additional agreements by the parties, and shall be effective regardless of any objection to or rejection of the One Year Extension Term or the New Base Rent amount by Tenant.

(b) Notwithstanding anything to the contrary set forth in this Lease, (1) Landlord may terminate this Lease effective at any time during an One Year Extension Term by delivering written notice of termination to Tenant at any time, and (2) Tenant may terminate this Lease effective at any time during an One Year Extension Term by delivering written notice of termination to Landlord no later than the thirtieth (30th) day after the commencement of such One Year Extension Term. Such notices may be delivered either

SECTION 17. TRANSFER OF LANDLORD'S INTEREST

In the event of any transfer or transfers of Landlord's interest in the Premises or in the real property of which the Premises are a part, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

SECTION 18. ESTOPPEL CERTIFICATE, ATTORNMENT, AND NON-DISTURBANCE

18.1. Estoppel Certificate. Within ten (10) days following receipt of Landlord's written request, Tenant shall deliver, executed in recordable form, a declaration to any person designated by Landlord: (a) ratifying this Lease; (b) stating the commencement and termination dates of the Lease; and (c) certifying (i) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) that all conditions under this Lease to be performed by Landlord have been satisfied (stating exceptions, if any); (iii) that no defenses, credits or offsets against the enforcement of this Lease by Landlord exist (or stating those claimed); (iv) the sum of advance Rent, if any, paid by Tenant; (v) the date to which Rent has been paid; (vi) the amount of the Security Deposit, if any, held by Landlord; and (vii) such other information as Landlord reasonably requires. Persons receiving such statements of Tenant shall be entitled to rely upon them.

18.2. Sale of Landlord's Interest. In the event of the assignment of this Lease pursuant to any sale or assignment of Landlord's interest in the Premises or the Building, then upon Tenant's receipt of written notice of such sale or assignment, Tenant shall attorn to and recognize such purchaser or assignee as Tenant's landlord under this Lease, and shall promptly execute and deliver any instrument that may be necessary to evidence such attornment. Upon the effective date of any such sale or assignment, the assigning Landlord shall be released from all covenants and conditions as Landlord hereunder. Except as may be provided otherwise in Section 18.3 or Section 18.4, and without further agreement between the parties, the purchaser or assignee shall be deemed to have assumed all covenants and conditions of Landlord hereunder and this Lease shall continue in full force and effect as a direct lease between such purchaser or assignee, as Landlord, and Tenant, subject to all of the terms, covenants and conditions of this Lease, regardless of whether Tenant executes and delivers the instrument requested by such successor landlord. No consent of Tenant shall be required in the event of any such sale or assignment which is made subject to this Lease, or to any sale or conveyance of the Building or the Premises pursuant to which Landlord leases the Building or Premises back from such purchaser or other transferee, in which case this Lease shall remain in full force and effect as a sublease between Landlord, as sublessor and Tenant, as sublessee.

18.3. Subordination. This Lease shall be subject to and subordinate and inferior at all times to the lien of any mortgage, to any deed of trust or other method of financing or refinancing now or hereafter existing against all or a part of Landlord's interest in the Premises, the Building or the real property upon which the Building is located, and to any existing or future lease by which Landlord as tenant leases the Premises, the Building and/or the ground upon which the Building is located (in which latter instance this Lease is a sublease), and to all renewals, modifications, replacements, consolidations and extensions of any of the foregoing. Tenant shall execute and deliver all documents requested by any mortgagee, deed of trust or security holder or lessor to effect such subordination. If Tenant fails to execute and deliver any such document requested by a mortgagee, deed of trust or security holder or lessor to effect such subordination, Landlord is hereby authorized to execute such documents and take such other reasonable steps as are necessary to effect such subordination on behalf of Tenant as Tenant's duly authorized irrevocable agent and attorney-in-fact, it being agreed that such power is one coupled with an interest. Tenant's failure to execute and deliver such documents or instruments provided for in this Section 18 within fourteen (14) days after the receipt by Tenant of a written request shall constitute a default under this Lease. In the event of any foreclosure, sale in lieu of foreclosure or other sale or transfer of the Premises, the Building or the real property upon which the Building is located pursuant to any such mortgage, deed of trust or other security agreement or in the event of the termination or expiration of the lease, if any, by which Landlord as tenant leases the Premises, the Building and/or the ground upon which the Building is located, the purchaser or the lessor under such lease, as the case may be, at its option, may take over and assume the rights and interests of Landlord under this Lease (but such purchaser or lessor shall have no obligation to do so), and in such event, Tenant shall attorn to such purchaser or lessor pursuant to the provisions of this Lease; provided that, such purchaser or lessor shall not (i) be liable for any previous act or omission of Landlord under this Lease, (ii) be subject to any offset, not expressly provided in this Lease, which theretofore accrued to Tenant against Landlord, or (iii) be bound by any previous prepayment of more than one (1) month's Rent.

18.4. Subordination to Prime Lease.

(a) The Building or the Premises are leased to Landlord pursuant to that certain N/A, dated as of N/A (said lease as amended or renewed and any replacement lease effective upon the expiration of said lease shall hereinafter be referred to as the "Prime Lease"), between N/A, as lessor/landlord (said lessor/landlord, its successors and assigns shall be referred to herein as the "Prime Lessor"), and Landlord, as lessee/tenant. Unless renewed or extended, the current term of the Prime Lease will expire on N/A. Accordingly, this Lease is a sublease and is subject and subordinate to the Prime Lease and to all of the matters to which the Prime Lease is or shall be subordinate. Notwithstanding anything to contrary provided elsewhere in this Lease, if the Prime Lease expires or otherwise terminates prior to the date of expiration of the term of this Lease (including without limitation, any extension of the term pursuant to Section 16 or pursuant to any amendment to this Lease) and such Prime Lease is not renewed or extended, then the term of this Lease shall expire and terminate on the date of expiration or termination of the Prime Lease unless Prime Lessor assumes this Lease as provided in Section 18.3 above. Tenant shall indemnify and hold Landlord harmless from and against any and all claims, demands, actions, losses, damages, orders, judgments, costs and expenses (including, without limitation, holdover rent and damages payable under the Prime Lease, reasonable attorneys' fees and costs of litigation) incurred by Landlord as a result of or arising from Tenant's failure to vacate and surrender the Premises in accordance with the terms of Section 16.1(a) of this Lease on or before the date of expiration or termination of the Prime Lease. Tenant acknowledges that Landlord shall have no obligation to renew or extend the term of the Prime Lease or enter into a new lease with Prime Lessor; provided, however, Landlord shall notify Tenant of any renewal or extension of the term of the Prime Lease or of the execution of any new lease with Prime Lessor for the Building or Premises.

