



ENTERED
12/30/2019

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

WALKER COUNTY HOSPITAL CORPORATION,
d/b/a HUNTSVILLE MEMORIAL HOSPITAL,

Debtor and Debtor in Possession.¹

Chapter 11

Case No. 19-36300

Re: Docket Nos. 12 & 67

**ORDER: (I) APPROVING SALE OF SUBSTANTIALLY ALL ASSETS OF THE DEBTOR
FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS;
(II) AUTHORIZING ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES; AND (III) GRANTING RELATED RELIEF**

Upon consideration of *Debtor's Emergency Motion for Orders: (I)(A) Approving Bidding Procedures and Bid Protections, (B) Permitting Debtor to Designate Stalking Horse Purchaser(s) and Grant Bid Protections, (C) Scheduling a Hearing to Consider Approval of the Sale of Assets, (D) Approving Form and Manner of Notice of Sale, and (E) Granting Related Relief; and (II)(A) Authorizing and Approving Sale of Substantially All Assets of Walker County Hospital Corporation Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (Dkt. No. 12) (the "**Motion**"); and upon consideration of the arguments of counsel and the evidence presented at the hearing on the Motion held on December 20, 2019 (the "**Sale Hearing**"), the status conference held on December 23, 2019 (the "**Status Conference**") and the entire record; and due and sufficient notice of the Motion, Sale Hearing, Status Conference and the relief sought in the Motion having been given under the particular circumstances; and it appearing no other or further notice need be provided; and the Court having reviewed the Motion,

¹ The last four digits of the Debtor's federal tax identification number are: 0960. The location of the Debtor's service address is: P.O. Box. 4001, Huntsville, TX 77342-4001, Attn: Steven Smith.

the filings in support of the Motion, and all objections to the relief sought in the Motion (the “**Objections**”); and it appearing the relief requested in the Motion is in the best interest of the Debtor, its estate, its creditors, and other parties in interest; and after due deliberation and good and sufficient cause appearing for the relief sought in the Motion, it is hereby,

FOUND AND DETERMINED THAT:

I. Determination with respect to findings of fact and conclusions of law.

A. The findings of fact and conclusions of law set forth in this order constitute the Court’s findings of fact and conclusions of law pursuant to Rule 7052 of the Bankruptcy Rules, made applicable to this case pursuant to Rule 9014 of the Bankruptcy Rules. To the extent any of the following findings of fact constitute conclusions of law, they are hereby adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are hereby adopted as such. Any findings of fact or conclusions of law stated by the Court on the record at the Sale Hearing are hereby incorporated, to the extent they are not inconsistent with this order.

II. Successful Bidder; Successful Bid.

B. In accordance with the Bidding Procedures, on December 16, 2019, the Debtor filed a notice with this Court, identifying the Proposed Stalking Horse as the successful bidder (the “**Successful Bidder**”) for the Purchased Assets, as that term is defined in the Purchase Agreement, as defined below, including the credit bid submitted pursuant to the Successful Bidder’s purchase agreement, as amended by the *Amended and Restated Purchase Agreement and Member Substitution Agreement by and among Walker County Hospital Corporation, Walker County Hospital District, Huntsville Community Hospital, Inc. and HMM Physician Organization dated as of November 22, 2019* (as amended substantially in the form attached hereto as **Exhibit A**, the “**Purchase Agreement**”) as the highest or otherwise best bid for the Purchased Assets (the “**Successful Bid**”).

III. Jurisdiction, final order, and statutory predicates.

C. This Court has jurisdiction over the Debtor, the Debtor's estate, and the Purchased Assets and to hear and determine the Motion. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of this case and this Motion in the Southern District of Texas is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

D. The statutory and legal predicates for the relief requested in this Motion are sections 105(a), 363(b), 363(f), 363(m), 365, 503, and 507 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002, 6004, 6006, 9007, and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Local Rules 2002-1 and 9013-1.

E. This order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Rules 6004(h) and 6006(d) of the Bankruptcy Rules, and to any extent necessary under Rule 9014 of the Bankruptcy Rules and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Rule 7054 of the Bankruptcy Rules, the Court expressly finds that there is no just reason for delay in the implementation of this order, and expressly directs entry of judgment as set forth in this order.

F. On November 14, 2019, this Court entered the *Order: (I)(A) Approving Bidding Procedures and Bid Protections, (B) Permitting Debtor to Designate Stalking Horse Purchaser(s) and Grant Bid Protections, (C) Scheduling a Hearing to Consider Approval of the Sale of Assets, (D) Approving Assumption and Assignment Procedures, (E) Approving Form and Manner of Notice of Sale, and (F) Granting Related Relief; and (II)(A) Authorizing and Approving the Sale of Substantially All Assets of the Debtor Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (Dkt. No. 67) (the "**Bidding Procedures Order**").

G. The Purchased Assets constitute property of the Debtor's estate and title to the Purchased Assets is vested in the Debtor's estate, within the meaning of section 541(a) of the Bankruptcy Code.

H. The Successful Bidder is a good faith purchaser under section 363(m) of the Bankruptcy Code and, accordingly, in the absence of a stay pending appeal, may close the transaction contemplated by the Successful Bidder's Purchase Agreement at any time on or after entry of this order, and cause has been shown as to why this order should not be subject to the stay provided by Rules 6004(h) and 6006(d) of the Bankruptcy Rules.

IV. Notice of the sale, Sale Hearing, and Cure Amounts.

I. Actual written notice of the Motion and a reasonable opportunity to object or be heard with respect to the Motion and the relief requested in the Motion have been afforded to all known interested person and entities, including, but not limited to, the following parties: (i) all entities known to have expressed an interest in a transaction with respect to some or all of the Purchased Assets; (ii) all entities known to have asserted any interest in or upon any of the Purchased Assets; (iii) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by the Motion; (iv) known counterparties to any unexpired leases or executory contracts that could potentially be assumed and assigned to a Successful Bidder; (v) the Office of the United States Trustee for the Southern District of Texas; (vi) proposed counsel to the Official Committee of Unsecured Creditors (the "*Committee*"), (a) Andrew I. Silfen and George P. Angelich, Arent Fox LLP, 1301 Avenue of the Americas, Floor 42, New York, New York 10019, andrew.silfen@arentfox.com and george.angelich@arentfox.com; and (b) Jason S. Brookner, Gray Reed & McGraw LLP, 1300 Post Oak Blvd., Suite 2000, Houston, Texas 75201, jbrookner@grayreed.com; (vii) counsel to MidCap Funding IV Trust; (viii) the Office of the United States Attorney General for the Southern District

of Texas; (ix) the Internal Revenue Service; (x) the United States Department of Justice; (xi) the office of the attorney general for the state of Texas; (xii) all of the Debtor's insurers; (xiii) all parties entitled to notice pursuant to Rule 2002 of the Bankruptcy Rules; (xiv) to the extent not already included above, all parties in interest listed on the Debtor's creditor matrix; (xv) counsel to the Successful Bidder, (a) Janice Z. Davis, Morgan, Lewis & Bockius LLP, 1717 Main Street, Suite 3200, Dallas, Texas 75201-7347, janice.davis@morganlewis.com, Sandra J. Vrejan and Laura M. McCarthy, Morgan, Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110, sandra.vrejan@morganlewis.com, laura.mccarthy@morganlewis.com; and (b) Deborah D. Williamson, Dykema, Weston Centre, 112 E. Pecan Street, Suite 1800, San Antonio, Texas 78205, dwilliamson@dykema.com and (xvi) other persons or entities reasonably requested by a potential purchaser of the Purchased Assets (collectively, the "***Notice Parties***").

J. In accordance with the provisions of the Bidding Procedures Order, the Debtor served the *Notice of Auction and Sale Hearing*, substantially in the form attached as **Exhibit 3** to the Bidding Procedures Order (the "***Auction and Sale Notice***"), on the Notice Parties. The Auction and Sale Notice provided all interested parties with timely and proper notice of the proposed sale of the Purchased Assets, Bidding Procedures, Bid Deadline, Auction, Sale Objection Deadline, and Sale Hearing.

K. In accordance with the Bidding Procedures Order, the Debtor served the *Notice of (I) Cure Amounts With Respect to Executory Contracts and Unexpired Leases to Potentially Be Assumed and Assigned and (II) Potential Assumption and Assignment of Executory Contracts and Unexpired Leases*, substantially in the form attached as **Exhibit 4** to the Bidding Procedures Order (the "***Notice of Potential Assumption***"), on all counterparties to executory contracts and unexpired

leases that potentially would be assumed and assigned in connection with a sale of the Purchased Assets.

L. On December 3, 2019, the Debtor served the *Supplemental Notice of (I) Cure Amounts with Respect to Executory Contracts and Unexpired Leases to Potentially be Assumed and Assigned and (II) Potential Assumption and Assignment of Executory Contracts and Unexpired Leases* [Dkt. No. 131] (the “**Supplemental Notice**”) on additional counterparties to executory contracts and unexpired leases that potentially would be assumed and assigned in connection with a sale of the Purchased Assets.

M. On December 17, 2019, the Debtor served the *Second Supplemental Notice of (I) Cure Amounts with Respect to Executory Contracts and Unexpired Leases to Potentially be Assumed and Assigned and (II) Potential Assumption and Assignment of Executory Contracts and Unexpired Leases* [Dkt. No. 177] (the “**Second Supplemental Notice**”) on additional counterparties to executory contracts and unexpired leases that potentially would be assumed and assigned in connection with a sale of the Purchased Assets.

N. On December 19, 2019, the Debtor served the *Third Supplemental Notice of (I) Cure Amounts with Respect to Executory Contracts and Unexpired Leases to Potentially be Assumed and Assigned and (II) Potential Assumption and Assignment of Executory Contracts and Unexpired Leases* [Dkt. No. 195] (the “**Third Supplemental Notice**,” and together with the Supplemental Notice and Second Supplemental Notice, the “**Supplemental Cure Notices**”) on additional counterparties to executory contracts and unexpired leases that potentially would be assumed and assigned in connection with a sale of the Purchased Assets.

O. The Notice of Potential Assumption and Supplemental Cure Notices specified:

(i) each of the Debtor’s executory contracts and unexpired leases that may be assumed and

assigned in connection with a sale of the Purchased Assets (the “*Proposed Assumed Contracts*”), including the name of each non-Debtor counterparty to such Proposed Assumed Contracts (each, a “*Proposed Assumed Contract Counterparty*”); (b) the proposed amount necessary, if any, to cure all monetary defaults, if any, under the Proposed Assumed Contracts (the “*Cure Amounts*”); and (iii) the deadline by which a Proposed Assumed Contracts Counterparty shall have filed an objection to the Cure Costs (as that term is defined in the Purchase Agreement) or to assumption and assignment of the applicable Proposed Assumed Contract. Pursuant to Rule 6006(c) of the Bankruptcy Rules, the Court finds that the service of the Notice of Potential Assumption and Supplemental Cure Notices was adequate, sufficient, and appropriate under the circumstances and in compliance with the Bidding Procedures Order, and no further or other notice need be given in respect of establishing the Cure Costs. The Proposed Assumed Contract Counterparties identified in the Notice of Potential Assumption have had an opportunity to object to the Cure Costs set forth in the Notice of Potential Assumption. Proposed Assumed Contract Counterparties identified in the Supplemental Notice and Second Supplemental Notice have until December 23, 2019 and January 6, 2020, respectively, to object to the Cure Costs set forth in the Supplemental Cure Notices. In the event an objection is timely filed to the assumption and assignment of any Proposed Assumed Contract set forth in the Supplemental Notices, the Debtor, in consultation with the Successful Bidder, will negotiate with the applicable Proposed Assumed Contract Counterparty to resolve the objection, or, if needed, will seek further order from this Court.

P. As evidenced by the affidavits of service previously filed with the Court, proper, timely, adequate, and sufficient notice of the Motion, Purchase Agreement, Bidding Procedures, Auction, Sale Hearing, and sale of the Purchased Assets has been provide in accordance with sections 102(1), 363, 364, and 365 of the Bankruptcy Code, Rules 2002, 4001, 6004, 6006, and

9014 of the Bankruptcy Rules, and Local Rules 2002-1 and 9013-1. The Debtor has also complied with all obligations to provide notice of the Auction, the Sale Hearing, the Purchase Agreement, and the sale of the Purchased Assets as required by the Bidding Procedures Order.

Q. The notices described in paragraphs I through N of this order were adequate, sufficient, and appropriate under the circumstances, and no other or further notice of the Motion, Sale Hearing, sale of the Purchased Assets, or assumption and assignment of the Proposed Assumed Contracts is necessary or required.

R. The Notice of Potential Assumption and Supplemental Cure Notices provided the Successful Bidder and each Proposed Assumed Contract Counterparty with proper notice of the potential assumption and assignment of the Proposed Assumed Contracts and any Cure Amounts, and the procedures established by this Court and undertaken by the Debtor with regard to any Cure Amounts satisfy section 365 of the Bankruptcy Code and Rule 6006 of the Bankruptcy Rules.

S. The Debtor has articulated good and sufficient reasons for this Court to grant the relief requested in the Motion.

T. The disclosures made by the Debtor concerning the Motion, the sale of the Purchased Assets, the Purchase Agreement, and the Sale Hearing were good, complete, and adequate.

V. Credit Bid Valid

U. Walker County Hospital District (the “*District*”) is a secured creditor of the Debtor, holding valid, perfected and non-avoidable liens, claims and encumbrances in and against the Debtor, its estate, and the assets. The District holds allowed pre-petition secured claims arising under or in connection with (i) the District Agreements, as that term is defined in the Purchase Agreement and (ii) the Second Forbearance Agreement, dated July 1, 2019 by and between the

District and the Debtor, including the agreed to abatement of the Restricted Rent Account and claims arising under the Specified Defaults, as that term is defined in the Second Forbearance Agreement. The District's credit bid pursuant to the Purchase Agreement was a valid, proper and enforceable offer pursuant to the Bidding Procedures Order and sections 363(b) and 363(k) of the Bankruptcy Code and is not subject to avoidance, equitable subordination, defense, offset, counterclaim, or recharacterization by any party in interest. It is binding on the Debtor, the Debtor's estate, the Committee, any trustee or estate representative, all creditors and parties-in-interest, and any of their respective predecessors, successors or assigns. It is based on legal, valid, enforceable, perfected, and non-avoidable liens against substantially all of the Debtor's assets other than accounts receivable and certain assets related thereto.² Subject to the terms of the Purchase Agreement, the consideration for the Purchased Assets will be, in part, an offset of a portion of the above referenced pre-petition secured amounts (the remaining portion of the Purchase Price will be a cash component pursuant to section 3.1 of the Purchase Agreement).

VI. District and Committee Settlement

V. On December 18, 2019, the District and Committee agreed to a resolution (the "*Committee Settlement*") to the Committee's informal objections to the sale of substantially all of the Debtor's assets to the Successful Bidder pursuant to the Purchase Agreement. The principle terms of the Committee Settlement are documented in the email exchange between

² The Security Agreement dated July 8, 2019 excludes the following: all accounts, instruments, and health-care-insurance receivables, all other obligations for the payment of money, whether now existing or hereafter arising, including rights of payment arising out of the rendition of medical, surgical, diagnostic, or other healthcare services or the sale of medical products by Grantor in the ordinary course of its business, including all third-party reimbursable portions or third-party directly payable portions of health-care-insurance receivables or general intangibles owing or to be owing by an account debtor, including all rights to reimbursement under any agreements with and payments from account debtors, patients, and other persons; all deposit accounts of Grantor and amounts held therein; all cash and money of Grantor, all records relating to the foregoing, all general intangibles necessary to collect the foregoing, and all proceeds of the foregoing.

counsel for the District and counsel for the Committee on December 18, 2019 (the “*Settlement Term Sheet*”), attached hereto as **Exhibit C**. Agreement to the terms in the Settlement Term Sheet was the basis for the Committee to waive its informal objections.

VII. Good Faith of Successful Bidder.

W. The Successful Bidder is purchasing the Purchased Assets in good faith and is a good faith buyer within the meaning of section 363(m) of the Bankruptcy Code and is, therefore, entitled to the full protection of that provision, and otherwise has proceeded in good faith in all respects in connection with this proceeding in that, among other things: (i) the Successful Bidder recognized that the Debtor was free to deal with any other party interested in acquiring all or a portion of the Purchased Assets; (ii) the Successful Bidder complied with the provisions in the Bidding Procedures Order and Bidding Procedures; (iii) the Successful Bidder agreed to subject its bid to the competitive bidding procedures set forth in the Bidding Procedures Order; (iv) no Successful Bidder induced or caused the chapter 11 filing by the Debtor; (v) all payments to be made by the Successful Bidder and other agreements or arrangements entered into by the Successful Bidder in connection with the sale of the Purchased Assets have been disclosed; (vi) no Successful Bidder has violated section 363(n) of the Bankruptcy Code by any action or inaction; and (vii) the negotiation and execution the Successful Bidder’s Purchase Agreement, and any other agreements or instruments related thereto were at arms’ length and in good faith. Accordingly, the Successful Bidder is a "good faith Buyer" within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to all the protections afforded thereby. The Successful Bidder is purchasing the Purchased Assets and has entered into the Purchase Agreement in good faith and is a good-faith buyer within the meaning of Bankruptcy Code section 363(m), and is therefore entitled to the full protection of that provision, and otherwise has proceeded in good faith in all

respects. Neither the Debtor nor the Successful Bidder have engaged in any conduct that would cause or permit the Purchase Agreement to be avoided under Bankruptcy Code section 363(m).

X. The Purchase Agreement, including the form and total consideration to be realized by the Debtor under the Purchase Agreement, (i) constitutes the highest and best offer received by the Debtor for the Purchased Assets; (ii) is fair and reasonable; and (iii) is in the best interests of the Debtor, its estate, its creditors and all other parties in interest. The sale process was at arm's length, non-collusive, in good faith and substantively and procedurally fair to all parties in interest. Specifically, the Successful Bidder has not acted in a collusive manner with any person and the Purchase Price paid by the Successful Bidder for the Purchased Assets was not controlled by any agreement among the bidders. The Successful Bidder is not an "insider" of the Debtor, as that term is defined in Bankruptcy Code section 101(31) and no officer, director, manager, or other insider of the Debtor holds any interest in or is otherwise related to the Successful Bidder.

Y. No common identity of incorporators, directors or stockholders existed or exists between the Successful Bidder and the Debtor. The transfer of the Purchased Assets to and the assumption of the Assumed Liabilities, as defined in the Purchase Agreement, (including any individual elements of the Sale) by the Successful Bidder, except as otherwise expressly set forth in the Purchase Agreement, does not, and will not, subject the Successful Bidder to any liability whatsoever with respect to the operation of the Debtor's businesses prior to the Closing (as that term is defined in the Purchase Agreement) of the Sale or by reason of such transfer under the laws of the United States, any state, territory, or possession thereof, or the District of Columbia, based, in whole or in part, directly or indirectly, in any theory of law or equity including, without limitation, any laws affecting antitrust, successor, transferee or vicarious liability. The Successful Bidder is not holding itself out to the public as a continuation of the Debtor. The Sale does not

amount to a consolidation, merger or de facto merger of the Successful Bidder and the Debtor and/or the Debtor's estate. There is no continuity between the Successful Bidder and the Debtor, and there is no continuity of enterprise between the Debtor and the Successful Bidder. The Successful Bidder is not a mere continuation of the Debtor or the Debtor's estate, and the Proposed Successful Bidder does not constitute a successor to the Debtor or the Debtor's estate. None of the transactions contemplated by the Purchase Agreement, including, without limitation, the Sale or the assumption and assignment of the Assigned Contracts, as defined below, is being undertaken for the purpose of escaping liability for any of the Debtor's debts or hindering, delaying, or defrauding creditors under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia. Neither the Debtor nor the Successful Bidder is entering into the transactions contemplated by the Purchase Agreement fraudulently for the purpose of statutory and common law fraudulent transfer claims. The Successful Bidder would not have acquired the assets but for the foregoing protections against potential claims based upon "successor liability" theories.

VIII. Highest or otherwise best offer.

Z. The Debtor solicited offers and noticed the Auction in accordance with the provisions of the Bidding Procedures Order. The Auction was duly noticed, the sale process was conducted in a non-collusive manner, and the Debtor afforded a full, fair, and reasonable opportunity for any person or entity to make a higher or otherwise better offer to purchase all or a portion of the Purchased Assets.

AA. The Successful Bid constitutes the highest or otherwise best offer for the Purchased Assets and will provide a greater recovery for the Debtor's estate than would be provided by any other available alternative. The Debtor's determination that the Successful Bid constitutes the

highest or best offer for the Purchased Assets constitutes a valid and sound exercise of the Debtor's business judgment.

BB. The Successful Bid represents a fair and reasonable offer to purchase the Purchased Assets, including the Assigned Contracts, under the circumstances of this Chapter 11 Case. No other person or entity or group of entities has offered to purchase the Purchased Assets for greater economic value to the Debtor's estate than the Successful Bidder.

CC. Approval of the Motion and the Successful Bid (and the coinciding Purchase Agreement) and the consummation of the transaction contemplated thereby are in the best interests of the Debtor, its estate, creditors of the Debtor's estate, and other parties in interest.

DD. The Debtor has demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for the sale of the Purchased Assets outside of a plan of reorganization.

IX. No fraudulent transfer.

EE. The consideration provided by the Successful Bidder pursuant to the Successful Bid (and coinciding Purchase Agreement) is fair and adequate and constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, and the District of Columbia. No Successful Bid was made or coinciding Purchase Agreement was entered into or will be consummated for the purpose of hindering, delaying or defrauding creditors of the Debtor, and neither the Debtor nor the Successful Bidder have entered into the Purchase Agreement or is or are consummating the transactions contemplated thereby with any fraudulent or otherwise improper purpose.

X. Validity of transfers.

FF. The Debtor has full corporate power and authority to execute and deliver the Purchase Agreement associated with the Successful Bid and all other documents contemplated

thereby, and no further consents or approvals are required for the Debtor to consummate the transactions contemplated by such Purchase Agreement, except as otherwise set forth in any of such Purchase Agreement.

GG. The Debtor has title to the Purchased Assets. The transfer of the Purchased Assets to the Successful Bidder will be, as of the Closing Date (as that term is defined in the Purchase Agreement) a legal, valid, and effective transfer of the Purchased Assets, which transfer vests or will vest the Successful Bidder with all right, title, and interest of the Debtor to the Purchased Assets.

HH. The transfer of the Purchased Assets, including the contracts identified on the Notice of Assumption and Assignment pursuant to the Bidding Procedures Order (the “*Assigned Contracts*”), to the Successful Bidder, as of the Closing Date, will be a legal, valid, and effective transfer of such assets and will vest the Successful Bidder with all right, title, and interest of the Debtor to the Purchased Assets free and clear of all liens, claims, encumbrances, and other interests accruing, arising, or relating to any time prior to the Closing Date, except as otherwise set forth in the Purchase Agreement.

XI. Section 363(f) of the Bankruptcy Code is satisfied.

II. The Successful Bidder would not have submitted the Successful Bid or entered into the coinciding Purchase Agreement and would not consummate the transaction contemplated thereby, if the sale of the Purchased Assets to the Successful Bidder, and the sale and assumption and assignment of the Assigned Contracts to the Successful Bidder, was not, except as otherwise provided in the applicable Purchase Agreement, free and clear of all liens, claims, encumbrances, and other interests of any kind or nature whatsoever, or if the Successful Bidder would, or in the future could, be liable for any of such liens, claims, encumbrances, and other interests.

JJ. The Successful Bidder (i) is not, and shall not be considered, a successor to the applicable Debtor, (ii) has not, *de facto* or otherwise, merged with or into the Debtor, (iii) is not a continuation or substantial continuation, and is not holding itself out as a mere continuation, of the Debtor or its estate, businesses, or operations, or any enterprise of the Debtor, and (iv) does not have a common identity of incorporators, directors, or equity holders with the Debtor. The Successful Bidder shall have no, and shall not be deemed to have or to have assumed or become obligated by operation of law or in equity for, any liability or liens, claims, encumbrances, or other interests, except as expressly assumed by a Successful Bidder under the Successful Bidder's Purchase Agreement.

KK. The Debtor may sell the Purchased Assets, including the Assigned Contracts, free and clear of all liens, claims, encumbrances, and other interests, because, in each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Those holders of liens, claims, encumbrances, and other interests who did not object, or who withdrew their objections, to the sales of the Purchased Assets or the Motion are deemed to have consented, pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of the liens, claims, encumbrances, and other interests who did object fall within one or more of the other subsections of section 363(f) of the Bankruptcy Code and are adequately protected by having their liens, claims, encumbrances, and other interests, if any, attach to the cash proceeds of the sales attributable to the Purchased Assets in which such holder alleges liens, claims, encumbrances, and other interests, in the same order of priority, with the same validity, force and effect that such liens, claims, encumbrances, and other interests had prior to the applicable sale, subject to any claims and defenses the Debtor and its estate may possess with respect thereto.

XI. Assumption and assignment of executory contracts and unexpired leases.

LL. The sale and assumption and assignment of the Assigned Contracts pursuant to the terms of this order is integral to the Successful Bidder's Purchase Agreement, is in the best interests of the Debtor and its estate, creditors, and other parties in interest, and represents the reasonable exercise of sound and prudent business judgment by the Debtor. Assigned Contracts shall be transferred to, and remain in full force and effect for the benefit of, the Successful Bidder in accordance with the respective terms. The failure of the Debtor or the Successful Bidder to enforce prior to the Closing of the transaction one or more terms or conditions of the Assigned Contracts shall not be a waiver of such terms or conditions of the Debtor or the Successful Bidder's rights to enforce every term and condition of the Assigned Contracts.

MM. Pursuant to the terms of the Successful Bidder's Purchase Agreement, at the Closing, the Debtor shall assume and assign to the Successful Bidder each of the Assigned Contracts identified by such Successful Bidder in its Purchase Agreement that are capable of being assumed and assigned. The Successful Bidder shall be solely responsible for the payment of any Cure Amounts (or shall deliver into escrow amounts sufficient to pay any claim for Cure Amounts that remain disputed as of the Closing (such contracts subject to dispute, "***Disputed Contracts***")), except to the extent otherwise provided in the Successful Bidder's Purchase Agreement. The Successful Bidder shall assume and perform and discharge the applicable Assumed Liabilities, if any, under the Successful Bidder's Assigned Contracts, including pursuant to any contract or lease assignment agreements, as applicable, provided that no Successful Bidder shall be liable for any amounts owed prior to the Closing under any Assigned Contract in excess of the Cure Amounts for each Assigned Contract. The Successful Bidder has provided adequate assurance of its future performance under the applicable Assigned Contracts within the meaning of sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code to any counterparty to a Assigned Contract that requested

such assurance and shall have no further obligation to provide assurance of performance to any counterparty.

NN. The Debtor received informal and formal objections (the “***Contract Objections***”) from Sharp Medical Staffing, LLC, Aureus Nursing, LLC, Aureus Radiology, LLC, TIAA Commercial Finance, Inc. [Dkt. No. 161], Beckman Coulter, Inc., Medical Information Technology, Inc., GE Precision Healthcare dba GE Healthcare, Boston Scientific Corporation, Blue Cross Blue Shield of Texas, Cigna³ [Dkt. No. 158], The University of Texas Medical Branch at Galveston [Dkt. No. 168], Fisher Healthcare [Dkt. No. 167], HSS Systems, LLC [Dkt. No. 159], and Aetna⁴ [Dkt. No. 160] (the “***Cure Claimants***”) with respect to the proposed assumption and assignment of their respective contracts and leases in connection with the sale of the Purchased Assets.

OO. The Debtor has resolved the objections of Cigna, Aetna, Sharp Medical Staffing, LLC, Aureus Nursing, LLC, Aureus Radiology, LLC, HSS Systems, LLC and Medical Information Technology, Inc. (the “***Resolved Objections***”).

PP. The Debtor is not assuming and assigning the contracts subject to the GE Precision Healthcare dba GE Healthcare, Boston Scientific Corporation, The University of Texas Medical Branch at Galveston, Beckman Coulter, Inc. and Fisher Healthcare objections (the “***Moot Objections***”). Accordingly, the Moot Objections are moot.

³ The Cigna entities include: Cigna Health and Life Insurance Company, Cigna Healthcare of Texas, Inc., Texas HealthSpring I, LLC, Cigna Behavioral of Health, Inc., and Life Insurance Company of North America (collectively, “***Cigna***”).

⁴ The Aetna entities include: Aetna Inc., on behalf of itself and its direct and indirect subsidiaries, including without limitation Aetna Health Inc., Aetna Health Plans of Texas, Inc. d.b.a. Aetna U.S. Healthcare, Aetna Better Health of Texas Inc., and Coventry Health Care, Inc. and each of their subsidiaries (collectively, “***Aetna***”).

QQ. Notwithstanding anything herein to the contrary, the Cigna Contract Objection is resolved as follows: the following contracts (collectively, “*Cigna Assigned Contracts*”) shall be assumed and assigned to the Successful Bidder as of 12:01 a.m., on the Closing Date:

- Hospital Services Agreement between Cigna HealthCare of Texas, Inc. and Debtor effective 1/1/2010, as amended.
- Facility Agreement between Texas HealthSpring 1, LLC and Debtor effective 6/1/2004.
- Settlement and General Release Agreement between Cigna Health and Life Insurance Company and Debtor effective as of March 11, 2019.

In lieu of cure, all unpaid obligations due and/or accrued under the Cigna Assigned Contracts shall pass through to the Successful Bidder and survive assumption and assignment so that nothing in this Sale Order or 11 U.S.C. § 365 shall affect the obligations due under the Cigna Assigned Contracts. The following Cigna contracts shall be deemed terminated as of 12:01 a.m., on the date following (i) the end of the work day that is sixty (60) days after the Closing Date, or (ii) the end of the work day on February 29, 2020, whichever is the later date: (i) Agreement for Life Assistance Program Services between Cigna Behavioral Health, Inc. and Debtor effective 7/1/2013; (ii) Group Life Insurance Policy, FLX 965462, between the Life Insurance Company of North America (“LINA”) and Debtor effective 7/1/2013; (iii) Group Accident Policy, OK 967041, between LINA and Debtor effective 7/1/2013; (iv) Group Long-Term Disability Insurance Policy, LK 963790, between LINA and Debtor effective 7/1/2013; (v) Group Short-Term Disability Insurance Policy, LK 751382, between LINA and Debtor effective 7/1/2013; and (vi) Group Dental Choice Insurance Policy between Cigna Health and Life Insurance Company and Debtor effective 7/1/2014.

RR. Notwithstanding anything herein to the contrary, the Aetna Contract Objection is resolved as follows: the following contracts (collectively, “*Aetna Assigned Contracts*”) shall be assumed and assigned to the Successful Bidder as of 12:01 a.m., on the Closing Date:

- Managed Care Agreement dated November 15, 1997, between Walker County Hospital Corporation D/B/A Huntsville Memorial Hospital and Aetna Health Plans of Texas, Inc. d/b/a Aetna U.S. Healthcare, as amended by: (i) the Amendment dated September 1, 2005, (ii) Medicare Amendment dated January 1, 2013, (iii) Amendment dated January 1, 2014; and
- Medicaid Chip and Dual-Eligible Hospital Services Agreement dated January 1, 2018, between Walker County Hospital Corporation D/B/A Huntsville Memorial Hospital and Aetna Better Health.

In lieu of cure, all unpaid obligations due and/or accrued under the Aetna Assigned Contracts shall pass through to the Successful Bidder and survive assumption and assignment so that nothing in this Sale Order or 11 U.S.C. § 365 shall affect the obligations due under the Aetna Assigned Contracts.

SS. Neither the United States nor the State of Texas waives any claims, liabilities, rights, defenses, or causes of action it may have under applicable non-bankruptcy law with respect to the applicable Medicare provider agreements (“*Medicare Agreements*”) or the applicable Medicaid contracts (“*Medicaid Contracts*”), including, without limitation, all rights, claims, and defenses of and to setoff and recoupment under non-bankruptcy law with respect to the applicable Medicare Agreements or the applicable Medicaid Contracts and under section 553 of the Bankruptcy Code, and all such claims, liabilities, rights, defenses, and causes of action are preserved, and the United States’ and the State of Texas’s police and regulatory power against the

Debtor, the Successful Bidder, and any non-Debtor party are reserved, as are all rights and defenses the Debtor, the Successful Bidder, and any non-Debtor party may have with regard to such police and regulatory power.

TT. Nothing in this Order, any other order, or any agreement related to the sale of the Purchased Assets shall be construed as authorizing the sale, transfer, or assignment of the applicable Medicare Agreements or the applicable Medicaid Contracts to the Successful Bidder free and clear of successor liability for any liability arising from such Medicare Agreements or Medicaid Contracts, nor as restricting the United States' or the State of Texas's rights of setoff and recoupment arising under the Medicare Agreements and Medicaid Contracts. For the avoidance of doubt, the Medicare Agreements and Medicaid Contracts shall not be sold pursuant to section 363 of the Bankruptcy Code but, to the extent sought by the Successful Bidder, shall be assumed and assigned pursuant to section 365 of the Bankruptcy Code and all applicable Medicare and Medicaid statutes and regulations, the Anti-Assignment Act, and all applicable non-bankruptcy law, as applicable.

UU. At Closing, on account of estimated Medicare liabilities, the Debtor shall pay via wire transfer of immediately available funds to an account designated by the U.S. Department of Justice the estimated Medicare liabilities as may be claimed by the United States prior to the Closing and approved by the Court. Similarly, at Closing, on account of estimated Medicaid liabilities owing to Texas Health and Human Services Commission ("**HHSC**"), the Debtor shall pay via wire transfer of immediately available funds to accounts designated by HHSC such estimated Medicaid liabilities as may be claimed by HHSC prior to the Closing and approved by the Court.

XII. Compelling circumstances exist for immediate sale.

VV. To enhance the Debtor's level of liquidity, to preserve the value of the Debtor's estate, and reduce the amount of postpetition expenses borne by the Debtor, and to maximize the amount of funding available to provide for a timely exit from this Chapter 11 Cases, it is essential that the sales of the Purchased Assets occur within the time constraints set forth in the Successful Bidder's Purchase Agreement. Time is of the essence in consummating the sales of the Purchased Assets.