(b) Insofar as Prime Lessor is or may be obligated to furnish any services to the Premises, to repair or rebuild the Premises or the Building, to perform any other act whatsoever with respect to the Premises or the Building or to perform any obligation or satisfy any condition of the Prime Lessor under the Prime Lease, Tenant expressly acknowledges and agrees that notwithstanding anything to the contrary provided in this Lease, Landlord does not undertake the performance or observance of such obligations. Furthermore, Tenant expressly acknowledges and agrees that notwithstanding anything to the contrary provided in this Lease, if Landlord does not possess the requisite right, power or authority under the Prime Lease to provide or perform any services, duties or

delivered and received on the third day following the date of mailing; or (iii) overnight delivery and shall be deemed given, delivered and received on the following day.

(b) All notices to Tenant shall be addressed to Tenant at the Building of which the Premises are a part and to Landlord as follows (or to any other address that Landlord shall designate in writing):

CHCA Conroe, L.P. d/b/a Conroe
Regional Medical Center
506 Medical Center Blvd.
Conroe, Texas 77304
Attention: Administration

With a copy to:
HCA Inc.
One Park Plaza
Nashville, TN 37203
Attention: Vice President, Real Estate

And to:
Lincoln Harris, CSG
22999 Hwy. 59 North, Suite 296
Kingwood, Texas 77339
Attention: Property Manager

(c) In the event a party hereto delivers written notice by a method not authorized pursuant to Section 19(a) above (e.g. fax or email) a "Nonconforming Notice", (i) such Nonconforming Notice shall be deemed to be duly given, delivered and received if and only if the recipient of such Nonconforming Notice acknowledges its receipt and acceptance of such Nonconforming Notice in writing by a method authorized in Section 19(a) or by the same method as such Nonconforming Notice was delivered to such recipient, and (ii) the date such Nonconforming Notice shall be deemed to have been given, delivered and received shall be the date of acceptance of such Nonconforming Notice by the recipient thereof set forth in its written acknowledgment of receipt and acceptance. A Nonconforming Notice shall not be deemed given, delivered, received or accepted unless the recipient thereof shall have acknowledged its receipt and acceptance of such Nonconforming Notice in writing as provided above. Neither Landlord nor Tenant shall have any obligation to accept a Nonconforming Notice.

SECTION 20. TERMINATION AS A RESULT OF DEATH OR DISABILITY

20.1. Right to Terminate. Provided that Tenant is a solo practitioner or a professional corporation with one shareholder, and provided that Tenant, at the time of such practitioner's or shareholder's death or "Permanent Disability" (as hereinafter defined), is not in default under any term or condition of this Lease, then subject to the terms of this Section, Tenant or the legal representative of his/her estate shall have the right to terminate this Lease by giving Landlord not less than sixty (60) days prior written notice of termination, accompanied by satisfactory documentation of death or Permanent Disability. Within thirty (30) days after Landlord's receipt of such notice of termination, Landlord shall notify Tenant or the legal representative of his/her estate in writing of the amount of the cancellation fee (the "Cancellation Fee") that shall be required as consideration for the termination of this Lease. The Cancellation Fee shall be the sum of (A) the amount determined by Landlord in its reasonable judgment to be the amount that is commercially reasonable under the circumstances existing at the time of exercise of this option to terminate, plus (B) the unamortized portion of any tenant improvements, finish or renovation allowance provided by Landlord in connection with this Lease remaining as of the effective date of termination (said amortization to be calculated on a straight-line basis over the entire Term). Payment of the Cancellation Fee, if any, shall be a condition precedent to the termination of this Lease under this Section. If such notice of termination shall be duly given, then this Lease shall terminate upon the later of (i) the date of termination set forth in such notice, (ii) the sixtieth (60th) day after the date of delivery of such notice of termination, (iii) the date Tenant or the legal representative of his/her estate pays the Cancellation Fee, or (iv) the date Tenant vacates and surrenders the Premises in accordance with Section 16.1(a) of this Lease. Tenant or the legal representative of his/her estate shall vacate and surrender the Premises to Landlord in accordance with the provisions of Section 16.1(a) of this Lease by the later of the date set forth in clause (i) or (ii) above. "Permanent Disability" shall mean that such practitioner or shareholder is medically determined to be permanently unable to practice medicine as a result of a permanent physical disability.

20.2. Corporations, Partnerships and Limited Liability Companies. If Tenant consists of two or more individual persons or entities and each such entity is wholly owned by an individual person or if Tenant is a partnership, limited liability company or corporation with two or more partners, members or shareholders who are each individual persons, Landlord agrees to release from liability under this Lease any deceased or Permanently Disabled person or partner (or any entity that is wholly owned by a deceased or Permanently Disabled person), and Landlord agrees to release from liability under any guaranty of this Lease any deceased or Permanently Disabled member or shareholder who has guaranteed this Lease; provided that (a) the remaining person(s) who constitute Tenant, the remaining partners and the remaining shareholder(s) or member(s) guarantying this Lease, as the case may be, assume all liabilities and obligations from which such person has been released, (b) Tenant is not in default under the terms of this Lease, and (c) no event has occurred which with the giving of notice and/or the passage of time would constitute a default by Tenant under this Lease. Upon the occurrence of any such death or Permanent Disability, Tenant may give Landlord written notice, which shall include satisfactory evidence of any Permanent Disability, and such release shall be effective upon execution of appropriate release and assumption agreements by the parties.

SECTION 21. MISCELLANEOUS PROVISIONS

21.1. Attorneys' Fees. In the event that suit is brought by either party against the other for a breach or default under the terms of this Lease, the prevailing party shall be entitled to reasonable attorneys' fees, which sum shall be fixed by the court.

21.2. Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease.

21.3. Headings: Certain Definitions. The Section and paragraph captions contained in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof.

21.4. Incorporation of Prior Agreements; Amendments. This Lease, the Addenda and the Exhibits attached hereto and incorporated herein contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

21.5. Waivers of Subrogation and Claims. Landlord and Tenant hereby mutually waive any and all claims and rights of recovery against one another based upon the negligence of either Landlord or Tenant or their agents or employees for real or personal property loss or damage occurring to the Premises or to the Building or any part thereof or any personal property located therein from perils which are able to be insured against in standard fire and extended coverage, vandalism and malicious mischief

constitute a waiver by Landlord of its right to collect and to enforce Tenant's obligation to pay the full amount of Rent due and payable under this Lease, as the same may be adjusted or increased from time to time.

21.7. Accord and Satisfaction. No payment by Tenant or receipt by Landlord of an amount less than is due hereunder shall be deemed to be other than payment towards or on account of the earliest portion of the amount then due by Tenant, nor shall any endorsement or statement on any check or payment (or in any letter accompanying any check or payment) be deemed an accord and satisfaction (or payment in full) and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such amount or pursue any other remedy provided herein.

21.8. Quiet Enjoyment. Subject to the terms, covenants, conditions and limitations set forth in this Lease, Tenant shall have quiet enjoyment and possession of the Premises free from eviction or interference by Landlord so long as Tenant pays as and when due the Rent and other charges provided herein and otherwise fully and punctually performs and complies with all the terms, covenants, conditions and limitations set forth in this Lease.

21.9. Late Payments. If any monthly installment of Base Rent or any payment of Additional Rent is not received by Landlord within ten (10) days after such installment or payment is due and payable (the "Late Payment Date"), then Tenant shall, upon demand, at Landlord's election, pay Landlord a late charge of five percent (5%) of the amount of such installment or payment. In addition, if any such past due installment of Base Rent or payment of Additional Rent is not received by Landlord within the thirty (30) day period following the Late Payment Date or within any subsequent thirty (30) day period, such past due installment or payment shall, upon demand, at Landlord's election, be subject to an additional late charge in the same amount for each such thirty (30) day period until paid. Such late charge is to defray the administrative costs and inconvenience and other expenses which Landlord will incur on account of such delinquency. If any amount payable to Landlord under this Lease are not paid in full on or before the due date thereof, then Tenant shall, upon demand, at Landlord's election pay interest on the unpaid balance at the lesser of the following rates (the "Interest Rate"): (a) the prime rate of interest as published by *The Wall Street Journal* from time to time, plus four percent (4%) per annum, with each change in such prime rate being effective on the date such change is published, or (b) the highest rate permitted by applicable law.

21.10. Binding Effect. This Lease shall be binding upon, and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors and administrators. However, nothing in this Section shall be deemed to amend the provisions of Section 10 on assignment and subletting. If Tenant comprises more than one person or entity, then all such persons and entities shall be jointly and severally liable for the full and prompt performance of all obligations, indemnities and agreements to be performed or observed by Tenant under and pursuant to this Lease, including but not limited to the payment of Rent and any and all other sums required to be paid by Tenant hereunder when due. This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

21.11. Charges and Fees. If Tenant requests from Landlord a "Requested Approval" (as defined below) and Landlord is willing to provide such Requested Approval, then if required by Landlord in its discretion, Tenant shall, at Landlord's option, either (A) pay to Landlord the fee set by Landlord for processing, negotiating and providing such Requested Approval, or (B) reimburse to Landlord the fees and costs paid by Landlord to its attorneys for the review, negotiation and preparation and/or modification of the Requested Approval and any additional documents or agreements Landlord may require in connection with such Requested Approval. If requested by Tenant, Landlord shall notify Tenant of the amount of the fee, if any, set by Landlord for processing, negotiating and providing such Requested Approval. Tenant shall pay such fee set by Landlord or such attorneys' fees and costs, as the case may be, within thirty (30) days after the submission to Tenant of an invoice for the same; provided, however, Landlord may in its discretion, require that any fee set by Landlord be paid prior to the granting of such Requested Approval. As used in this Section a "Requested Approval" shall mean (a) any consent, approval or waiver requested by Tenant with respect to (i) any permitted or prohibited use of the Premises, (ii) alterations and improvements to the Premises, (iii) any subletting or assignment, or (iv) any other change in the terms, conditions or provisions of this Lease or any other matter under this Lease, and (b) any estoppel certificate, lien waiver or other certificate or agreement requested by Tenant, with such modifications to such consent, approval, waiver, certificate of other agreement as are required by Landlord. If Tenant is required pursuant to the terms of this Lease to provide any certificate, statement or other information and Tenant fails to provide such certificate, statement or other information within the time period required under this Lease, then in addition to any other rights or remedies that Landlord may have under this Lease with respect to such failure, then if required by Landlord in its discretion, Tenant shall pay to Landlord an administrative processing fee in the amount of \$100 (subject to adjustment from time to time by Landlord in its reasonable discretion and after delivery of written notice of such adjustment to Tenant) for each notice subsequent to the first notice sent to Tenant requesting such certificate, statement or other information, which fee shall be paid to Landlord within ten (10) days after invoiced to Tenant. If a specific time period is not provided, then the time period for delivering a certificate, statement and other information that is to be provided on request or demand shall be ten (10) days after request or demand.

21.12. Governing Law. This Lease shall be governed by the laws of the state where the Building is located.

21.13. Regulatory Matters. (a) Landlord and Tenant enter into this Lease with the intent of conducting their relationship and implementing the agreements contained herein in full compliance with applicable federal, state and local law, including without limitation, the Medicare/Medicaid Anti-Kickback statute and regulations, as amended (the "Anti-Kickback Law"), and Section 1877 of the Social Security Act, as amended and the regulations promulgated thereunder (the "Stark Law"). Notwithstanding any unanticipated effect of any of the provisions of this Lease, neither party will intentionally conduct itself under the terms of this Lease in a manner that would constitute a violation of the Anti-Kickback Law or the Stark Law. Without limiting the generality of the foregoing, Landlord and Tenant expressly agree that nothing contained in this Lease shall require either party to refer any patients to the other, or to any affiliate or subsidiary of the other.