WW. Given all of the circumstances of this Chapter 11 Case and the adequacy and fair value of the Successful Bid, the proposed sales of the Purchased Assets to the Successful Bidder constitutes a reasonable and sound exercise of the Debtor's business judgment and should be approved.

XX. The sale of the Purchased Assets does not constitute a *de facto* or *sub rosa* plan of reorganization or liquidation because the Debtor does not propose to (i) impair or restructure existing debt of, or equity interests in, the Debtor, (ii) impair or circumvent voting rights with respect to any plan proposed by the Debtor, (iii) circumvent chapter 11 safeguards, including those set forth in sections 1125 and 1129 of the Bankruptcy Code, or (iv) classify claims or equity interests.

YY. The consummation of the sale of the Purchased Assets is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including, without limitation, sections 105(a), 363(b), 363(f), 363(m), 364, 365(b) and 365(f), and all of the applicable requirements of such sections have been complied with in respect of the sale of the Purchased Assets.

ZZ. The terms of the Purchase Agreement, including any amendments, supplements and modifications thereto, are fair and reasonable in all respects.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

I. General Provisions.

1. The relief requested in the Motion is GRANTED AND APPROVED as set forth in this order, and the sale of Purchased Assets contemplated thereby are APPROVED.

2. This Court's findings of fact and conclusions of law set forth in the Bidding Procedures Order and above are fully incorporated into this order by reference.

3. Notice of the Motion, the Sale Hearing, the Status Conference and the sale of the Purchased Assets was adequate, fair, and equitable under the circumstances and complied in all respects with section 102(1) of the Bankruptcy Code, Rules 2002, 4001, 6004, and 6006 of the Bankruptcy Rules, and Local Rules 2002-1 and 9013-1. All objections to the Motion or the relief requested in the Motion that have not been withdrawn, waived or settled as announced to the Court at the Sale Hearing or by stipulation filed with the Court, and all reservations of rights included therein, are hereby overruled on the merits or have been otherwise satisfied or adequately provided for pursuant to this order.

II. Approval of the Successful Bid.

4. The Successful Bidder's Purchase Agreement and the terms and conditions thereof are hereby APPROVED, and the Debtor is authorized and directed to enter into all related agreements and such other ancillary documents consistent with the terms hereof and in furtherance thereof, including without limitation the Special Warranty Deed for vacant land located at Hwy 145 and Robinson Creek Pkwy., Huntsville, TX, substantially in the form attached hereto as

Exhibit B.

5. Pursuant to section 363(b) of the Bankruptcy Code, the Debtor is authorized and directed to take any and all actions necessary or appropriate to (a) consummate the sale of the Purchased Assets to the Successful Bidder pursuant to and in accordance with the terms and

conditions of the Purchase Agreement, (b) close the sale of the Purchased Assets as contemplated in the Purchase Agreement and this order, and (c) execute and deliver, close, perform under, consummate, and implement each of the Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement and the sale of the Purchased Assets or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement and such ancillary documents.

6. This order shall be binding in all respects upon the Debtor, its estate, all holders of equity interests in the Debtor, all holders of any Claim(s) (as defined in the Bankruptcy Code) against the Debtor, whether known or unknown, any holders of liens, claims, encumbrances, and other interests on all or any portion of the Purchased Assets, all Assigned Contract counterparties, the Successful Bidder, all successors and assigns of the Successful Bidder, any other bidders for the Purchased Assets, any trustees, if any, subsequently appointed in this Chapter 11 Case or upon a conversion to chapter 7 under the Bankruptcy Code of the Debtor's case, and all employee benefit plans in which the Debtor participated. This order and the Purchase Agreement shall inure to the benefit of the Debtor, its estate, its creditors, the Successful Bidder, and each of its successors and assigns. Nothing contained in any plan of reorganization or liquidation or order of any type or kind entered in this Chapter 11 Case or any subsequent chapter 7 or chapter 11 case for the Debtor or any related proceedings subsequent to the entry of this order shall directly conflict with or derogate from the provisions of the Purchase Agreement or the terms of this order.

III. Transfer of Purchased Assets.

7. Pursuant to sections 105(a), 363(b), 363(f), 365(b), and 365(f) of the Bankruptcy Code, the Debtor is authorized and directed to transfer the Purchased Assets on the Closing Date. The Purchased Assets (including the Assigned Contracts) shall be transferred to the Successful

Bidder upon and as of the Closing Date, and such transfer shall constitute a legal, valid, binding and effective transfer of the Purchased Assets and, upon the Debtor's receipt of the Purchase Price (as defined in the Purchase Agreement), shall be free and clear of all Encumbrances (as defined in the Purchase Agreement), and except for the Assumed Liabilities under the Purchase Agreement. Upon the Closing, the Successful Bidder shall take title to and possession of the Purchased Assets subject only to the Assumed Liabilities (as set forth in the Purchase Agreement). All Encumbrances (other than the Permitted Encumbrances) shall attach to the proceeds of the sale of the specific collateral associated with such Encumbrances with the same validity, priority, force, and effect that they had against their collateral prior to the Closing Date, subject to any claims, defenses or objections the Debtor and its estate may possess with respect thereto, provided however, that Espy Services, Inc. filed Proof of Claim No. 6 as a general unsecured claim in the amount of \$87,733 and to the extent such claim is secured, any liens and encumbrances in favor of Espy Services, Inc. shall not constitute Permitted Encumbrances, and such liens and encumbrances, if any, shall attach to the proceeds, if any, of the sale of Espy Services, Inc.'s collateral; provided further however, that nothing herein shall limit the rights of the Debtor, its estate or its successors, including without limitation, the Committee, any bankruptcy trustee that may be appointed, or any post-confirmation successor to the Debtor to object to Espy Service, Inc.'s claim on any available grounds, including but not limited to the allowance or amount of the claim or the validity of any lien or encumbrance allegedly securing such claim.

8. The sales of the Purchased Assets to the Successful Bidder and the sale and assumption and assignment of the Assigned Contracts to the Successful Bidder, shall be, except as otherwise provided in the Purchase Agreement and this order, free and clear of all liens, claims, encumbrances, and other interests. The Purchased Assets shall not be subject to any claims or

interests allowed in the Chapter 11 Case, including, without limitation, any claims allowed under sections 361, 362, 363, 364, 365, 502, 503, 506, or 507 of the Bankruptcy Code, nor shall the Purchased Assets be subject to a surcharge or “carve out” that is otherwise agreed to or approved in the Chapter 11 Case. The Successful Bidder would not have entered into the agreement to purchase the Purchased Assets if the sale of the Purchased Assets were not free and clear of all interests.

9. Except as expressly provided by the Purchase Agreement, all persons and entities holding Encumbrances (other than the Permitted Encumbrances) on all or any portion of the Purchased Assets are forever barred, estopped, and permanently enjoined from asserting against the Successful Bidder or its successors or assigns, their property, their collateral, or the Purchased Assets, such Encumbrances (other than the Permitted Encumbrances) and all claims and rights relating thereto. On the Closing Date, each holder of an Encumbrances (other than the Permitted Encumbrances) is authorized and directed to execute such documents and take all other actions as may be deemed by the Successful Bidder to be necessary or desirable to release its Encumbrances on the Purchased Assets, as provided for in this order, as such Encumbrances may have been recorded or may otherwise exist.

10. All persons and entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtor to sell and transfer the Purchased Assets to the Successful Bidder, including the sale, assumption and assignment of the Assigned Contracts to the Successful Bidder in accordance with the terms of the Purchase Agreement and this order.

11. All persons and entities that are in possession of some or all of the Purchased Assets on the Closing Date are directed to surrender possession of such Purchased Assets to the Successful Bidder or its assignee at the Closing.

12. A certified copy of this order may be filed with the appropriate clerk and/or recorded with the appropriate recorder to cancel any Encumbrances (other than the Permitted Encumbrances).

13. If any person or entity that has filed statements or other documents or agreements evidencing Encumbrances on all or any portion of the Purchased Assets shall not have delivered to the Successful Bidder prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of Encumbrances and any other documents necessary or desirable to the Successful Bidder for the purpose of documenting the release of all Encumbrances, which the person or entity has or may assert with respect to all or any portion of the Purchased Assets, the Debtor is hereby authorized and directed, and the Successful Bidder is hereby authorized, to execute and file such statements, instruments, releases and other documents on behalf of such person or entity with respect to the Purchased Assets.

14. This order shall govern the acts of all persons and entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials and all other persons and entities who may be required by operation of law, the duties of their office or contract to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is

hereby authorized and directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement.

IV. Executory contracts and unexpired leases.

15. The Debtor is authorized and directed to assume and sell and assign the Assigned Contracts to the Successful Bidder free and clear of all Encumbrances (other than the Permitted Encumbrances). With respect to each Assigned Contract, the payment of the applicable Cure Amounts (if any) by the Successful Bidder shall (a) effect a cure of all monetary defaults existing thereunder as of the Closing Date, (b) compensate the applicable Assigned Contract counterparty for any actual pecuniary loss resulting from such default, and (c) together with the assumption of the Assigned Contracts by the Successful Bidder, constitute adequate assurance of future performance thereof. The Successful Bidder shall not be liable for any amounts owed prior to the Closing Date under any Assigned Contract in excess of the Cure Amounts for each Assigned Contract. As of the Closing Date, the Successful Bidder shall be deemed to have acquired and assumed the Assigned Contracts pursuant to sections 363 and 365(f) of the Bankruptcy Code. The assignment by the Debtor of such Assigned Contracts shall not be a default thereunder, and the Successful Bidder is entitled to the protections afforded under section 363(m) of the Bankruptcy Code with respect thereto.

16. Upon entry of any order determining a Cure Amounts regarding any Disputed Contract after the Closing (the “***Disputed Contract Order***”), the Successful Bidder or the Successful Bidder will have the option, no later than five (5) Business Days after the entry of the Disputed Contract Order, to designate the Disputed Contract as an Excluded Asset (and, for the avoidance of doubt, the Successful Bidder will not assume the Disputed Contract and will not be

responsible for the associated Cure Amounts (if any) or Liabilities with respect to such Disputed Contract).

17. Any provision in or effect of any Assigned Contract that prohibits or conditions the assignment of such Assigned Contract or allows the party to such Assigned Contract to terminate, recapture, impose any penalty, condition on renewal or extension or modify any term or condition upon the assignment of such Assigned Contract constitutes an unenforceable anti-assignment provision that is void and of no force and effect pursuant to section 365(f) of the Bankruptcy Code. All other requirements and conditions under sections 363 and 365 of the Bankruptcy Code for the assumption by the Debtor and assignment to the Successful Bidder of the Assigned Contracts have been satisfied, and such assumption and assignment shall not constitute a default thereunder. Upon the Closing and the payment of the required Cure Amounts by the Successful Bidder, in accordance with sections 363 and 365 of the Bankruptcy Code, the Successful Bidder shall be fully and irrevocably vested with all right, title and interest of the Debtor under each Assigned Contract.

18. Upon the Closing and the payment of the Cure Amounts applicable to any Assigned Contract, the Successful Bidder shall be deemed to be substituted for the Debtor as a party to such Assigned Contract, and the Debtor shall be relieved, pursuant to section 365(k) of the Bankruptcy Code, from any further liability to the Assigned Contract counterparties under such Assigned Contracts other than the amounts owed to each of the Assigned Contract counterparties for goods and services incurred between the Petition Date and the Closing Date which shall be paid in the ordinary course of the Debtor's business by the Debtor.

19. Upon the Closing and the payment of the applicable Cure Amounts, if any, the Assigned Contracts shall remain in full force and effect, and no default shall exist thereunder nor

shall there exist any event or condition which, with the passage of time or giving of notice, or both, would constitute such a default.

20. There shall be no rent accelerations or increases, assignment fees, deposits, increases or any other fees charged to the Successful Bidder or the Debtor as a result of the assumption and assignment (including any change in control) of the Assigned Contracts.

21. Pursuant to sections 105(a), 363 and 365 of the Bankruptcy Code, all Assigned Contract counterparties are forever barred and permanently enjoined from raising or asserting against the Debtor, its estate, the Successful Bidder, or any of their respective successors and assigns any increased rent or fees, assignment fee, default, breach or claim or pecuniary loss or condition to assignment, arising under or related to the Assigned Contracts existing as of the Closing Date or arising by reason of the Chapter 11 Case or the Closing.

22. All counterparties to an Assigned Contract shall cooperate and expeditiously execute and deliver, upon the reasonable requests of the Successful Bidder, and shall not charge the Debtor or Successful Bidder for any instruments, applications, consents, or other documents which may be required or requested by any public or quasi-public authority or other party or entity to effectuate the applicable transfers of the Assigned Contracts in connection with the Sale. Nothing in this Sale Order or any other document is or shall be deemed an admission by the Debtor that any contract or Assigned Contract is an executory contract or unexpired lease or must be assumed and assigned pursuant to the Purchase Agreement in order to consummate the Sale.

23. The Debtor has resolved the Resolved Objections as follows:

- a. The Cure Amount for Sharp Medical Staffing, LLC is \$5,872.51;
- b. The Cure Amount for Aureus Nursing, LLC is \$54,396.75; and
- c. The Cure Amount for Aureus Radiology, LLC is \$30,749.26;

provided that the foregoing resolution as to Cure Amounts shall not be construed as an agreement that the related contracts are deemed Assigned Contracts.

24. The Cure Amounts for the following contracts are: (i) the Revenue Services Agreement dated January 7, 2013 by and between the Debtor and HSS Systems, LLC (as amended), \$232,131.00⁵; and (ii) the Medical Information Technology, Inc. agreement by and between the Debtor and Medical Information Technology, Inc., \$6,630.33.

25. Cure Claimants that have asserted Moot Objections are not estopped from filing or defending claims against the Debtor's estate in amounts that differ from the Cure Amounts set forth in the Notice of Potential Assumption and Supplemental Cure Notices. In the event the Successful Bidder later determines to assume any contracts or leases subject to Moot Objections, the Debtor, in consultation with the Successful Bidder, will negotiate with the applicable Cure Claimant to resolve the applicable Moot Objection, or, if unable to reach agreement, will seek further order of this Court.

26. Notwithstanding anything to the contrary in this order, the Sale Hearing is adjourned solely as it pertains to the Contract Objections that are not Resolved Objections or Moot Objections (the "***Remaining Contract Objections***") and the proposed assumption and assignment of the applicable contracts or leases. The Debtor shall, in consultation with the Successful Bidder, negotiate with the applicable Cure Claimants a consensual resolution of the Remaining Contract Objections, to the extent the respective contracts are to be assumed by the Debtor and assigned to the Successful Bidder at Closing, or, if no agreement can be reached, by further order of the Court.

⁵ Notwithstanding anything set forth in the Notice of Potential Assumption to the contrary, the Revenue Services Agreement and the amendments thereto constitute a single contract as described HSS Systems' Objection (Dkt. No. 159).

V. District Settlement

27. The Settlement, the principal terms for which are documented in the Settlement Term Sheet attached hereto as **Exhibit C**, is hereby approved.

28. In accordance with the Settlement, the claims of the District and/or the Successful Bidder, including but not limited to the Proof of Claim filed by the District [filed Claim No. 38] and any claims scheduled by the Debtor in favor of the District and/or Successful bidder, are hereby waived and released as follows: (i) \$83,000 in administrative expense claims for postpetition rent subject to the Debtor's prompt payment of \$250,000 to the District; (ii) "100% of its remaining unresolved administrative rent claim (which [the District] believe[s] will be approximately one month's worth of rent), i.e. roughly \$333,000 waived"⁶; (iii) 100% of the District's unsecured deficiency claim in excess of the offset of the Successful Bidder's Secured Claim in the amount of Three Million Dollars (\$3,000,000); and (iv) 100% of the District's claim for rejection damages which would otherwise accrue upon rejection of the District Agreements (as that term is defined in the Purchase Agreement).

29. The Settlement Term Sheet provides that the Sharing Threshold (as that term is defined in the Purchase Agreement) includes, among other things, "final cure obligations either paid or assumed for those assumed executory contracts that directly relate to the [Accounts Receivable] (i.e., payor agreements, lab overpayment settlement agreements, actual Medicare RAC recoveries or cost report settlements, etc.)". The District and Committee will work in good faith to create a final list of such "assumed contracts that directly relate to Accounts Receivable" (with such list identified in the Purchase Agreement as Schedule 3.11(b)(i)). If the District and the Committee are unable to agree to the assumed contracts to be included in Schedule 3.11(b)(i)

⁶ Settlement Term Sheet at 2.

on or before January 7, 2020 at 11:59 p.m. Central Standard Time, either the District or Committee may schedule a hearing on one day notice, subject to the Court's availability, for the Court to determine which assumed contracts are to be included in Schedule 3.11(b)(i) in light of the terms of the Settlement Term Sheet.

VI. Miscellaneous.

30. Upon Closing, the Debtor shall irrevocably pay in full, from proceeds of the sale of the Purchased Assets, any remaining obligations outstanding under the Debtor's DIP Credit Agreement (as such term is defined, and as further set forth in, the *Debtor's Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Obtain Postpetition Secured Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Scheduling a Final Hearing* [Dkt. No. 14] and any interim and final orders issued in connection therewith).

31. Effective upon the Closing Date, all persons and entities are forever prohibited and permanently enjoined from commencing or continuing in any manner any action or other proceeding, whether in law or equity, in any judicial, administrative, arbitral or other proceeding against the Successful Bidder and Purchased Assets, including, without limitation the Assigned Contracts, with respect to (a) any Encumbrance (other than the Permitted Encumbrances) arising prior to the Closing Date or (b) any theory of claim or remedy sounding in successor liability.

32. Debtor hereby waives any and all rights, if any, to any and all payments associated with the uncompensated care and Delivery System Reform Incentive Payment programs made following the Closing Date.

33. The District Agreements (as that term is defined in the Purchase Agreement) are deemed rejected as of the Closing Date.

34. Any claims of the Debtor or the estate arising at any time prior to the Closing Date against the Buyers (as that term is defined in the Purchase Agreement) are hereby waived and released.

35. Except as otherwise provided in this order and to the maximum extent available under applicable law and to the extent provided for under the Purchase Agreement, the Successful Bidder shall be authorized, as of the Closing Date, to operate under any license, permit, registration and governmental authorization or approval of the Debtor with respect to the Purchased Assets, including the Assigned Contracts and, to the maximum extent available under applicable law and to the extent provided for under the Purchase Agreement, all such licenses, permits, registrations and governmental authorizations and approvals are deemed to have been transferred to the Successful Bidder as of the Closing Date. All existing licenses or permits applicable to the Purchased Assets shall remain in place for the Successful Bidder's benefit until either new licenses and permits are obtained or existing licenses and permits are transferred in accordance with applicable administrative procedures. To the extent provided by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any grant, permit, or license relating to the operation of the Purchased Assets sold, transferred or conveyed to the Successful Bidder on account of the filing or pendency of this Chapter 11 Case or the consummation of the sale of the Purchased Assets.

36. The transfer of the assets to the Successful Bidder pursuant to the Purchase Agreement does not require any consents other than as specifically provided for in the Purchase Agreement.

37. Effective as of the Closing Date, the Successful Bidder, its successors and assigns, shall be designated and appointed the Debtor's true and lawful attorney and attorneys, with full

power of substitution, in the Debtor's name and stead, on behalf of and for the benefit of the Successful Bidder, its successors and assigns, for any purpose as provided in the Purchase Agreement, including for the following purposes: (i) to demand and receive any and all of the Purchased Assets and to give receipts and releases for and in respect of the Purchased Assets, or any part thereof, (ii) from time to time to institute and prosecute in the Debtor's name, for the benefit of the Successful Bidder, its successors and assigns, any and all proceedings at law, in equity or otherwise, which the Successful Bidder, its successors and assigns, may deem proper for the collection or reduction to possession of any of the Purchased Assets, and (iii) to do all acts and things with respect to the Purchased Assets which the Successful Bidder, its successors and assigns, shall deem desirable.

NO SUCCESSOR LIABILITY

38. Except as expressly provided in the Purchase Agreement, the Transaction will not subject the Successful Bidder to any liability whatsoever with respect to the ownership and operations of the Purchased Assets prior to the Closing, based, in whole or in part, directly or indirectly, on any theory of law or equity, including, without limitation, any theory of equitable law, or successor or transferee liability. Without limiting the generality of the foregoing, and except as otherwise specifically provided herein or in the Purchase Agreement, the Successful Bidder shall not be liable for any claims or interests of any nature or kind against the Debtor, or any of its predecessors or affiliates, and the Successful Bidder shall have no successor or vicarious liabilities of any kind or character, including, but not limited to, under any theory of antitrust, environmental, successor or transferee liability, labor law, de facto merger, mere continuation, continuity of enterprise, or substantial continuity, whether known or unknown as of the Closing, now existing or hereafter arising, whether fixed or contingent, whether asserted or unasserted,

whether legal or equitable, whether liquidated or unliquidated, including, but not limited to, liabilities on account of warranties, intercompany loans and receivables between the Debtor and any non-debtor subsidiary or affiliate, liabilities relating to or arising from any environmental laws, and any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of any of the assets prior to the Closing.

39. Except for the Permitted Encumbrances and Assumed Liabilities with respect to the Successful Bidder, the Successful Bidder shall have no liability for any obligation of the Debtor arising under or related to any of the Purchased Assets, including the Assigned Contracts. Without limiting the generality of the foregoing, the Successful Bidder shall not be liable for any Claims against the Debtor or any of its predecessors or affiliates. By virtue of the sales of Purchased Assets, the Successful Bidder, and its respective affiliates, successors and assigns shall not be deemed or considered to (a) be a legal successor or otherwise be deemed a successor to any of the Debtor, (b) have, de facto or otherwise, merged with or into the Debtor or (c) be a continuation or substantial continuation, or be holding itself out as a mere continuation, of the Debtor or its estate, businesses or operations, or any enterprise of the Debtor, in each case by any law or equity, and the Successful Bidder has not assumed nor is it in any way responsible for any liability or obligation of the Debtor or the Debtor's estate, except with respect to the Assumed Liabilities with regard to the Successful Bidder. The Successful Bidder shall have no successor or vicarious liabilities of any kind or character, including, but not limited to, any theory of antitrust, environmental, successor or transferee liability, labor law, *de facto* merger or substantial continuity, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether fixed or contingent, with respect to the Debtor or any obligations of the Debtor arising prior to the Closing Date, including, but not limited to, liabilities on account of any taxes arising,

accruing or payable under, out of, in connection with, or in any way relating to the operation of any of the Purchased Assets prior to the Closing.

40. The transactions contemplated by and consummated under the Purchase Agreement are undertaken by the Successful Bidder, without collusion and in good faith, as that term is defined in sections 363(m) and 364(e) of the Bankruptcy Code, as applicable, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the sale of the Purchased Assets shall not affect the validity of such sale (including the assumption and assignment of the Assigned Contracts), unless such authorization and such sale are duly stayed pending such appeal. The Successful Bidder is a good faith buyer within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code. The Purchase Agreement and the transactions contemplated thereby cannot be avoided under section 363(n) of the Bankruptcy Code. The Debtor and the Successful Bidder have not engaged in any conduct that would cause or permit the Purchase Agreement or the consummation of the transactions contemplated thereby to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code. As a good faith buyer of the Purchased Assets, the Successful Bidder has not entered into an agreement with any other potential bidders at the Auction, and has not colluded with any of the other bidders, potential bidders or any other parties interested in the Purchased Assets, and, therefore, neither the Debtor nor any successor in interest to the Debtor's estate shall be entitled to bring an action against the Successful Bidder, and the Sale Transaction may not be avoided pursuant to section 363(n) of the Bankruptcy Code.

41. Pursuant to Rules 4001, 6004(h), 6006(d), 7062, and 9014 of the Bankruptcy Rules, this order shall be effective immediately upon its entry, and the Debtor and the Successful Bidder are authorized to close the sale of Purchased Assets immediately. Notwithstanding the provisions

of Bankruptcy Rule 6004 or any applicable provisions of the Local Rules, this Sale Order shall not be stayed for fourteen (14) days after the entry hereof, but shall be effective and enforceable immediately upon entry, and the fourteen (14) day stay provided in such rules is hereby expressly waived and shall not apply. Any party objecting to this Sale Order must exercise due diligence in filing an appeal and pursuing a stay within the time prescribed by law and prior to the Closing Date, or risk its appeal will be foreclosed as moot.

42. No bulk sales law or any similar law of any state or other jurisdiction applies in any way to the sales of Purchased Assets.

43. The failure specifically to include any particular provision of the Purchase Agreement in this order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Purchase Agreement be authorized and approved in its entirety.

44. The Purchase Agreement and any related agreements, documents, or other instruments may be modified, amended, or supplemented by the parties thereto and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment, or supplement does not have a material adverse effect on the Debtor's estate or on the interests of the Successful Bidder.

45. All time periods set forth in this order shall be calculated in accordance with Rule 9006(a) of the Bankruptcy Rules.

46. To the extent that this order is inconsistent with any prior order or pleading with respect to the Motion filed in this Chapter 11 Case, the terms of this order shall govern.

47. The provisions of this Sale Order and the Purchase Agreement and any actions taken pursuant hereto or thereto shall survive entry of any order which may be entered (a) confirming or consummating any plan of reorganization of the Debtor, (b) converting the Chapter

11 Case from chapter 11 to chapter 7 of the Bankruptcy Code, (c) dismissing the case, or (d) pursuant to which this Court abstains from hearing this case.

48. The provisions of this Sale Order are nonseverable and mutually dependent.

49. The Court shall retain jurisdiction to, among other things, interpret, implement and enforce the terms and provisions of this order, the Purchase Agreement, and all amendments thereto and any releases, waivers, and consents hereunder and thereunder, and each of the agreements executed in connection therewith to which the Debtor is party or which has been assigned by the Debtor to the Successful Bidder, and to adjudicate, if necessary, any and all disputes concerning or relating in any way to any of the foregoing, including any disputes that may arise among the Debtor, the Successful Bidder and any counterparties to the Assigned Contracts. So long as the this Chapter 11 Case is not closed (or, if closed but then reopened), the Court shall retain jurisdiction to enforce the injunctions and other rights of the Successful Bidder described in this order, in the event that after the Closing Date any third parties attempt to or actually interfere with such rights of the Successful Bidder, even if the Debtor is not directly involved or named in any such actions or disputes between the Successful Bidder and such third parties.

Signed: December 30, 2019.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

Exhibit A
Purchase Agreement

**AMENDED AND RESTATED
PURCHASE AGREEMENT
AND
MEMBER SUBSTITUTION AGREEMENT
BY AND AMONG
WALKER COUNTY HOSPITAL CORPORATION,
WALKER COUNTY HOSPITAL DISTRICT,
HUNTSVILLE COMMUNITY HOSPITAL, INC.
AND
HMH PHYSICIAN ORGANIZATION**

**DATED AS OF
November 22, 2019**

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**AMENDED AND RESTATED
PURCHASE AGREEMENT AND MEMBER SUBSTITUTION AGREEMENT**

This Amended and Restated Purchase Agreement and Member Substitution Agreement is entered into as of November 22, 2019 (the "**Execution Date**"), by and among (i) Walker County Hospital Corporation, a Texas nonprofit corporation ("**Seller**"), (ii) Huntsville Community Hospital, Inc., a Texas nonprofit corporation ("**Newco**") and Walker County Hospital District, a body politic and political subdivision of the State of Texas (the "**District**") and sometimes collectively referred to herein as the "**Buyers**," and (iii) HMH Physician Organization, a Texas nonprofit health organization (the "**HMHPO**") (solely as it relates to the HMHPO representations and warranties set forth in Article IV herein). Seller, Buyers, and HMHPO are collectively referred to as the "**Parties**" and each individually as a "**Party**."

RECITALS

A. Seller operates that certain general acute care hospital identified on Exhibit 1 known as "Huntsville Memorial Hospital" (the "**Hospital**" or "**Seller Facility**") and the other businesses and assets incident thereto, and owns Seller's Purchased Assets¹ used in connection with the Seller Facility.

B. The District owns the real property that includes the buildings in which the Hospital is operated and the real property on which the Hospital is located, and leases, among other things, the building and the real property to Seller pursuant to the District Agreements.

C. Seller is the sole member of HMHPO.

D. Seller filed a voluntary petition, Case No. 19-36300-DRJ (collectively, the "**Bankruptcy Case**") pursuant to Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**").

E. The Parties acknowledge and agree that the terms of the Contemplated Transactions are the result of arm's length negotiations.

F. Seller has solicited bids for the Purchased Assets and the Healthcare Business to obtain the highest and best stalking horse offer for the Purchased Assets and the Healthcare Business.

G. On November 11, 2019, Seller filed a motion (the "**Sale Motion**") pursuant to which Seller moved the Bankruptcy Court, pursuant to Sections 105, 363, 365 and 503 of the Bankruptcy Code, Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure, for, among other things, the entry of the Sale Procedures Order in connection with the sale of substantially all or any portion of the Purchased Assets, including the Seller Facility, pursuant to the Sale Order and the related bidding procedures approved by the Sale Procedures Order (the "**Bidding Procedures**"). Pursuant to the Sale Procedures Order and the Bidding Procedures, Seller has elected to designate District and Newco as the initial bidders for the Seller Facility and the Purchased Assets and Seller has designated the Buyers as the "**Stalking Horse Bidder**" and a "**Qualified Bidder**" under the procedures set forth in Sale Procedures Order and the Bidding Procedures;

H. In accordance with Sections 105, 363 and 365 and other applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and in particular, in accordance with Section 363(k) of the Bankruptcy Code, Seller desires to sell, transfer and assign to District, and the District intends to credit bid

¹ Capitalized terms used in these recitals and not otherwise defined shall have the meaning ascribed to such terms in "Article I – Definitions" below

the District Pre-Petition Secured Claim and obtain a transfer of and purchase, for itself or for the benefit of Newco as its designee, from Seller, all of the Purchased Assets relating to the Seller Facility and for Newco to become the member of HMHPO on the terms and conditions set forth herein, Free and Clear of all Encumbrances (other than Permitted Encumbrances), pursuant to the terms hereof and the related Transaction Documents.

NOW, THEREFORE, for and in consideration of the promises and the agreements, covenants, representations, and warranties hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged and confessed, the Parties, intending to be legally bound, hereto agree as follows:

ARTICLE I - DEFINITIONS

1.1 Definitions.

As used in this Agreement, the following terms have the following meanings (unless otherwise expressly provided herein):

"Accounts Receivable" means all accounts, notes, interest and other receivables of Seller, and all claims, rights, interests and proceeds related thereto, arising from the rendering of services to patients at the Seller Facility, billed and unbilled, recorded and unrecorded (including any accounts previously written off or charged off as bad debts), for services provided at or by Seller Facility whether payable by private pay patients or Third Party Payors, or by any other source, including the right to receive an amount equal to the value of all accounts receivable arising from the rendering of services and provision of medicine, drugs and supplies to patients at the Seller Facility relating to Medicare, Medicaid, TRICARE and other third party patient claims of Seller due from beneficiaries or governmental Third Party Payors.

"Acquired Avoidance Actions" has the meaning set forth in Section 2.1(o).

"Accrued PTO" means the dollar amount of all accrued but unused paid time off for vacation and sick time for each Transferred Employee (including employer FICA and any other estimated employer Taxes thereon) recorded by Seller as of immediately prior to the Closing pursuant to Seller's standard policies and as set forth on a schedule delivered to Buyer at least two (2) Business Days prior to the Closing.

"Actions" means any claim, cause of action, litigation, action, suit, arbitration, proceeding, hearing, audit or right in action.

"Actual Delivery Date" has the meaning set forth in Section 6.2(a).

"Affiliate" means, with respect to a Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. The term **"control"** used in the preceding sentence means the possession, directly or indirectly, of the power to either (a) direct or cause the direction of the management and policies of a Person whether through ownership of equity interests, or corporate membership, by contract or otherwise or (b) vote 50% or more of the securities or membership having ordinary voting power for the election of directors of a Person.

"Agreement" means this Purchase Agreement, as from time to time amended, modified or supplemented in accordance with its terms, including the Exhibits and Schedules attached hereto.

"Aggregate AR Assumed Cure Amounts Sharing Threshold" has the meaning set forth in Section 3.11.

"Aggregate Disputed Amount" has the meaning set forth in Section 3.3(b).

"Allocated Portion" has the meaning set forth in Section 3.8(e).

"Alternative Transaction" means any agreement or transaction, whether pursuant to a plan or otherwise, involving (i) the sale or other transfer (in a single transaction or a series of related transactions) of all or substantially all of the Purchased Assets, (ii) the issuance, sale or other transfer (in a single transaction or series of related transactions) of all or substantially all of the member interests of Seller or any of its successors, or (iii) a refinancing involving the Seller, with any party other than Buyers or a designee of one of the Buyers.

"Asset Allocation Agreement" means that certain Asset Allocation Agreement of even date herewith between the District and Newco, in the form of Exhibit 10.

"Assigned Contract" has the meaning set forth in Section 2.3(b).

"Assignment and Assumption" Assignment and Assumption of Lease has the meaning set forth in Section 3.5(b).

"Assignment and Assumption of Lease" has the meaning set forth in Section 3.5(c).

"Assumed Cure Amounts" means those Cure Amounts set forth on Schedule 2.3(b) (as updated in accordance with Section 2.3(b)) solely with respect to any Proposed Assigned Contract that becomes an Assigned Contract, but excluding any Disputed Cure Amounts.

"Assumed Liabilities" has the meaning set forth in Section 2.3(a).

"Auction" has the meaning set forth in Section 6.6(f).

"Balance Sheet Date" means June 30, 2019.

"Bankruptcy Case" has the meaning set forth in the recitals to this Agreement.

"Bankruptcy Code" means title 11 of the United States Code, Sections 101 et seq.

"Bankruptcy Court" has the meaning set forth in the recitals to this Agreement.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedures.

"Bid Deadline" has the meaning set forth in Section 2.3(b).

"Bid Deadline Cure Amount Schedule" has the meaning set forth in Section 2.3(b).