(b) If any legislation, regulation or government policy is passed or adopted, the effect of which would cause either party to be in violation of such laws due to the existence of any provision of this Lease, then Landlord and Tenant agree to negotiate in good faith for a period of ninety (90) days to modify the terms of this Lease to comply with applicable law. Should the parties hereto fail to agree upon modified terms to this Lease within this time, either Landlord or Tenant may immediately terminate this Agreement by giving written notice to the other party.

(c) Tenant represents and warrants to Landlord that Tenant (i) is not currently excluded, debarred or otherwise ineligible to participate in Medicare or any federal health care program under section 1128 and 1128A of the Social Security Act, as amended or as defined in 42 U.S.C. § 1320a-7b(f), as amended (the "Federal Health Care Programs"); (ii) has not been convicted

subcontractors or agents shall need access to, nor shall they use or disclose, any PHI of Tenant. However, in the event PHI is disclosed by Tenant or its agents to Landlord, its contractors, subcontractors or agents, regardless as to whether the disclosure is inadvertent or otherwise, Landlord agrees to take reasonable steps to maintain, and to require its contractors, subcontractors and agents to maintain, the privacy and confidentiality of such PHI. The parties agree that the foregoing does not create, and is not intended to create, a "Business Associate" relationship between the parties as that term is defined by the Privacy Standards.

(e) If the Stark Law applies to this Lease and there are any other contracts or agreements between Landlord and Tenant (or any "immediate family member" (as defined by the Stark Law) of Tenant), then Landlord shall include this Lease and such other agreements and contracts on Landlord's centrally maintained and updated master list of contracts. Such list of contracts is and shall be available for review by the Secretary of the U.S. Department of Health and Human Services upon request.

(f) Tenant represents and warrants to Landlord that (a) neither Tenant nor any person or entity that owns a five percent (5%) or greater equity interest in Tenant nor any of Tenant's officers, directors, members, general or limited partners (Tenant and such owners, officers, directors, members and partners shall be referred to collectively as the "Tenant Owner") is a "Blocked Party" (as defined below); (b) Tenant is not controlled by, or acting, directly or indirectly, for or on behalf of, any Blocked Party; and (c) Tenant has not instigated, negotiated, facilitated, executed or otherwise engaged in this Lease, directly or indirectly, for or on behalf of any Blocked Party. The foregoing representation shall be an ongoing representation and warranty during the Term of this Lease and Tenant shall immediately notify Landlord of any change in the status of the representation and warranty set forth in this Section. Landlord shall have the right to immediately terminate this Lease in the event the representation and warranty set forth in this Section is or becomes untrue at any time. As used herein "Blocked Party" shall mean any party or nation that (a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the U.S. Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) or other similar requirements contained in the rules and regulations of OFAC (the "Order") or in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "Orders") or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "Lists"), all as amended from time to time; or (b) has been determined by competent authority to be subject to the prohibitions contained in the Orders.

21.14 Landlord's Relocation Option. Subject to the terms and conditions set forth in this subsection, upon not less than ninety (90) days prior written notice to Tenant, Landlord shall have the right to relocate Tenant to other space designated by Landlord within the Building (the "Relocation Space"), provided that: (i) the floor area of such Relocation Space is not materially less than the floor area of the Premises, (ii) the tenant finishes in such Relocation Space are comparable to the tenant finishes in the Premises, (iii) the Base Rent for the Relocation Space is not more than the Base Rent for the Premises; (iv) such relocation shall be performed on a weekend so as to minimize any interruption to Tenant's business, and (v) Landlord shall reimburse Tenant for the costs of such relocation, including, without limitation, moving costs, installation of telecommunication and computer lines, and printing costs for new stationary. Reimbursement pursuant to clause (v) above shall be made to Tenant in the form of a rent credit which shall be applied towards the first month's rent due for the Relocation Space and will be based upon invoice(s) presented to Landlord itemizing the costs incurred and the services(s) rendered. Landlord and Tenant shall enter into a new lease for the Relocation Space (the "Relocation Space Lease"), effective as of the "Relocation Date" (as defined below in this subsection). The Relocation Space Lease shall be on Landlord's then current lease forms, shall set forth the base rental rate for the Relocation Space (the "Relocation Space Base Rent") and shall include such additional terms as Landlord and Tenant mutually agree. The Relocation Space Base Rent shall be an amount equal to the fair market rental value of the Relocation Space, on an annual basis. Such fair market rental value shall be determined by Landlord based on a survey of rental rates being charged in the market area which encompasses the Building for space comparable to the Relocation Space (taking into account the quality, age, floor level, quality of tenant improvements provided and other relevant factors) and assuming lease terms which allocate responsibility for taxes, insurance and other costs of operating, maintaining and repairing the building, the common areas and the Relocation Space in the same manner as this Lease. The effective date (the "Relocation Date") of any relocation and of any amendment changing the Premises from the Existing Space to the Relocation Space shall be the date Tenant physically relocates from the Existing Space to the Relocation Space.

21.15. Building Closure or Demolition. Tenant acknowledges and agrees that Landlord shall have the right (but not the obligation) to close or demolish the Building at any time during the term of this Lease. If Landlord decides to close or demolish the Building, then Landlord may terminate this Lease by giving Tenant not less than 180 days' prior written notice of termination. If Landlord delivers such notice of termination, then this Lease shall terminate upon the later of the following (the "Closure Termination Date"): (i) the date of termination set forth in such notice, (ii) the 180th day after the date Tenant receives such notice of termination from Landlord, or (iii) such other date as may be agreed upon in writing by Landlord and Tenant. In the event of any such termination of this Lease, Tenant shall vacate and surrender the Premises to Landlord on or before the Closure Termination Date. Notwithstanding anything to the contrary set forth herein, (x) no exercise of the foregoing termination option shall extend the term of this Lease and (y) if following the One Year Extension Termination Date, Tenant has not vacated and surrendered the Premises in accordance with Section 16.1(a) of this Lease, then this Lease shall not terminate, but instead shall continue as an Unauthorized Holdover subject to Section 16.1(b). The parties agree that in the event of any such termination, they shall not enter into a new agreement for the lease or occupancy of the Premises by Tenant at any time prior to one year after the Commencement Date. Upon termination as provided above, both parties shall be released of all obligations and liabilities arising under the Lease following the effective date of termination; provided that the parties shall remain liable under the provisions of the preceding sentence and for all obligations under the Lease that have accrued prior to such termination or are otherwise intended to survive termination of this Lease. Upon termination as provided above, both parties shall be released of all obligations and liabilities arising under this Lease following the effective date of termination; provided that the parties shall remain liable for all obligations under this Lease that have accrued prior to such termination or are otherwise intended to survive termination of this Lease.