"Bidding Procedures" has the meaning set forth in the recitals to this Agreement.

"Bill of Sale" has the meaning set forth in Section 3.5(a).

"Breaching Party" has the meaning set forth in Section 10.1.

"Break-Up Fee" has the meaning set forth in Section 6.6(h).

"Business Day" means any day other than a Saturday, Sunday or day on which banks are authorized or required to be closed in Dallas, Texas.

"Business Records" has the meaning set forth in Section 9.3(b).

"Buyers" has the meaning set forth in the preamble to this Agreement.

"Buyer Confidential Information" has the meaning set forth in Section 6.7.

"Cash for AR" has the meaning set forth in Section 3.1.

"CHOW Period" has the meaning set forth in Section 6.11.

"Claim" or **"Claims"** shall have the meaning set forth in Section 101(5) of the Bankruptcy Code.

"Closing" has the meaning set forth in Section 3.4.

"Closing Date" has the meaning set forth in Section 3.4.

"Closing Date Payment" has the meaning set forth in Section 3.3(b).

"Closing of Financials" has the meaning set forth in Section 9.10.

"CMS" means the Centers for Medicare and Medicaid Services.

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

"Committee" means the Committee of Unsecured Creditors appointed in the Bankruptcy Case.

"Compliance Program" has the meaning set forth in Section 4.7(b).

"Consideration for the Non A/R Assets" has the meaning set forth in Section 3.1.

"Contemplated Transactions" means the transactions contemplated herein and any other documents executed in connection with this Agreement.

"Contract" means any written contract, agreement, indenture, note, bond, sublease, lease (including any Personal Property lease or capital lease), conditional sales contract, mortgage, license, sublicense, franchise agreement, obligation, promise, undertaking, commitment, or other binding agreement, primarily pertaining to or used in connection with the Healthcare Business (in each case, whether written or oral), along with any additional Contracts that are entered into after the date hereof but prior to the Closing.

"Cost Reports" means all cost and other reports filed pursuant to the requirements of Government Reimbursement Programs, and similar or successor programs with or for the benefit of Governmental Authorities for payment or reimbursement of amounts due from them.

"Cumulative AR Sharing Report" has the meaning set forth in Section 3.11(c).

"Cure Amount Escrow Account" has the meaning set forth in Section 3.3(b).

"Cure Amounts" means the amounts, if any, determined by the Bankruptcy Court to be necessary to cure all defaults and to pay all actual losses that have resulted from defaults by Seller pursuant to the Proposed Assigned Contracts (including any amounts delivered into escrow accounts to pay any claim for Cure Amounts that remain disputed as of the Closing).

"Cure Costs" means, with respect to any Contract to which the Company is a party, the amount required to be paid with respect to such Contract to cure all monetary defaults under such Contract to the extent required by Section 365(b) of the Bankruptcy Code.

"Deposit" means the sum of Two Hundred Thousand Dollars (\$200,000).

"Deficient Final AR Difference" has the meaning set forth in Section 3.10.

"Disclosure Schedules" means the disclosure schedules provided by Seller in connection with this Agreement.

"Disclosure Schedules Delivery Due Date" has the meaning set forth in Section 6.2(a).

"Disputed Contract" has the meaning set forth in Section 6.6(a).

"Disputed Contract Order" has the meaning set forth in Section 6.6(a).

"Disputed Cure Amounts" means the potential maximum Cure Amounts that could be payable with respect to any Disputed Contract based on objections received from non-debtor counterparties to such Disputed Contract in accordance with Section 6.6(a), in each case for which the dispute has not been fully resolved as of the Closing.

"District" has the meaning set forth in the preamble to this Agreement.

"District Agreements" means (a) that certain Lease Agreement dated as of June 13, 2013 between Seller and District, as amended by that certain First Amendment to Lease Agreement dated March 1, 2014, and that certain Second Amendment to Lease Agreement dated May 15, 2016 (collectively, the "**Lease Agreement**"), and (b) that certain Operating Agreement dated as of June 13, 2013, between Seller and District, as amended by that certain First Amendment to Operating Agreement dated May 15, 2016.

"Effective Time" has the meaning set forth in Section 3.4.

"Employee Benefit Plan" has the meaning set forth in Section 4.11(a).

"Employee Lease Agreement" has the meaning set forth in Section 9.4.

"Employee Transition Date" has the meaning set forth in Section 9.4(b).

"Encumbrances" means any and all Claims, mortgages, liens, pledges, security interests, leases, subleases, licenses, rights of way, easements, rights of first refusal, options, restrictions, covenants, reservations or similar matters, whether or not of record, or encroachments of any nature whatsoever, or

any conditional sale contracts, title retention contracts or other agreements or arrangements to give or to refrain from giving any of the foregoing, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, contingent or non-contingent, material or non-material, known or unknown.

"Environmental Laws" means all applicable foreign, federal, state or local Laws, governing pollution, protection of human health from exposure to Hazardous Materials or protection of the environment or natural resources, including, without limitation, any of the foregoing relating to the use, generation, transport, treatment, storage, Release or disposal of Hazardous Materials.

"Environmental Liabilities" means any obligation, expense, or Liabilities arising out of or related to (a) environmental conditions, including without limitation, (i) the presence, Release, or threat of Release of, or exposure to, Hazardous Materials first occurring, or as a result of facts, circumstances or events first existing or occurring, prior to the Closing at, on, in or under or migrating from the Seller Facility, whether into the air, soil, soil gas, ground or surface waters on-site or off-site, or (ii) arising from the off-site or on-site transportation, storage, treatment, recycling or disposal of Hazardous Materials managed or Released by or on behalf of Seller in connection with the Seller Facility or the Healthcare Business; or (b) any violation of any Environmental Law by Seller with respect to the Seller Facility prior to the Closing.

"Environmental Permits" has the meaning set forth in Section 4.18(b).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each trade or business (whether or not incorporated) which is treated as a single employer with Seller under Section 414 of the Code or Section 4001(b) of ERISA.

"Excess Final AR Difference" has the meaning set forth in Section 3.10.

"Escrow Agent" has the meaning set forth in Section 3.2.

"Escrow Agreement" has the meaning set forth in Section 3.2.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Contracts" has the meaning set forth in Section 2.2(e).

"Excluded Cure Amounts" means those Cure Amounts with respect to any Contract that does not become an Assigned Contract.

"Excluded Employee Liabilities" means each of the following to the extent occurring or related to or arising out of the period prior to the Closing Date:

(a) any and all Liabilities arising out of, relating to or resulting from any Proceeding with respect to any current or former employee or Service Provider of the Seller based on facts occurring prior to or as of the Closing Date (even if not known until after the Closing), including relating to his/her employment or services, or termination of employment or services, including as a result of the consummation of the Contemplated Transactions;

(b) any and all actual or contingent Liabilities under, arising out of, relating to or resulting from any Employee Benefit Plans;

(c) any ERISA Affiliate Liability;

(d) any and all Liabilities for any misclassification of any Person (including an employee of a Service Provider) performing services for or on behalf of Seller prior to the Closing as an independent contractor rather than as an employee; and

(e) any and all other Liabilities arising out of, relating to or resulting from the employment or prospective employment of or the termination of any relationship with any current, former or prospective Employees (including any Employee who does not accept an offer of employment with Newco or its Affiliate)) or Service Providers, based on facts occurring prior to or as of the Closing (even if not known until after the Closing).

"Excluded Inventory" has the meaning set forth in Section 2.2(p).

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Excluded Occurrences" has the meaning set forth in Section 6.2(b).

"Excluded Real Property" means the Real Property located at (i) 110 Hill Avenue, Coldspring, TX, and (ii) 3638 Hwy. 19, Huntsville, TX, including for both parcels, all rights of Seller in the land, buildings, fixtures, parking lots, construction in progress and other improvements located thereon.

"Execution Date" has the meaning set forth in the preamble to this Agreement.

"Execution Date Cure Amount Schedule" has the meaning set forth in the Section 2.3(b).

"Executory Contract" means any executory contract related to the Healthcare Business to which Seller is a party.

"Expense Reimbursement" has the meaning set forth in Section 6.6(h).

"Facility Employees" means the employees of Seller and any Affiliate of Seller that perform substantially all of their services at one or more of the Seller Facility, including any such employees who are on a leave of absence.

"Facility IP" means all of the Intellectual Property exclusively used in the operation of the Seller Facility, including Intellectual Property owned by Seller and Intellectual Property which is exclusively used by Seller in the operation of the Seller Facility but owned by a third party.

"Final AR Purchase Price" has the meaning set forth in Section 3.11(b)(i).

"Final Closing Date AR Balance" means the net book value of all Accounts Receivable as recorded in the Seller's accounting general ledger as of the Closing Date. The Final Closing Date AR Balance shall not include any accounts receivable of HMHPO. The Final Closing Date AR Balance shall include and take into account all allowances, reserves, adjustments, and estimated bad debt amounts as reflected in the Seller's books and records, regardless of whether such allowances, reserves, adjustments, and estimated bad debt amounts are system-generated or manual calculations. Calculation of the Final Closing Date AR Balance shall not deviate from the Seller's historical practices, methodologies and management estimates used in determining the Target AR Balance. For the avoidance of doubt, the methodologies and management's assumptions used in the calculation of all allowances, reserves,

adjustments, and estimated bad debt amounts for the Final Closing Date AR Balance shall not vary from those used in calculating the Target AR Balance.

"Final Cure Amount Schedule" has the meaning set forth in Section 2.3(b).

"Final Deficiency AR Amount" has the meaning set forth in Section 3.10.

"Final Excess AR Amount" has the meaning set forth in Section 3.10.

"Final Order" means, unless the requirement for a Final Order is waived in writing by Buyers, an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as to which the time for appeal, petition for *certiorari* or move for re-argument or re-hearing has expired, and as to which no appeal, petition for *certiorari*, or other proceeding for re-argument or re-hearing shall then be pending, or as to which any appeal, petition for *certiorari*, re-argument or re-hearing shall have been waived in writing, in form and substance reasonably satisfactory to Seller and Buyers, or in the event that an appeal, writ of *certiorari* or re-argument or re-hearing thereof has been sought, such order of the Bankruptcy Court, or other court of competent jurisdiction, shall have been determined by the highest Court to which such order was approved to be affirmed, or *certiorari*, re-argument or re-hearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for *certiorari* or move for re-argument or re-hearing shall have expired; *provided however*, that the possibility that a motion under Section 502 of the Bankruptcy Code, Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous bankruptcy Law or applicable state court rules of civil procedure, may be, but have not been, filed with respect to such order shall not cause such order not to be a Final Order.

"Finance Team" has the meaning set forth in Section 9.10.

"Financial Statements" has the meaning set forth in Section 4.4.

"Free and Clear" means free and clear of all Encumbrances.

"Fundamental Representations" means Section 4.1(a), Section 4.2, the first sentence of Section 4.3(a), Section 4.3(b), Section 4.3(e), the last sentence of Section 4.9(a), and Section 4.20.

"Furniture and Equipment" means all furniture, fixtures, furnishings, machinery, appliances and other equipment (including medical equipment) and leasehold improvements owned by Seller, used by Seller in the conduct of the Healthcare Business, or located at the Seller Facility, including all such desks, chairs, tables, Hardware, copiers, telephone lines, telecopy machines and other telecommunication equipment (and, to the extent assignable by Seller, the telephone numbers associated therewith used in the Ordinary Course of Business), cubicles and miscellaneous office furnishings.

"GAAP" means generally accepted accounting principles in the United States, consistently applied.

"Governing Documents" means, for the Person in question, that Person's Articles of Incorporation, Certificate of Formation, Certificate of Limited Partnership, Bylaws, Partnership Agreement, Limited Liability Company Agreement or other similar documents relating to the formation and/or governance of the business and affairs of such Person.

"Governmental Authority" means any federal, state, local or municipal government, including any subdivision, court, commission or regulatory agency; any governmental or quasi-governmental authority;

and any Person exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority.

"Government Reimbursement Programs" means any programs funded or administered by a Governmental Authority, or contractor(s) thereof, for the purposes of paying for health care services. Such programs include Medicare, each state Medicaid program, TRICARE, each other federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)), and all similar or successor programs with or for the benefit of designated federal or state residents.

"Hardware" means any and all computer and computer-related hardware, including computers, file servers, facsimile servers, scanners, color printers, laser printers and networks.

"Hazardous Materials" means any petroleum or petroleum products, radioactive materials or wastes, friable asbestos, medical, pathological, infectious or biological wastes, polychlorinated biphenyls, and any pollutant, contaminant, or other chemical, material, substance or waste that is prohibited, limited or regulated under any Environmental Law due to its hazardous or toxic nature, or for which Liability can be imposed under any Environmental Law.

"Healthcare Business" means, collectively, the business operated by Seller, including Seller's ownership of the Purchased Assets and operation of the Seller Facility.

"Healthcare Laws" means, collectively, any and all Laws governing the licensure or regulation of healthcare providers, professionals, or facilities, or payors or otherwise governing or regulating the provision of, or payment for, healthcare services, the sale of controlled substances or other pharmaceuticals, medical devices or supplies and the like. Without limiting the generality of the foregoing, Healthcare Laws include Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended, 42 U.S.C. § 1395nn; Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the Medicaid statute); the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 8701-8707; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a and 1320a-7b; the Exclusion Laws, 42 U.S.C. § 1320a-7; the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. §§ 1320d-1329d-8, as amended by the Health Information Technology for Economic and Clinical Health Act, enacted as Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5; the Patient Protection and Affordable Care Act; the Health Care Fraud Enforcement Act of 2009; the Federal Controlled Substances Act, 21 U.S.C. §§ 801 et seq.; the Federal Food, Drug and Cosmetic Act, 21 U.S.C. §§ 301 et seq.; any state or local statutes or regulations concerning the dispensing and sale of controlled substances; all Laws relating to the provision of, or billing or payment for health care items or services, or relating to health care information and all applicable amendments, implementing regulations, rules, ordinances, judgments, and orders; and any similar state and local statutes, regulations, rules, ordinances, judgments, and orders; and all applicable federal, state, and local licensing, certificate of need, regulatory and reimbursement statutes, corporate practice of medicine and physician fee splitting regulations, rules, ordinances, orders, and judgments applicable to healthcare service providers.

"HHS" means the U.S. Department of Health and Human Services.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Sections 1320d through d-8, as amended by the Health Information Technology for Economic and Clinical Health Act.

"HMHPO" has the meaning set forth in the preamble to this Agreement.

"Hospital" has the meaning set forth in the recitals to this Agreement.

"Huntsville Memorial Hospital" means the name of the Hospital as referenced in Section 2.1(h), and which is an assumed name of the Seller.

"Information Privacy or Security Laws" means all Laws and self-regulatory guidelines that apply to Seller concerning the privacy, protection or security of Personal Information (as defined in such Laws), including, where applicable, the HIPAA, and state data breach notification Laws.

"Initial Closing Date AR Balance" means the net book value of all Accounts Receivable as recorded in the Seller's accounting general ledger for the most recently available month-end reporting period prior to the Closing Date. The Initial Closing Date AR Balance shall not include any accounts receivable of HMHPO. The Initial Closing Date AR Balance shall include and take into account all allowances, reserves, adjustments, and estimated bad debt amounts as reflected in the Seller's books and records, regardless of whether such allowances, reserves, adjustments, and estimated bad debt amounts are system-generated or manual calculations. Calculation of the Initial Closing Date AR Balance shall not deviate from the Seller's historical practices, methodologies and management estimates used in determining the Target AR Balance. For the avoidance of doubt, the methodologies and management's assumptions used in the calculation of all allowances, reserves, adjustments, and estimated bad debt amounts for the Initial Closing Date AR Balance shall not vary from those used in calculating the Target AR Balance.

"Initial Decrease Adjustment" has the meaning set forth in Section 3.9.

"Initial Increase Adjustment" has the meaning set forth in Section 3.9.

"Institution" has the meaning set forth in Section 3.11(d).

"Intellectual Property" means all of the following in any jurisdiction throughout the world (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissues, divisions, continuations, continuations-in-part, renewals, extensions, and foreign counterparts and equivalents thereof, (ii) all trademarks, service marks, logos, trade names, corporate names, and other source identifiers whether registered or unregistered (as the case may be), as well as all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (iii) registrations for internet domain names, (iv) all rights protected by copyright law, including rights in registered and unregistered works of authorship, all rights to copy, distribute, modify, publicly perform, and publicly display such works, and all applications, registrations, and renewals in connection therewith, and (v) trade secrets, technologies, databases, software, and other proprietary information.

"Interim Period" has the meaning set forth in Section 6.1(a).

"Inventory" means all inventories of supplies, drugs, medications, food, janitorial and office supplies and other disposables and consumables located at the Seller Facility or used in connection with the operation of the Seller Facility.

"IRS" means the Internal Revenue Service.

"Knowledge of HMMPO" (and any similar expression, including the expression **"HMMPO's Knowledge"**) means, as to a particular matter, the actual knowledge of Seller, as the sole member of HMMPO, and John Moore, as President of HMMPO, after reasonable inquiry of the applicable personnel of HMMPO.