21.16. Submission of Lease. Submission of this Lease to Tenant does not constitute an offer to lease; this Lease shall become effective only upon execution and delivery thereof by Landlord and Tenant.


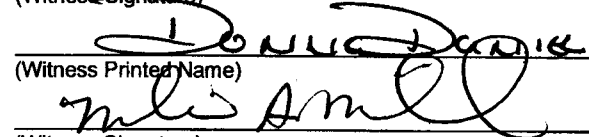
21.17. No Smoking. Tenant and its employees, representatives, contractors or invitees shall not smoke within the Building, in any common areas (inside or outside), or anywhere on the Hospital campus, or throw cigar or cigarette butts or other substances or litter of any kind in or about the Building, the common areas or the Hospital campus, except in receptacles for that purpose.

21.18. Radon Gas. (Applicable in Florida only) Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

WITNESS

As to Tenant:


(Witness Signature)
Donna Darnie
(Witness Printed Name)

(Witness Signature)
Melissa A. Miller
(Witness Printed Name)

TENANT:

Montgomery County Hospital District

By: 

Name: Randy E. Johnson

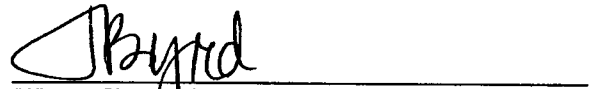
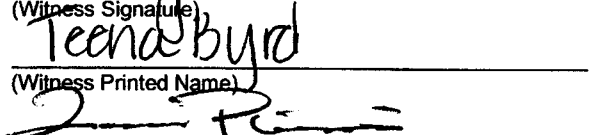
Title: Chief Executive Officer

Date: 9/19/17

[Date must be inserted at time of execution]

WITNESS

As to Landlord:


(Witness Signature)
Teena Byrd
(Witness Printed Name)

(Witness Signature)
JAM Phillips
(Witness Printed Name)

LANDLORD:

CHCA Conroe, L.P. d/b/a Conroe Regional Medical Center

By: Conroe Hospital Corporation

Its: General Partner

By: 

(Signature)

Name: Matt Davis

Title: Chief Executive Officer

Date: 9/20/17

[Date must be inserted at time of execution]

**ADDENDUM "A" TO MEDICAL OFFICE BUILDING LEASE
RULES AND REGULATIONS**

1. CONDUCT

Tenant shall not conduct its practice or business, or advertise such business, profession or activities of Tenant conducted in the Premises in any manner which violates local, state or federal laws or regulations.

2. HALLWAYS AND STAIRWAYS

Tenant shall not obstruct or use for storage, or for any purpose other than ingress and egress, the sidewalks, entrance, passages, courts, corridors, vestibules, halls, elevators and stairways of the Building.

3. NUISANCES

Tenant shall not make or permit any noise, odor or act that is objectionable to other occupants of the Building to emanate from the Premises and shall not create or maintain a nuisance thereon.

4. MUSICAL INSTRUMENTS, ETC.

Tenant shall not install or operate any phonograph, musical instrument, radio receiver or similar device in the Building in such manner as to disturb or annoy other tenants of the Building or the neighborhood. Tenant shall not install any antennae, aerial wires or other equipment outside the Building without the prior written approval of Landlord.

5. LOCKS

With the exception of Tenant's pharmaceuticals locker or storage facility, no additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof. Tenant must upon the termination of its tenancy restore to Landlord all keys to the Premises and toilet rooms either furnished to or otherwise procured by Tenant, and in the event of loss of any keys so furnished, Tenant shall pay to Landlord the cost thereof.

6. OBSTRUCTING LIGHT, DAMAGE

The sash doors, sashes window glass doors, lights and skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. The toilets and urinals shall not be used for any purpose other than those for which they were intended and constructed, and no rubbish, newspapers or other substance of any kind shall be thrown into them. Waste and excessive or unusual use of water shall not be allowed. Tenant shall not mark, drive nails, screw or drill into, paint, nor in any way deface the walls, ceilings, partitions, floors, wood, stone or iron work. The expense of any breakage, stoppage or damage resulting from a violation of this rule by Tenant shall be borne by Tenant. Tenant shall be permitted to hang pictures on office walls, but it must be done in a workmanlike manner and in such a way as not to damage or deface such walls.

7. WIRING

Electrical wiring of every kind shall be introduced and connected only as directed by Landlord, and no boring nor cutting of wires will be allowed except with the consent of Landlord. The location of the telephone, call boxes, etc., shall be subject to the approval of Landlord.

8. EQUIPMENT, MOVING, FURNITURE, ETC.

Landlord shall approve the weight, size and position of all fixtures, equipment and other property brought into the Building, and the times of moving which must be done under the supervision of Landlord. Landlord will not be responsible for any loss of or damage to any such equipment or property from any cause, and all damage done in the Building by moving or maintaining any such property shall be repaired at the expense of Tenant. All equipment shall be installed as required by law, and in accordance with and subject to written approval received on written application of Tenant.

9. REQUIREMENTS OF TENANT

The requirements of Tenant will be attended to only upon application at the office of Landlord or its Property Manager. Employees of Landlord or its Property Manager shall not perform any work nor do anything outside their regular duties unless under special instructions from Landlord or its Property Manager. No such employees shall admit any person, Tenant or otherwise, to any other office without instruction from the office of Landlord or its Property Manager. All janitorial services personnel, guards or any outside contractors employed by Tenant shall be subject to the regulations and control of Landlord, but shall not act as an agent or servant of Landlord.