"Knowledge of Seller" (and any similar expression, including the expression **"Seller's Knowledge"**) means, as to a particular matter, the actual knowledge of Steve Smith, John Moore, and any other officer of Seller, in each case after reasonable inquiry of the applicable personnel of Seller, as applicable.

"Law" means any federal, state, local or other statute, law, ordinance, regulation, rule, code, decree, Order or similar requirements of any Governmental Authority.

"Lease Agreement" has the meaning set forth in the definitions of District Agreements.

"Leased Real Property" has the meaning set forth in Section 2.1(c).

"Liability" means any debt, Claim, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with GAAP and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

"Licenses" means all rights, to the extent assignable or transferable pursuant to Laws (including the Bankruptcy Code), to all licenses, certificates of exemption, franchises, accreditations and registrations, permits, approvals consents and all applications thereof and waivers of any requirements pertaining thereto, if any, and other licenses or permits issued in connection with the ownership, operation or development of any portion of the Hospital and the Healthcare Business.

"Loss" or "Losses" means any and all costs, obligations, Liabilities, demands, claims, settlement payments, awards, judgments, fines, penalties, damages and reasonable out-of-pocket expenses, including court costs and reasonable attorneys' fees, whether or not arising out of a third-party claim.

"Material Adverse Effect" means any fact, condition, change, event, development or occurrence that, individually or in the aggregate, (a) would, or would be reasonably expected to, prevent or materially delay consummation of the Contemplated Transactions or (b) has or would reasonably be expected to have a material adverse effect on the condition (financial or otherwise), properties, assets, or Liabilities of Seller, HMMPO, the Healthcare Business, or the results of operation of the Purchased Assets, taken as a whole; provided, however, if the fact, condition, change, event, development or occurrence, individually or in the aggregate, results in damages or losses to the Seller, the Seller Facility, and/or the Purchased Assets in an amount equal to at least Fifty Thousand Dollars (\$50,000), then it shall be deemed to have resulted in a Material Adverse Effect. Notwithstanding the foregoing, none of the following changes, events, developments or occurrences shall be deemed to constitute or be taken into account in determining whether there has been or may be a Material Adverse Effect under clause (b): (i) any actual or proposed change in Law or accounting standards or the interpretation or implementation thereof after the effective date; (ii) any change that is generally applicable to the healthcare industry in the State of Texas; (iii) the entry into this Agreement or the announcement, commencement, pendency or consummation of the Contemplated Transactions, (iv) any change in general business, economic, geopolitical or financial market conditions; (v) any national or international political event or occurrence, including acts of war or terrorism; (vi) any natural disaster or calamity; (vii) the filing or prosecution of the Bankruptcy Case, except in the case of clauses (i), (ii), (v), (vi), and (vii), but only to the extent such changes, events, occurrences or developments

have a disproportionate effect on the Seller Facility and the Purchased Assets, taken as a whole, relative to other Persons owning and/or operating general acute care hospitals in the United States.

"Material Contracts of HMHPO" has the meaning set forth in Section 4.8(b).

"Material Contracts of Seller" has the meaning set forth in Section 4.8(a).

"Material Payors" has the meaning set forth in Section 4.19(b).

"Material Suppliers" has the meaning set forth in Section 4.19(a).

"Member Substitution Transaction" means the substitution of HMHPO's sole member from the Seller to Newco through the transaction described in Section 2.5.

"Newco" has the meaning set forth in the preamble to this Agreement.

"Non-Segregated Seller Sharing AR Allocation Amount" has the meaning set forth in Section 3.11(d).

"Notice Objection" has the meaning set forth in Section 3.11(c).

"NPI" has the meaning set forth in Section 2.1(t).

"Objection Deadline" has the meaning set forth in Section 6.6(a).

"Order" means any award, writ, injunction, judgment, order, ruling, decision, decree, directive, or similar determination entered, issued, made or rendered by any Governmental Authority (whether judicial, administrative or arbitral).

"Ordinary Course of Business" means the ordinary and usual course of normal day-to-day operations of the Healthcare Business through the Execution Date consistent with past practice, subject, and, in respect of the period after the Execution Date, to those actions necessary in connection with the Bankruptcy Case.

"Outside Date" means the date that is the one hundred and twentieth (120th) day following the Execution Date (provided that such date may be extended unilaterally by a Party up to an additional forty-five (45) days if necessary to obtain any Required Government Approvals) if the conditions contained in Articles VII and Article VIII, as applicable, to which such Party's obligations hereunder are subject, have not been fulfilled or waived.

"Overpayment Reimbursement Period" has the meaning set forth in Section 3.11(e).

"Owned Real Property" has the meaning set forth in Section 2.1(b).

"Party" or **"Parties"** has the meaning set forth in the preamble to this Agreement.

"Patient Records" shall mean any Documents containing information concerning medical, health care or behavioral health services provided to, or the medical, health care or behavioral health of any individual, or that are otherwise subject to regulation under Law, including the HIPAA and all regulations

promulgated pursuant thereto, including the Transaction Code Set Standards, the Privacy Rules and the Security Rules set forth at 45 C.F.R. Parts 160 and 164.

"Permits" means all Licenses, permits, franchises, privileges, certificates, rights, registrations, approvals, authorizations, consents, provider numbers, waivers, exemptions, releases, variances, certificates of authority, accreditations, or Orders issued by any Governmental Authority.

"Permitted Parties" has the meaning set forth in Section 9.3(b).

"Permitted Encumbrances" means (i) statutory liens that relate to Taxes, assessments and charges or levies imposed by a Governmental Authority; (ii) zoning regulations and other Laws affecting the Owned Real Property; (iii) easements, covenants, conditions, restrictions and other similar matters in each case filed of record on real property or leasehold estates; and (iv) liens arising as a result of the acts of any Buyer or its Affiliates; provided, however, that this term shall not include the lien represented by the Abstract of Judgment, Instrument Number 48489, filed in the Walker County Real Property Records and recorded on June 24, 2019, in favor of ESPY SERVICES, INC..

"Person" means an individual, corporation, partnership, limited liability company, limited liability partnership, trust, association, or organization, including any Governmental Authority.

"Personal Property" has the meaning set forth in Section 2.1(e).

"Personnel Transition Period" has the meaning set forth in 9.4(a).

"Post-Closing Collection Term" has the meaning set forth in 3.11(a).

"Prepaid Assets" means all advance payments, prepayments, prepaid expenses and deposits which were made by or on behalf of Seller with respect to the operation of the Seller Facility.

"Proposed Assigned Contracts" has the meaning set forth in Section 2.3(b).

"Proposed Assumed Contracts" has the meaning set forth in Section 2.1(l).

"Proposed Lessor Lease" has the meaning set forth in Section 2.1(d).

"Proposed Tenant Leases" has the meaning set forth in Section 2.1(c).

"Purchased Assets" has the meaning set forth in Section 2.1.

"Purchase Price" has the meaning set forth in Section 3.1.

"Qualified Bidder" has the meaning set forth in the recitals to this Agreement.

"Qualifying Termination" has the meaning set forth in Section 9.1(c).

"Real Property" has the meaning set forth in Section 2.1(c).

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, depositing, disposing, dispersing, or migrating of Hazardous Materials into or through the environment or within any building, structure, Seller Facility or fixture

(including the abandonment or discarding of any barrels, containers or other closed receptacles containing any Hazardous Material).

"Representatives" means, with respect to any Person, any of its Affiliates, the officers, directors, principals, employees, agents, auditors, advisors and bankers of such Person.

"Required Governmental Approvals" has the meaning set forth in Section 7.2.

"Reverse Termination Fee" has the meaning set forth in Section 9.1(c).

"Sale Hearing" has the meaning set forth in Section 2.3(b).

"Sale Motion" has the meaning set forth in the preamble to this Agreement.

"Sale Order" means a Final Order of the Bankruptcy Court approving, *inter alia*, (i) the sale of the Purchased Assets to the applicable Buyer free and clear of any Encumbrances (other than Permitted Encumbrances), and (ii) the assumption and assignment of the Assigned Contracts to the applicable Buyer, in the form of Sale Order attached as Exhibit 2 hereto or otherwise in form and substance satisfactory to Seller and each Buyer.

"Sale Procedures Order" means a Final Order of the Bankruptcy Court approving the procedures for the sale of the Purchased Assets, in the form of the Sale Procedures Order attached as Exhibit 3 hereto or otherwise in form and substance satisfactory to each of Buyer and Seller.

"Schedule Supplement" has the meaning set forth in Section 6.2(b).

"Segregated Trust Account" has the meaning set forth in Section 3.11(d).

"Segregated Seller Sharing AR Allocation Amount" has the meaning set forth in Section 3.11(d).

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Agency Settlements" has the meaning set forth in Section 2.1(p).

"Seller Bad Debts" has the meaning set forth in Section 9.13.

"Seller Cost Reports" has the meaning set forth in Section 9.8.

"Seller Facility" has the meaning set forth in the recitals to this Agreement.

"Seller Facility Employee Benefit Plan" has the meaning set forth in Section 4.11(a).

"Seller Plan" has the meaning set forth in Section 2.2(f).

"Seller's Sharing AR Allocation Amount" has the meaning set forth in Section 3.11(b)(ii).

"Seller AR Sharing Overpayment" has the meaning set forth in Section 3.11(e).

"Service Provider" means any individual or entity that is engaged by Seller to provide personal services to Seller pursuant to a consulting or other independent contractual relationship directly related to the Healthcare Business, the Purchased Assets, or the Seller.

"Sharing Threshold" has the meaning set forth in Section 3.11.

"Special Warranty Deed" has the meaning set forth in Section 3.5(f).

"Stalking Horse Bidder" has the meaning set forth in the recitals to this Agreement.

"Target AR Balance" means the net book value of all Accounts Receivable as recorded in the Seller's accounting general ledger as of September 30, 2019 which is \$6,138,821.80. The Target AR Balance shall not include any accounts receivable of HMPHO. The Target AR Balance includes all allowances, reserves, adjustments, and estimated bad debt amounts as reflected in the Seller's books and records, regardless of whether such allowances, reserves, adjustments, and estimated bad debt amounts are system-generated or manual calculations.

"Tax Returns" means all reports, returns, declarations, statements or other information returns or statements filed or required to be filed with any Governmental Authority in connection with Taxes (including any attachments thereto or amendments thereof).

"Taxes" means (i) all taxes, charges, fees, levies, duties, or other similar assessments or Liabilities in the nature of a tax, including income, gross receipts, net proceeds, alternative or add-on minimum, ad valorem, value-added, excise, stamp, lease, real property, personal property (tangible or intangible), sales, use, service, transfer, excess profits, withholding (including employee's income withholding), unemployment or other social security, occupational, employment, disability, payroll, registration, environmental, capital stock, capital gains, franchise, and escheat or unclaimed property taxes, in each case imposed by any Governmental Authority; (ii) any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax described in clause (i) or any contest or dispute thereof; and (iii) any liability for the payment of amounts described in clauses (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or any agreement to pay or indemnify any other Person for such matters.

"Third-Party Financing" has the meaning set forth in Section 7.10.

"Third Party Payor" means any Person (other than the beneficiary) that pays for or reimburses at least a portion of the health care expenses of its beneficiaries including each Government Reimbursement Program, any entity authorized to provide health insurance (or property, casualty, or life insurance covering health benefits), any health maintenance organization, preferred provider organization, or other managed care program, and any employer authorized in accordance with Law to self-insure its workers' compensation risk.

"Title Company" means Fidelity National Title Insurance Company.

"Transaction Documents" means this Agreement, the exhibits hereto, and all Exhibits and Schedules contained in the Disclosure Schedules, the Final Order and each other agreement, certificate or instrument to be delivered to this Agreement, and any other agreements dealing with the transfer or contribution of the Purchased Assets by and between the District and Newco.

"Transferable Accrued PTO" means, with respect to each Transferred Employee, the Accrued PTO of such Transferred Employee immediately prior to the Closing Date, excluding hours, if any, in excess of 280 hours with respect to such Transferred Employee.

"Transferred Employee" has the meaning set forth in Section 9.4(b).

"Transition Services Agreement" has the meaning set forth in Section 3.5(h).

"Vacant Lot" means that certain 4.535 acre vacant tract of land located at the northwest corner of Interstate Highway 45 and Robinson Creek Parkway, Huntsville, Walker County, Texas 77340.

"WARN Act" means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101-2109.

1.2 Other Definitions and Interpretive Matters

. Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(a) Calculation of Time Period. Other than with respect to time periods relating to pleadings or orders filed or entered in Bankruptcy Case which shall be governed by the Bankruptcy Code and the Bankruptcy Rules and applicable local rules, when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period (or if any other date specified in this Agreement for giving any notice or taking any action) is a day other than a Business Day, then the period (or date) in question shall end on (or be deemed to be) the next succeeding Business Day. All references to times are times in Huntsville, Texas.

(b) Dollars. Any reference in this Agreement to \$ means United States dollars.

(c) Gender and Number. Any reference in this Agreement to gender includes all genders, and words imparting only the singular number include the plural and vice versa.

(d) Headings. The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement. All references in this Agreement to any "Section" or "Article" are to the corresponding Section or Article of this Agreement unless otherwise specified.

(e) Herein. Words such as "herein," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

(f) Including. The word "including" or any variation thereof means "including, without limitation," and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(g) "Made available to Buyers". Such phrase or similar phrases means information included in a virtual data room (with unencumbered access to the recipient) and maintained by Waller

Lansden Dortch & Davis, LLP to which Buyers and their Representatives have had access since June 30, 2019, and up to five (5) Business Days prior to the Execution Date.

(h) Statutes and Regulations. References to statutes shall include all regulations promulgated thereunder and references to statutes or regulations shall be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation.

(i) No Strict Construction. Buyers, on the one hand, and Seller, on the other hand, participated jointly in the negotiation and drafting of this Agreement, and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyers, on the one hand, and Seller, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsman shall be applied against any Person with respect to this Agreement.

(j) Survival of Certain Covenants. Any covenant which by its terms is to be performed after the Closing shall survive the Closing until performed, notwithstanding the fact that the provision does not explicitly provide that the covenant shall survive the Closing.

ARTICLE II - PURCHASE AND SALE OF ASSETS; ASSETS AND LIABILITIES

2.1 Purchase and Sale. Subject to the terms and conditions of this Agreement (including the entry of the Sale Order) and except for the substitution of members with respect to the Member Substitution Transaction described in Section 2.5, at the Closing and effective as of the Effective Time, Seller shall sell, convey, assign, transfer and deliver to the District, for its own benefit or to be contributed and assigned to Newco as the District's designee, and the applicable Buyer shall acquire, subject to that certain Asset Allocation Agreement, all of the following assets owned, exclusively used or held for use by Seller in connection with the operation of the Seller Facility, other than the Excluded Assets (all such assets other than the Excluded Assets, the "**Purchased Assets**"), Free and Clear of all Encumbrances other than the Permitted Encumbrances, including:

- (a) all Accounts Receivable as of the Closing Date;
- (b) all interests of Seller in the real property owned by Seller that is described in Schedule 2.1(b) (the "**Owned Real Property**"), including all rights of Seller in the land, buildings, fixtures, parking lots, construction in progress, and other improvements located thereon as to each parcel of real property included in such Owned Real Property, [including without limitation, any rights to the proceeds resulting from the settlement of the sale of any property within the Owned Real Property to the State of Texas,] except and excluding the Excluded Real Property;
- (c) subject to Section 2.3(b), all leasehold interests (together with any amendments, renewals, guaranties or other agreements with respect thereto, the "**Proposed Tenant Leases**") of Seller used exclusively in connection with the operation of the Healthcare Business in and to the real property (the real property that is subject to the Proposed Tenant Leases being referred to as the "**Leased Real Property**"), that are described in Schedule 2.1(c) (the term "**Real Property**" means collectively the Owned Real Property and the Leased Real Property);
- (d) all interests of Seller in and to all real property leases, subleases, licenses, use and other occupancy agreements relating exclusively to the operation of the Seller Facility or the Healthcare Business

described in Schedule 2.1(d) (each, a "**Proposed Lessor Lease**"), excluding for all purposes, the District Agreements;

(e) (i) all Furniture and Equipment, tools, spare parts supplies, janitorial and office supplies and other disposables and consumables relating to the Healthcare Business, and (ii) all other tangible personal property identified on Schedule 2.1(e) (collectively, the "**Personal Property**");

(f) all Inventory owned by Seller and exclusively used in connection with the operation of the Seller Facility (other than (i) the portions of Inventory disposed of, or expended, as the case may be, by Seller after the Execution Date and prior to the Closing in the Ordinary Course of Business; and (ii) all Excluded Inventory);

(g) all Prepaid Assets related to the Healthcare Business other than any Prepaid Assets exclusively relating to any of the Excluded Assets;

(h) all intangible personal property owned by Seller and exclusively used in connection with the operation of the Seller Facility, including all right, title and interest in and to all Hospital Intellectual Property, including the names set forth on Schedule 2.1(h), all United States and worldwide inventions, trade secrets, know-how, whether or not patentable, mask work rights, patents, patent applications, trademarks, service marks, trade names, trade dress, copyrights, and all applications, registrations and renewals in connection with any of the above including the name Huntsville Memorial Hospital, and any other trade names, trademarks, service marks, trade dress, logos, symbols (as well as all abbreviations, variations or derivations thereof), copyrights and applications therefor of Seller or its Affiliates or worldwide web addresses not used exclusively at the Seller Facility, any promotional material, educational material, signage, stationery, supplies or other items of inventory bearing such names, marks, trade dress, logos, or symbols or abbreviations, variations or derivations thereof, and any URLs, sites, blogs or pages hosted on Seller's system websites, including associated content embodied within the foregoing;