10. MEDICAL AND HAZARDOUS WASTES

Tenant shall comply with all policies established from time to time by Landlord regarding the storage and disposal of hazardous substances, wastes and materials, and medical, special or infectious wastes. Tenant shall not dispose or flush down any drains any corrosive chemicals that might cause any damage to the Building or Premises plumbing.

11. ACCESS TO BUILDING

Any person entering or leaving the Building may be questioned by Building security regarding his/her business in the Building and may be required to sign in and out. Anyone who fails to provide a satisfactory reason for being in the Building may be excluded.

12. VEHICLES, ANIMALS, REFUSE

Tenant shall not allow anything to be placed on the outside window ledges of the Premises or to be thrown out of the windows of the Building. No bicycle or other vehicle, and no animal (other than seeing eye dogs) shall be brought into the offices, halls, corridors, elevators or any other parts of the Building by Tenant or the agents, employees or invitees of Tenant, and Tenant shall not place or permit to be placed any obstruction or refuse in any public part of the Building.

13. EQUIPMENT DEFECTS

Tenant shall give Landlord prompt notice of any accidents to or defects in the water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.

14. PARKING

ADDENDUM "B" TO MEDICAL OFFICE BUILDING LEASE

GUARANTY

As a material part of the consideration inducing Landlord to execute this Lease with Tenant, the undersigned, being one or more of the shareholders, members, partners or owners, as the case may be, of Tenant (who are collectively hereinafter referred to as the "Guarantors"), join in the execution of this Lease and jointly and severally, do hereby unconditionally guarantee the full performance by Tenant of all obligations, indemnities and agreements to be paid, performed or observed by Tenant under and pursuant to this Lease, including but not limited to the payment of Rent and any and all other sums required to be paid by Tenant hereunder when due. The Guarantors further hereby give and grant to Landlord the rights, power and authority, without notice to or approval of any of them and without in any way prejudicing, impairing or affecting any of the Guarantors' liability hereunder, to alter, extend or otherwise modify this Lease to the extent which may be agreed upon by Landlord and Tenant; to forbear or delay enforcing the payment of Rent or other sums due under the Lease or enforcing any other obligations of Tenant under the Lease; to release any other person liable for Tenant's obligations under the Lease or any other collateral Landlord may hold for the obligations of Tenant under the Lease; to proceed directly against the Guarantors or any of them on this Guaranty whether or not action is brought against Tenant and whether or not Tenant is joined in any such action, without resort to any security which may be held by Landlord, and without first having exhausted the remedies it may have against Tenant.

The Guarantors hereby waive demand and/or notice of any kind including, but not limited to, notice of default or breach on the part of Tenant of any of the provisions of this Lease or notice of the existence, creation or incurring of any new, different, or additional obligation as aforesaid.

This Guaranty is and shall be construed to be an irrevocable, absolute, unlimited and continuing guaranty of payment and performance, and the liability of each Guarantor hereunder and Landlord's right to pursue each Guarantor shall not be affected, delayed, limited, impaired or discharged, in whole or in part, by reason of any extension or discharge that may be granted to the Tenant, whether in proceedings under the Bankruptcy Code or any amendments thereof, or under any other state or other federal statutes, or otherwise. Each Guarantor expressly waives the benefits of any extension or discharge granted to Tenant or to any other Guarantor. This Guaranty shall survive notwithstanding the expiration or termination of the Lease and this Guaranty shall survive with respect to any sums previously received from Tenant or from any Guarantor that Landlord may be required to repay in any proceeding described in this paragraph.

Each Guarantor further agrees to pay Landlord upon demand reasonable attorneys' fees and all costs and other expenses incurred by it in collecting or compromising any obligation hereby guaranteed, or in enforcing this Guaranty against the Guarantors.

The Landlord shall have the right, without affecting any Guarantor's obligations hereunder, and without demand or notice, to collect first from the Tenant, and to exercise its rights of setoff against any asset of the Tenant, and to otherwise pursue and collect from the Tenant any other indebtedness of the Tenant to the Landlord not covered by this Guaranty, and any sums received from the Tenant, whether by voluntary payment, offset, or collection efforts, may be applied by the Landlord as it sees fit, including the application of all such amounts to other debts not guaranteed by the Guarantors. Subrogation rights or any other rights of any kind of any Guarantor against the Tenant, if any, shall not become available until all indebtedness and obligations of the Tenant to the Landlord are paid in full. This Guaranty shall survive the expiration or termination of the Lease to the extent the obligations of the Tenant thereunder likewise survive.

GUARANTOR(S):

None Required

(Signature)

EXHIBIT A-1

Location of the Building or Description of the Land upon which the Building is Located

Parcel Information

Legal Description: S589900 - Hospital District A & B, BLOCK 1, RES A, ACRES 2.792

Neighborhood: 80000.C(CONROE PROPER)

Acreage: 2.792

Cross Reference: 5899-00-00100

Undivided Interest:

Exemption Codes:

Entity Codes: CCO (City Of Conroe)
GMO (Montgomery Cnty)
HM1 (Mont Co Hospital)
JNH (Lone Star College)
SCO (Conroe ISD)

Deed Type: Spcl W/deed

Deed Book:

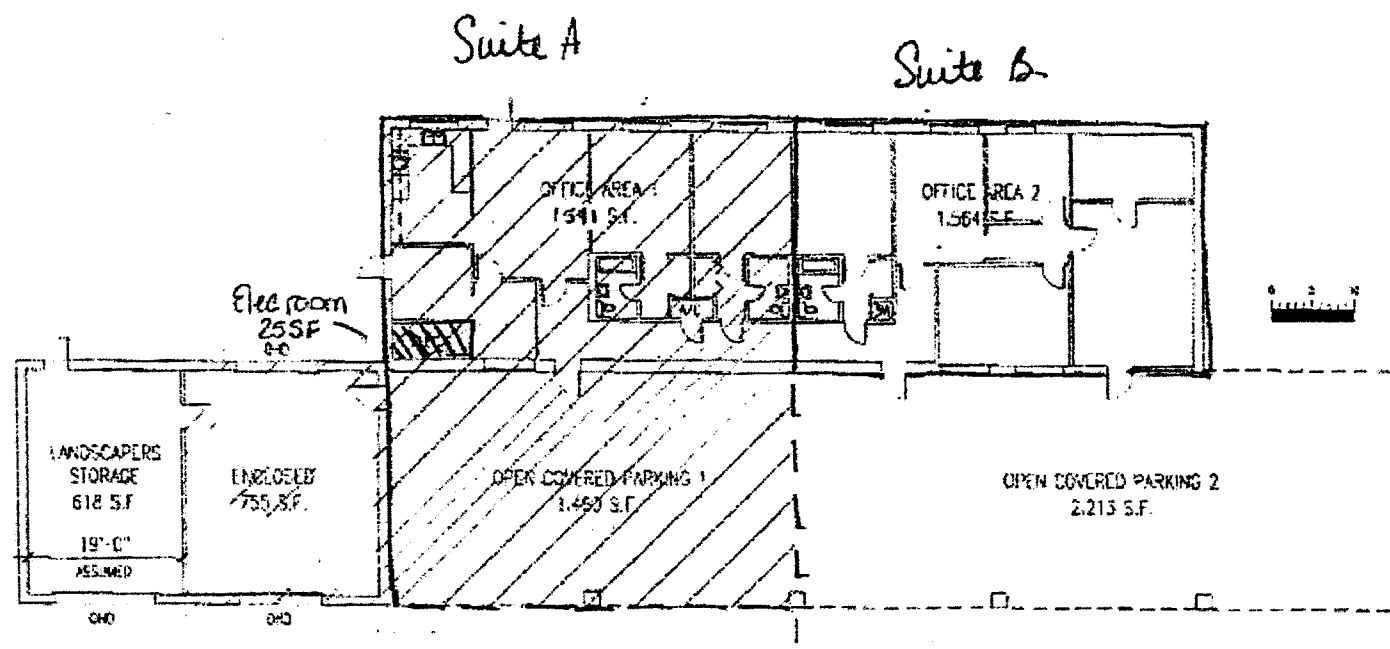
Deed Page: 2012040296

Map Page: CITY 39

Links:

EXHIBIT A-2

Floor Plan or Other Specific Description of Premises



301 GEORGE STRAKE ROAD
CONROE, TEXAS

SCHEME: AS-BUILT/AREA CALCULATIONS

N.R.A.: TOTAL BUILDING AREA 8,176 S.F. (UNDER ROOF)

06/20/2012

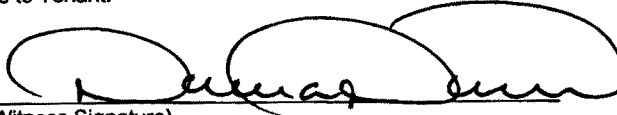
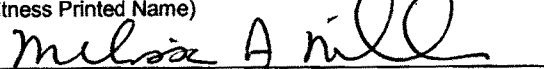
HarryGendelArchitects

EXHIBIT B

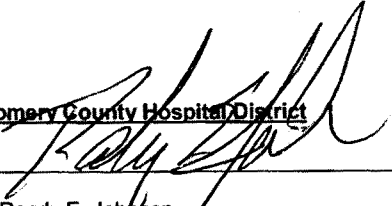
COMMENCEMENT DATE CERTIFICATE

The undersigned Landlord and Tenant acknowledge and agree that pursuant to the terms of that certain Medical Office Building Lease, dated as of _____, 20____ (the "Lease"), whereby Landlord leased to Tenant premises consisting of approximately 3,001 square feet and known as Suite No. A in the building located at 301 George Strake Blvd., Conroe, Texas 77304, the "Commencement Date" of said Lease is and shall be _____, 20____, and the Expiration Date of the initial Term of said Lease is and shall be _____, 20____. In the event of a conflict between the terms of this Certificate and the terms of the Lease, the terms of this Certificate shall control.


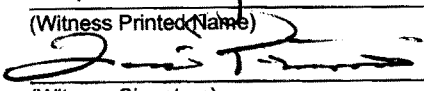
WITNESS
As to Tenant:


(Witness Signature)
Donna Sawyer
(Witness Printed Name)

(Witness Signature)
Melissa A. Miller
(Witness Printed Name)


TENANT:

Montgomery County Hospital District
By: 
Name: Randy E. Johnson
Title: Chief Executive Officer
Date: 9/19/17

WITNESS
As to Guarantor:


(Witness Signature)
Teena Byrd
(Witness Printed Name)

(Witness Signature)
Jami Phillips
(Witness Printed Name)

LANDLORD:

CHCA Conroe, L.P. d/b/a Conroe Regional Medical Center
By: Conroe Hospital Corporation
Its: General Partner
By: 
(Signature)
Name: Matt Davis
Title: Chief Executive Officer
Date: 9/20/17

FIRST AMENDMENT TO MEDICAL OFFICE BUILDING LEASE

THIS FIRST AMENDMENT TO MEDICAL OFFICE BUILDING LEASE (this "**Amendment**") is made as of _____, 2017 (the "**Date of this Amendment**"), by and between CHCA Conroe, L.P. d/b/a Conroe Regional Medical Center, ("**Landlord**") and Montgomery County Hospital District ("**Tenant**"), under the following circumstances:

Landlord and Tenant are about to enter into that certain Medical Office Building Lease, dated as of _____, 2017 (the "**Lease**"), whereby Landlord will lease to Tenant premises consisting of approximately 3,001 square feet and known as Suite No. A (the "**Premises**") on the first (1) floor of the building located at 301 George Strake Blvd., Conroe, Texas 77304; and

In order to induce Tenant to execute the Lease, Landlord and Tenant are executing this Amendment in order to modify certain terms of the Lease.

NOW THEREFORE, in consideration of the premises and the agreements and covenants contained herein, Landlord and Tenant agree that the Lease is amended and modified as follows:

A. Amendments

1. The Lease is hereby amended by replacing all references to "rentable square feet" in the paragraph immediately preceding Section 1 and in Section 2 and Section 3 of the Lease with "usable square feet" and by replacing all references to "r.s.f." in Schedule A and Schedule B of the Lease with "u.s.f."
2. Section 4. Section 4 of the Lease is amended as follows:
 - (a) Replace the first sentence of Section 4.1(a) with the following:

Tenant shall use and occupy the Premises as a twenty-four hour ambulance operation with office business, administrative and dispatch office, and temporary quarters for employees of Tenant and for no other purpose whatsoever. In no event shall Tenant allow patients, customers, or any other invitees to enter the Premises.
 - (b) Delete in their entirety Sections 4.1(b) and (c) and Sections 4.2, 4.3 and 4.4.
3. Section 5.1. The first sentence of Section 5.1 is amended by replacing clause (b) thereof with the following:
 - (b) If the Building is equipped with a central heating and air-conditioning system that serves the rentable areas of the Building, heat and air-conditioning as required for Tenant's comfortable use and occupancy of the Premises 24 hours a day, seven days a week;
4. Section 20. The Lease is amended by deleting Section 20 in its entirety.