(i) all financial, medical staff and personnel records (including those related to the preparation of Cost Reports) owned by Seller and used in connection with the operation of the Seller Facility, the Healthcare Business or the Purchased Assets (including all Patient Records (subject to a mutually agreeable medical records custodianship agreement), equipment records, construction plans and specifications, medical and administrative libraries, documents, catalogs, books, records, files, operating manuals and current personnel records) and all patient and medical records used in connection with the operation of the Purchased Assets (provided that personnel records not relating to the Transferred Employees shall not be treated as Purchased Assets);

(j) subject to Section 3.8, all of a Seller's rights to receive insurance proceeds relating to the physical condition of the Seller Facility and the Purchased Assets, to the extent not expended on the repair or restoration of the Purchased Assets prior to the Closing;

(k) the member interest in HMHPO that is owned or controlled by Seller (which substitution shall be effected through the Member Substitution Transaction);

(l) subject to Sections 2.3(b) and 6.6(a), the Contracts of Seller (i) designated in Schedule 2.1(l) as Material Contracts of Seller to be assumed by one or more Buyers or (ii) which exclusively relate to the operation of the Seller Facility but are not required to be listed in Schedule 4.8, and in any event including the Medicare and Medicaid provider agreements for the Seller Facility ((i) and (ii), collectively the "**Proposed Assumed Contracts**"), and all deposits remaining at the Closing Date related to the Assigned Contracts;

(m) to the extent assignable, all Permits held by Seller relating exclusively to the ownership, development and operation of the Seller Facility, the Healthcare Business, or the Purchased Assets;

(n) to the extent assignable, all existing warranties and guarantees (express or implied) issued to Seller in connection with the Personal Property and Inventory;

(o) all claims or causes of action, choses in action, and rights of recovery relating to or arising from the Healthcare Business against any counterparties to an Assigned Contract or against the Buyers, including, without limitation, all actions under Chapter 5 of Title 11 of the United States Code (the "*Acquired Avoidance Actions*");

(p) subject to Section 2.3(a)(iv), except for any positive amounts with respect to Medicare reimbursement for bad debts of the Seller Facility under 42 C.F.R. § 413.89 associated with services furnished prior to the Effective Time, which shall be governed pursuant to Section 9.13, rights to positive cost report settlements and retroactive adjustments on Seller Cost Reports in respect of time periods prior to the Closing ("*Seller Agency Settlements*");

(q) to the extent transferable, all rights of Seller under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with employees and agents of Seller or with third parties to the extent relating to the Healthcare Business or the Purchased Assets (or any portion thereof);

(r) all bank deposit accounts in the name of Seller, reflected on Schedule 2.1(r);

(s) subject to Section 2.3(a)(iv), except for any positive amounts with respect to Medicare reimbursement for bad debts of the Seller Facility under 42 C.F.R. § 413.89 relating to services furnished prior to the Effective Time, which shall be governed pursuant to Section 9.13, any amounts receivable and any amounts received on or after the Closing Date with respect to any extraordinary payments and payment adjustments from any Third Party Payor, including payments and payment adjustments: (i) relating to outlier reconciliation, supplemental, disproportionate share or waiver payments, or Medicaid GME funding with respect to time periods prior to the Effective Time; (ii) relating to the Seller Cost Reports or Seller Agency Settlements (whether resulting from an appeal of a disallowance or otherwise) and other risk settlements with respect to time periods prior to the Effective Time; (iii) which result from any appeals pertaining to Medicare, Medicaid (including disproportionate share hospital program payments), TRICARE or other Third Party Payors for services furnished during periods prior to the Effective Time; (iv) relating to participation in any group purchasing organization (including any rebates or fee sharebacks for purchases made and paid for prior to the Effective Time) with respect to periods prior to the Effective Time; or (v) arising from meaningful use attestations with respect to time periods prior to the Effective Time;

(t) to the extent assignable, the national provider identifiers (the "*NPI*") and the Medicare, Medicaid, and TRICARE provider numbers and related provider agreements of Seller specifically identified on Schedule 2.1(t);

(u) the goodwill generated by or associated with Seller, the Healthcare Business, the Purchased Assets, and the Seller Facility;

(v) all telephone and facsimile numbers, post office boxes and directory listings used exclusively in connection with Seller's operation of the Healthcare Business;

(w) all policies and procedures of Seller;

(x) all intercompany receivables between Seller and HMHPO;

(y) any other tangible asset located within the Seller Facility or that is otherwise material to the operation of the Healthcare Business as of (I) the Execution Date or (II) the Closing Date, in each case not otherwise articulated in the foregoing (a) through (x) and not otherwise an Excluded Asset; and

For the avoidance of doubt, the assets owned by HMHPO shall not be sold to Buyer. They will remain assets of HMHPO at the Closing. In addition, at any time at least five (5) Business Days prior to the Closing, Buyers may, in their sole discretion by written notice to Seller, designate any of the Purchased Assets as additional Excluded Assets, which notice shall set forth in reasonable detail the Purchased Assets so designated. Notwithstanding any other provision hereof, the Liabilities of Seller under or related to any Purchased Asset excluded under this Section 2.1 will constitute Excluded Liabilities.

2.2 Excluded Assets. The following assets of Seller shall not be conveyed to Buyers and Seller shall have all rights, title and interest in or to such assets (collectively, the "**Excluded Assets**"):

(a) all intercompany receivables between Seller and any of its respective Affiliates, excluding any intercompany receivables between Seller and HMHPO;

(b) all cash and cash equivalents, securities, investments, endorsements, bond funds and other funds created by bond indentures (but not including any Prepaid Assets that are related to the Healthcare Business);

(c) the real property that is owned by Seller and described on Schedule 2.2(c);

(d) assets and Liabilities under medical malpractice risk pools and workers compensation and employee retirement programs;

(e) the Contracts of Seller that (i) relate exclusively to the Excluded Liabilities or the Excluded Assets, (ii) do not relate to either the Purchased Assets or the Seller Facility, (iii) are not Assigned Contracts, (iv) are deemed rejected Contracts, or (v) are listed on Schedule 2.2(e) (the "**Excluded Contracts**");

(f) all Employee Benefit Plans maintained by, sponsored in whole or in part by, contributed to by, or required to be contributed to by, Seller or any of its Affiliates (including, without limitation, each Seller Facility Employee Benefit Plan) or with respect to which Seller or any of its Affiliates has any actual or contingent liability (each such Employee Benefit Plan described in this Section 2.2(f), a "**Seller Plan**") and all Contracts, assets and insurance policies relating to any Seller Plan;

(g) all minute books and organizational records relating to Seller and its Affiliates, excluding those applicable to HMHPO, and all other books and records that a Seller is required by Law to retain in its possession (provided that Seller shall provide Buyer copies of such books and records that a Seller is required by Law to retain in its possession);

(h) except as set forth in Section 2.1(j), all insurance policies (including, without limitation, the Debtor's directors and officers and errors and omissions policies) and rights and proceeds thereunder;

(i) those pharmaceuticals that cannot by Law be sold or otherwise transferred by Seller to Buyers;

(j) all claims, rights, interests and proceeds with respect to federal, state or local Tax payments, refunds and credits (including property Tax refunds) to the extent such amounts relate to Taxes that are Excluded Liabilities;

(k) all Contracts with Service Providers (unless otherwise designated as a Proposed Assumed Contract);

(l) all claims, causes of action, choses in action, rights of recovery of Seller and its Affiliates, (i) that arise under Chapter 5 of Title 11 of the United States Code, other than the Acquired Avoidance Actions, and (ii) that otherwise arise under state or federal law and are not an Acquired Avoidance Action;

(m) any writings, documents and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection, in each case, except to the extent related to the Assumed Liabilities;

(n) all peer review materials related to the Medical Staff of Seller;

(o) [Reserved.];

(p) inventory that has an expiration date of less than ninety (90) days after the Closing Date ("*Excluded Inventory*");

(q) the rights of Seller and its Affiliates under this Agreement; and

(r) all other assets of Seller that are not Purchased Assets, including those set forth in Schedule 2.2(r).

2.3 Assumed Liabilities.

(a) In connection with the sale or transfer of the Purchased Assets to Newco at the Closing and effective as of the Effective Time, Newco shall assume and be responsible only for Transferable Accrued PTO and the following Liabilities, obligations and duties of Seller, but only to the extent (x) relating to operation of the Seller Facility (and not to the extent arising from or related to any Excluded Asset, Excluded Liability or any breach, violation or infringement of Contract, tort or Law) and (y) arising on or after the Closing Date (all such Liabilities other than the Excluded Liabilities, collectively, the "*Assumed Liabilities*"):

(i) subject to Section 2.3(b), Liabilities, obligations and duties of Seller under the Assigned Contracts as and to the extent any such liability, obligation or duty arises on or after the Closing Date;

(ii) all Liabilities and obligations to the extent arising out of the operation of the Owned Real Property and Leased Real Property on or after the Closing Date;

(iii) capital lease obligations of Seller under the Assigned Contracts set forth on Schedule 2.3(a)(iii);

(iv) claims, recoupments, set-offs, adjustments and other relating to the Medicare and Medicaid provider agreements of the Seller Facility that have been assumed by Buyer;

- (v) the Assumed Cure Amounts; and
- (vi) other specifically assumed Liabilities set forth in Schedule 2.3(a)(vi).

(b) Schedule 2.3(b) attached hereto sets forth Seller's good faith estimate as of the Execution Date (the "**Execution Date Cure Amount Schedule**") of the Cure Amount for each Proposed Assumed Contract, Proposed Tenant Lease and Proposed Lessor Lease (collectively, the "**Proposed Assigned Contracts**"). With respect to any Proposed Assigned Contract, Buyers shall have the right to designate any such Contract as an Excluded Contract that shall thereafter cease to be a Proposed Assigned Contract and be deemed to be listed on Schedule 2.2(e) and any Cure Amount in respect thereof shall be deemed an Excluded Cure Amount. Without limiting the obligations of Seller pursuant to Section 6.6(a), prior to any bid deadline ("**Bid Deadline**") set by the Bankruptcy Court to approve a sale pursuant to this Agreement (the "**Sale Hearing**"), Seller shall commence appropriate proceedings before the Bankruptcy Court and otherwise take all reasonably necessary actions requested by either Buyer to determine the actual amount of the Cure Amounts, including resolving any disputes as to Cure Amounts prior to or at the Sale Hearing, such that all Proposed Assigned Contracts may be assumed by Seller and assigned to the applicable Buyer in accordance with Section 365 of the Bankruptcy Code (each such Contract, an "**Assigned Contract**"). Seller shall deliver an updated version of Schedule 2.3(b) (i) at least two (2) Business Days prior to the Bid Deadline reflecting any change in the Cure Amounts set forth on the Execution Date Cure Amount Schedule resulting from any filed objections (the updated version of Schedule 2.3(b) delivered in accordance with this clause (i), the "**Bid Deadline Cure Amount Schedule**") and (ii) at least two (2) Business Days prior to the Closing setting forth the Assumed Cure Amount for each Proposed Assigned Contract determined in accordance with the Sale Order and the maximum claimed amount of any Disputed Cure Amount with respect to each Disputed Contract that is not resolved prior to the Sale Hearing (the updated version of Schedule 2.3(b) delivered in accordance with this clause (ii), the "**Final Cure Amount Schedule**"); provided that the Cure Amounts set forth on the Final Cure Amount Schedule shall not exceed the corresponding amount set forth on the Bid Deadline Cure Amount Schedule and Buyers shall be solely responsible for the payment of any Assumed Cure Amount in respect of an Assigned Contract. Seller shall facilitate Buyers' negotiation of any Cure Amounts with the applicable third parties. Notwithstanding anything to the contrary contained herein, at any time up to one (1) Business Day prior to the Closing Date, Buyers may move any Contract from the Excluded Contract schedule to the Proposed Assumed Contract schedule.

(c) Nothing in this Agreement shall be construed as an attempt to assign, and Buyers shall not assume any Liabilities or obligations with respect to, any Contract, lease, agreement or Permit intended to be included in the Purchased Assets that by Law is non-assignable, or that by its terms is non-assignable without the consent of the other party or parties thereto to the extent such party or parties assert in writing that such assignment is a breach of such Contract, lease or agreement or Permit as to which all the remedies for the enforcement thereof enjoyed by Seller would not, as a matter of Law, pass to the applicable Buyer as an incident of the assignments provided for by this Agreement unless the Bankruptcy Court shall have determined that such Contract, lease, agreement or Permit may be assigned notwithstanding the claim or objection of the counterparty that the Contract or Permit may not be assigned without its consent or approval. Seller shall, at the request and under the direction of a Buyer, take all reasonable actions (including, without limitation, the appointment of such Buyer as attorney-in-fact for Seller) and do or cause to be done all such things as shall in the reasonable judgment of such Buyer be necessary or proper (i) to assure that the rights and benefits of Seller under such Contracts or Permits shall be preserved for the benefit of the applicable Buyer, and (ii) to facilitate receipt of the consideration to be received by Seller in and under every such Contract or Permit, which consideration shall be held for the benefit of, and shall be delivered to, the applicable Buyer.

2.4 Excluded Liabilities. Notwithstanding any provision in this Agreement to the contrary, Buyers shall not assume, and under no circumstances shall any Buyer be obligated to pay, discharge, perform or assume any debt, obligation, expense or liability of Seller or any Affiliates thereof that is not an Assumed Liability (collectively, the "**Excluded Liabilities**"), which shall remain Liabilities of Seller, including (without limiting the generality of the foregoing), the following:

- (a) any Liabilities owed by Seller to another member of the Seller Group, unless such Liability is an Assumed Liability;
- (b) all trade payables, accounts payable and other current Liabilities of Seller or relating to the Seller Facility, including without limitation any patient credit balances;
- (c) all Liabilities and obligations to the extent not arising out of the operation of the Seller Facility;
- (d) all Liabilities and obligations relating to or arising from any Excluded Asset;
- (e) all Liabilities arising out of or relating to any Seller Plan;
- (f) all Liabilities, (other than Transferable Accrued PTO for all Transferred Employees, and the Liabilities specifically set forth on Schedule 2.3(a)(vi)), with respect to employment, termination of employment, compensation, severance and employee benefits of any nature owed to any Facility Employee (including without limitation, the employment agreements and severance agreements with the CNO and the HRD), or any other current or former officer, manager, director, member, employee, Service Provider or independent contractor (or any of their respective dependents or beneficiaries) of Seller or any of its Affiliates relating to or arising out of such individual's employment or service (or the termination of employment or service) with such Seller or any of its Affiliates or any of their respective predecessors, whether or not such individual becomes a Transferred Employee, including, without limitation, any obligation to pay or provide any Facility Employee or other current or former officer, manager, director, member, employee or independent contractor (or any of his or her respective dependents or beneficiaries) of Seller or any of its Affiliates any severance or change in control payments, transaction bonuses, retiree benefits, salary, wages or commissions, and including any amounts due and owing under an employment agreement;
- (g) any and all Taxes of Seller or any of its respective Affiliates and any Tax related to the operations of the Seller Facility or the Purchased Assets to the extent related to, or otherwise arising out of the operations of the Seller Facility or the Purchased Assets prior to the Effective Time;
- (h) any Environmental Liabilities;
- (i) all Liabilities under the WARN Act with respect to plant closings or mass layoffs of employees that occur prior to the Closing;
- (j) any Liability to the extent relating to any breach of contract, breach of warranty, tort, infringement, or violation of Law by Seller;
- (k) any Liability to the extent arising out of events or omissions occurring prior to the Effective Time from or relating to any overpayment, duplicate payment, refunds, discounts or adjustments due to any healthcare cost reimbursement program, health plan or insurance coverage except as required by law;

(l) any Liability related to claims of medical malpractice and/or other professional liability of Seller, or any of its employees, attending physicians, agents or independent contractors to the extent arising out of events or omissions occurring prior to the Closing Date;

(m) any Liability arising out of or in connection with any Proceedings (whether instituted prior to or after Closing) to the extent arising from acts or omissions which occurred or alleged to have occurred prior to the Closing Date;

(n) any Liability related to penalties, fines, settlements, interest, costs and expenses to the extent arising out of or incurred as a result of any violation by Seller prior to the Closing Date of any Law;

(o) all Liabilities relating to amounts required to be paid by Seller hereunder;

(p) all claims, demands, Liabilities or obligations arising out of any duty or violation of any applicable Environmental Law, rules, regulations or obligations by Seller or the Healthcare Business, or related to the Purchased Assets to the extent occurring on or prior to the Closing Date;

(q) all Liabilities consisting of legal, accounting, financial advisory, valuation, investment banking and other third party advisory or consulting fees and expenses incurred by or on behalf of Seller in connection with or arising from the Bankruptcy Case or the Contemplated Transactions or the other Transaction Documents;

(r) all Liabilities existing prior to the filing of the Bankruptcy Case that are dismissed under the Bankruptcy Case;

(s) all Liabilities and obligations of Seller under this Agreement and the other Transaction Documents; and

(t) all Liabilities and obligations of Seller to any of the Affiliates;

(u) any Excluded Cure Amounts;

(v) any and all fees, costs and expenses (including legal fees and accounting fees) that have been incurred or that are incurred by Seller in connection with the Contemplated Transactions or any prior attempted sale transaction or the Bankruptcy Case, including all fees, costs and expenses incurred in connection with or by virtue of the negotiation, preparation and review of this Agreement and all Transaction Documents and the consummation of the Contemplated Transactions and the Transaction Documents; provided however this provision shall not prohibit any fees, costs or expenses from being paid from the proceeds received by or on behalf of Seller at Closing;

(w) all Excluded Employee Liabilities; or

(x) any Liabilities or other obligations set forth on Schedule 2.4(x).