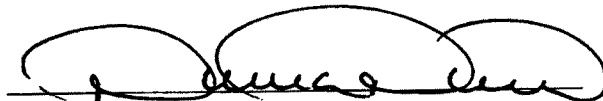
B. Miscellaneous.

1. Except as amended by this Amendment, the Lease is not otherwise amended, and the Lease is hereby ratified and confirmed and remains in full force and effect, as amended hereby. In the event of a conflict between the terms of this Amendment and the terms of the Lease, the terms of this Amendment shall control. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Defined terms used in this Amendment not defined herein shall have the meaning set forth in the Lease.

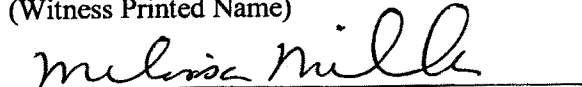
IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the day and year first above written.

WITNESS

As to Tenant:


(Witness Signature)

Donna Daniel
(Witness Printed Name)


(Witness Signature)

Melissa A. Miller
(Witness Printed Name)

TENANT:

Montgomery County Hospital District

By: 

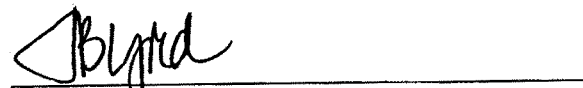
Name: Randy E. Johnson

Title: Chief Executive Officer

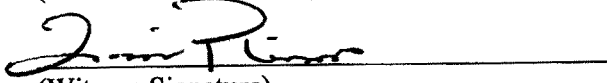
Date: 9/19/17

WITNESS

As to Landlord:


(Witness Signature)

Teena Byrd
(Witness Printed Name)


(Witness Signature)

L.A.M. Phillips
(Witness Printed Name)

LANDLORD:

CHCA Conroe, L.P. d/b/a Conroe Regional Medical Center

By: Conroe Hospital Corporation

Its: General Partner

By: 
(Signature)

Name: Matt Davis

Title: Chief Executive Officer

Date: 9/20/17



September 22, 2017

Randy E. Johnson
Montgomery County Hospital District
1400 South Loop 336 West
Conroe, TX 77304

RE: Lease Agreement –Montgomery County Hospital District, Suite A, 301 George Strake Blvd., Conroe

Dear Mr. Johnson:

Attached, please find a fully executed original of the Medical Office Building Lease between Conroe Regional Medical Center (Landlord) and Montgomery County Hospital District (Tenant) for Suite A.

Should you have any questions or concerns, please give me a call at (281) 358-0386.
Thanks for your assistance.

Sincerely,

A handwritten signature in black ink that reads "Angela Valdez". The signature is fluid and cursive, with the first name "Angela" and last name "Valdez" clearly distinguishable.

Angela Valdez
Property Administrator

Attachments



PROJECT CHANGE ORDER AUTHORIZATION

TO:
Montgomery County Hospital District
1400 South Loop 336 West
Conroe, TX 77304

Quotation No:
IF80919-52

Amendment No:

Date:
9/20/18

Original Purchase Order or Contract Number:
49291

This amendment is issued to document changes to our quotation: IF80919-52, dated 9/19/18

Changes in equipment and/or services are as follows:

Syteline # 380205A

Item	Description	Equipment Price	Services Price	Total Price	
1	MX 104 Equipment with 10 GE Option	\$193,298.00		\$193,298.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
The amounts of the original proposal and previous amendments, are as follows: (Decrease to be preceded by a [-] sign).		TOTAL PRICE:	\$193,298.00	\$0.00	\$193,298.00
Original Proposal		This amendment results in a total price increase of \$193,298.00			
Amendment No. 1		All other Terms and Conditions specified in the original proposal or contract, remain in effect.			
Amendment No. 2		Schedule is: <input checked="" type="checkbox"/> Not affected <input type="checkbox"/> Affected			
Amendment No. 3					
Amendment No. 4		The above changes are submitted for your approval. Approved by: Name: _____ Signature: _____ Date: _____			
Amendment No. 5					
Amendment No. 6					
Current Project Total: Price with this amendment:					
\$0.00		\$193,298.00			

Prepared By: Itai Farchi



Medical Supply Proposal

FY 2018

Eric Baldwin



Proposal Overview

- Contract pricing for Disposable Medical Supplies, Drug Supplies, and Disposable Linen
 - 251 items total
 - 209 "Disposable Medical" items
 - 37 "Medication" items
 - 5 "Linen" items
- Prices valid October 1, 2017 through September 30, 2018



Proposals Received from eight Vendors

- Bound Tree: 103 items
- Henry Schein: 45 items
- Life Assist: 35 items
- Moore Medical: 17 items
- McKesson: 13 items
- Owens & Minor: 16 items
- Taylor Healthcare: 5 items
- Medline: 4 items
- 13 items remaining with current vendor (best price)



Summary

- FY2018 Assumptions:
 - 7% growth in EMS volume = 7% increase in consumption
 - 12% cost increase in medical supplies
 - 8% cost increase in medications
- Based on these assumptions we project a \$127,661.26 increase over FY2017 spend.
- This number also does not reflect any off-contract purchases.



Recommendation

- We recommend the following 8 companies be awarded the FY 2018 Medical Supply Bid based on:
 - Low cost bidder
 - Product specifications
 - Bound Tree: 103 items
 - Henry Schein: 45 items
 - Life Assist: 35 items
 - Moore Medical: 17 items
 - McKesson: 13 items
 - Owens & Minor: 16 items
 - Taylor Healthcare: 5 items
 - Medline: 4 items