2.5 Member Substitution Transaction. Subject to the terms and conditions of this Agreement, Buyer shall be substituted for Seller as the sole member of HMMPO. Seller shall obtain all required consents to amend the Articles of Incorporation of HMMPO and Bylaws of HMMPO to change the member, and to take all other necessary actions in order for the Member Substitution Transaction to become effective immediately prior to the Effective Time.

2.6 Prorations. To the extent not an Assumed Liability or not otherwise prorated pursuant to this Agreement, Seller and Buyers shall prorate (as of the Effective Time), if applicable, real estate and personal property taxes, assessments, rents, costs of utilities, other similar charges against real and personal property, insurance premiums for employee benefits, and other prepaid expenses for the Seller Facility for the month during which the Closing occurs. Not later than thirty (30) days after the Closing Date, Seller and Buyers shall reconcile all expenses to be prorated and pay each other the applicable prorated amounts.

ARTICLE III - PURCHASE PRICE; CONSIDERATION; CLOSING

3.1 Purchase Price. The consideration for the Purchased Assets shall be comprised of the following amounts (collectively the "**Purchase Price**"): (a) an offset of the District Secured Claim in the amount of Three Million Dollars (\$3,000,000) ("**Consideration for the Non A/R Assets**") plus (b) Four Million Eight Hundred Thousand Dollars (\$4,800,000) in cash ("**Cash for AR**") (subject to adjustment pursuant to Sections 3.9 and 3.10), plus (c) the assumption by Buyers of the Assumed Liabilities (including, *inter alia*, the Transferable Accrued PTO), plus (d) the Assumed Cure Amounts for any Assigned Contract.

3.2 Deposit. Buyer shall deposit the Deposit into an escrow account established pursuant to that certain Escrow Agreement of even date herewith among Pegasus Bank (the "**Escrow Agent**"), Seller and Buyers (the "**Escrow Agreement**") upon execution of this Agreement. In the event the Escrow Agreement has not been signed by all of the applicable Persons, Buyer shall deposit the Deposit with Seller's outside counsel to hold until the escrow account contemplated by the Escrow Agreement has been established, at which time the Deposit shall be transferred to the Escrow Agent. At the Closing, the Deposit shall be credited towards payment of the Purchase Price and released to Seller. If the Closing does not occur and this Agreement is terminated, the Deposit shall be released as provided in Section 9.1.

3.3 Cure Amounts.

(a) At the Closing, Buyers shall pay all Assumed Cure Amounts for Assigned Contracts in accordance with the Sale Order and any Disputed Cure Amounts shall be paid when resolved (if not at Closing) subject to Section 6.6(a). Buyers will have no responsibility for the Excluded Cure Amounts.

(b) At the Closing, Seller will assign and transfer the Purchased Assets to Buyers, and Buyers will pay, or shall cause to be paid, by wire transfer of immediately available funds, (x) an amount of cash equal to the net amount of the following (the "**Closing Date Payment**"): (i) the Cash for AR, plus the Increased AR Amount or minus the Decreased AR Amount, plus (ii) the Assumed Cure Amounts, less (iii) the amount of the Deposit, less (iv) the aggregate amount of the Disputed Cure Amounts ("**Aggregate Disputed Amount**") to Seller to the account set forth in wiring instructions provided by Seller at least two (2) Business Days prior to the Closing, and (y) an amount of cash equal to the Aggregate Disputed Cure Amounts into an escrow account established pursuant to the Escrow Agreement (the "**Cure Amount Escrow Account**").

(c) Seller and Buyers shall agree upon an allocation of the Purchase Price among the Purchased Assets for tax reporting and other purposes consistent with the allocation methods and principles required by the Code. Buyers and Seller shall report, act and file all tax returns, including IRS Form 8594, with their respective federal income tax returns for the tax year in which the Closing Date occurs consistent with such agreed upon allocation.

(d) Buyers shall be entitled to deduct and withhold from any payment under this Agreement any Taxes required to be deducted and withheld by Buyers under Law, and Buyers shall pay such amounts to the appropriate Governmental Authority.

3.4 Closing. Subject to the terms and conditions of this Agreement, and provided that all of the conditions to Closing set forth in Article VII (other than those conditions which are to be satisfied at Closing, but subject to such conditions being satisfied at the Closing) are satisfied or waived, the consummation of the transactions contemplated pursuant to this Agreement (the "**Closing**") shall take place electronically on (a) January 13, 2020, or (b) such other date as Seller and Buyers may mutually agree upon (the "**Closing Date**"). The Closing shall be deemed to have occurred and to be effective as between the parties as of 12:01 a.m. (Central Standard Time) on the calendar day after the Closing Date (the "**Effective Time**"). Except as otherwise may be required by the Title Company or as agreed by Buyers and Seller, the Closing will take place remotely by electronic mail or other electronic exchange of documents, among and between the parties and/or their respective counsel.

3.5 Actions of Seller at Closing. At the Closing or within such other timeframes as specified below and unless otherwise waived in writing by both Buyers, Seller shall deliver or cause to be delivered to Buyer the following:

- (a) A Bill of Sale and Assignment in the form attached as Exhibit 4 (each, a "**Bill of Sale**") executed by Seller in favor of each applicable Buyer;
- (b) An Assignment and Assumption Agreement in the form attached as Exhibit 5 (each, an "**Assignment and Assumption**") executed by Seller in favor of each applicable Buyer;
- (c) An Assignment and Assumption of Lease for Real Property which is leased by, or to, Seller in the form attached as Exhibit 6 (each, an "**Assignment and Assumption of Lease**") executed by Seller in favor of each applicable Buyer;
- (d) The Drug Enforcement Administration (DEA) Power of Attorney in the form attached hereto as Exhibit 7 and executed by or on behalf of Seller in favor of each applicable Buyer;
- (e) Certificates of existence and good standing of Seller from the state of its incorporation or formation, each dated the most recent practicable date prior to the Closing Date;
- (f) A Special Warranty Deed in the form attached as Exhibit 8 (each, a "**Special Warranty Deed**") with respect to each parcel of Owned Real Property executed by Seller in favor of each applicable Buyer;
- (g) An Employee Lease Agreement, executed by Seller;
- (h) A Transition Services Agreement executed by Seller;
- (i) Documents to reflect the Member Substitution Transaction;
- (j) A non-foreign affidavit of Seller, dated as of the Closing Date, in form and substance consistent with the Treasury Regulations issued pursuant to Section 1445 of the Code stating that such Seller is not a "foreign person" as defined in Section 1445 of the Code;
- (k) Certificates of title with respect to any vehicles included in the Purchased Assets duly executed by Seller;
- (l) A full release of any and all liens on all property owned by HMHPO;

- (m) The certificate contemplated by Section 7.6;
- (n) A certified copy of the Sale Order;
- (o) Evidence that the rent payment due on November 15, 2019, up to the amount of Two Hundred Fifty Thousand Dollars (\$250,000) has been paid to the District; and
- (p) Such other instruments and documents as are reasonably necessary to satisfy the conditions precedent to Buyers' obligations hereunder and such other instruments and documents as Buyers reasonably deem necessary to effect the Contemplated Transactions.

3.6 Actions of Buyers at Closing. At the Closing and unless otherwise waived in writing by Seller, Buyers shall deliver or cause to be delivered to Seller the following:

- (a) The Closing Date Payment by wire transfer of immediately available funds to an account designated in writing by Seller;
- (b) A Bill of Sale executed by each applicable Buyer;
- (c) An Assignment and Assumption executed by each applicable Buyer;
- (d) An Assignment and Assumption of Lease executed by each applicable Buyer;
- (e) An Employee Lease Agreement, executed by each applicable Buyer;
- (f) A Transition Services Agreement, executed by each applicable Buyer;
- (g) Certificates of existence and good standing of Buyers from the state of its incorporation or formation, each dated the most recent practicable date prior to the Closing Date;
- (h) An executed copy of the Member Substitution Transaction document(s), and
- (i) The certificate contemplated by Section 8.4.

3.7 Real Estate Closing Matters. Seller has not made available to Buyers any Title Commitments or Surveys for the real estate reflected on Schedule 2.1(b). Buyers have obtained a Title Commitment for the Vacant Lot as reflected by Schedule 3.7 and shall obtain their own Title Commitments and Surveys for any real property that is a Purchased Asset.

3.8 Risk of Loss.

- (a) The risk of loss or damage to any of the Purchased Assets, including the Owned Real Property or any personal property used in connection with the Healthcare Business by Seller, shall remain with Seller until the Effective Time and Seller shall maintain their respective insurance policies covering such property through the Effective Time.
- (b) With respect to the Owned Real Property, if prior to the Closing, all or any part of such Owned Real Property is destroyed or damaged by fire or the elements or by any other cause, Seller shall assign, transfer and set over to the applicable Buyer all of Seller's right, title and interest in and to any insurance proceeds on account of such damage or destruction and, if such insurance policy proceeds are

insufficient to repair, restore and/or replace the Owned Real Property, the Purchase Price shall be reduced by the amount equal to the difference between the cost to repair, restore and/or replace and the amount of such proceeds.

(c) If prior to the Closing, all or any part of a parcel of the Real Property is made subject to an eminent domain or condemnation proceeding which would in Buyer's commercially reasonable judgment materially adversely impair access to the Real Property or be materially adverse to the operations of the Real Property, notwithstanding anything to the contrary in this Agreement, Buyer may elect to (i) purchase the Seller Facility and the Closing with respect to the Seller Facility shall proceed as scheduled (provided, however, at the Closing Seller shall assign, transfer and set over to the applicable Buyer all of Seller's right, title and interest in and to any award in such eminent domain or condemnation proceeding) or (ii) not purchase the Seller Facility (and Purchased Assets solely related thereto) and, in such event, the Purchase Price shall be reduced by an amount equal to the Allocated Portion applicable to such Seller Facility.

(d) With respect to any Purchased Assets other than Owned Real Property which is destroyed or damaged by fire or the elements prior to the Closing, Seller shall assign, transfer and set over to Buyer all of Seller's right, title and interest to any insurance proceeds on account of such damage or destruction and shall reimburse Buyer for any deductible a Buyer is required to pay in connection with the receipt of such insurance proceeds.

(e) Solely for the purposes set forth in this Section 3.8 and the Purchase Price allocated to Seller Facility and its related Purchased Assets are set forth on Schedule 3.8(e) (each such amount, the "**Allocated Portion**").

3.9 Closing Adjustment for Cash for AR. If the Initial Closing Date AR Balance is greater than the Target AR Balance then the Cash for AR amount will be increased by an amount equal to seventy-eight and two-tenths percent (78.2%) multiplied by the difference between the Initial Closing Date AR Balance and the Target AR Balance (the adjustment being referred to as "**Initial Increase Adjustment**"). If the Initial Closing Date AR Balance is less than the Target AR Balance, then the Cash for AR amount will be decreased by an amount equal to seventy-eight and two-tenths percent (78.2%) multiplied by the difference between the Target AR Balance and the Initial Closing Date AR Balance (the adjustment being referred to as the "**Initial Decrease Adjustment**").

3.10 Post-Closing Adjustments. Within sixty (60) days after the Closing, Buyers will deliver to Seller a schedule listing the Final Closing Date AR Balance. If the Final Closing Date AR Balance is greater than the Initial Closing Date AR Balance (the difference being referred to as the "**Excess Final AR Difference**"), then Buyer shall pay to Seller an amount equal to seventy-eight and two-tenths percent (78.2%) multiplied by the Excess Final AR Difference (the adjustment being referred to as the "**Final Excess AR Amount**"). Buyers shall pay to Seller the Final Excess AR Amount within twenty-five (25) days after the determination of such amount. If the Final Closing Date AR Balance is less than the Initial Closing Date AR Balance (the difference being referred to as the "**Deficient Final AR Difference**"), then Seller shall be obligated to pay to Buyer an amount equal to seventy-eight and two-tenths percent (78.2%) multiplied by the Deficient Final AR Difference (the adjustment being referred to as the "**Final Deficiency AR Amount**"). In lieu of immediate payment of the Final Deficiency AR Amount by Seller, the outstanding Final Deficiency AR Amount shall be reduced, on a dollar for dollar basis, when the Final AR Purchase Price, as part of the Sharing Threshold (defined below), is offset by the cash retained by Buyers pursuant to Section 3.11(b)(i).

3.11 Accounts Receivable Sharing Waterfall.

(a) The Seller and Buyers agree that Buyers and Seller will share a certain portion of the proceeds related to the collection of the Accounts Receivable, related to services provided on or before the Closing Date, included in the Purchased Assets pursuant to Section 2.1(a) ("**Purchased Accounts Receivable**") that are collected in cash subsequent to the Closing Date in accordance with this Section 3.11, beginning the day following the Closing Date and ending on the one year anniversary of the last day of the month in which the Closing Date occurs (the "**Post-Closing Collection Term**").

(b) Notwithstanding anything to the contrary contained herein, Seller and Buyers agree to the following sharing arrangement:

(i) First, Buyers shall be entitled to retain all of the cash derived from the collection of the Purchased Accounts Receivable up to and including an amount equal to the sum of the following: (A) the Cash for AR amount paid at Closing, as adjusted pursuant to Section 3.9 plus (B) the Final Excess AR Amount paid to the Seller post-Closing, if any, pursuant to Section 3.10, if any (together, (A) and (B) are referred to as the "**Final AR Purchase Price**"), plus (C) all final cure obligations either paid, satisfied or assumed by Buyers or on behalf of Buyers at Closing or at any time during the Post-Closing Collection Term for those assumed agreements that directly relate to Accounts Receivable listed or described on Schedule 3.11(b)(i) (the "**Aggregate AR Assumed Cure Amounts**"). The aggregate amount of the Final AR Purchase Price and the Aggregate AR Assumed Cure Amounts as determined by Section 3.11(b)(i)(C) is collectively referred to as the "**Sharing Threshold**"). Cure obligations either paid, satisfied or assumed by Buyers subsequent to the Post-Closing Collection Term shall be excluded from the calculation of Aggregate AR Assumed Cure Amounts.

(ii) Total cash received by the Buyers or on behalf of Buyers during the Post-Closing Collection Term related specifically to payment on the Purchased Accounts Receivable that have been collected post-Closing in excess of the aggregate amount of the final Sharing Threshold shall be shared equally, fifty percent (50%) to each of the Buyers and the Seller (the portion to be allocated to Seller is herein referred to as the "**Seller's Sharing AR Allocation Amount**").

(c) Buyers shall deliver to Seller or its designee a cumulative calculation of the Seller's Sharing AR Allocation Amount in accordance with Section 3.11(b) (the "**Cumulative AR Sharing Report**"), on a quarterly basis, within forty-five (45) calendar days after the last calendar day of the third, sixth, ninth and twelfth full months following the Closing Date. The Parties acknowledge: (i) that the Sharing Threshold amount will be updated in each quarterly Cumulative AR Sharing Report to reflect the current Aggregate AR Assumed Cure Amounts, which could result in an amount due to the Buyers from the Seller or its designee based on prior interim sharing payments, (ii) that the Cumulative AR Sharing Report will reflect the amount of the Final Deficiency AR Amount that has been offset against the Sharing Threshold available at that time; and (iii) notwithstanding anything in this Section 3.11, the amount due from the Seller or its designee to the Buyers for Seller AR Sharing Overpayments (as defined below) cannot exceed the sum of all prior payments of Seller's Sharing AR Allocation Amounts received by the Seller or its designee and any amount that has been offset against the Seller's Sharing AR Allocation Amounts as contemplated by this Section 3.11. The Cumulative AR Sharing Report and any payment to Seller of Seller Sharing AR Allocation Amount related thereto is due not later than forty-five (45) calendar days after the applicable month-end. The Seller or its designee shall notify the Buyers of any objections to the Cumulative AR Sharing Report not later than ten (10) Business Days from receipt of such Cumulative AR Sharing Report (each, a "**Notice Objection**"). The Parties shall try to resolve the objections raised by Seller within thirty (30) days after Buyers receive the Notice Objection. If the Parties fail to resolve the objections on a timely basis, either Party may seek relief from the Bankruptcy Court as contemplated in Article XI of this

Agreement. If no objections are timely received, the Cumulative AR Sharing Report shall be deemed to have been accepted.

(d) The Seller or its designee (including a liquidating trustee) shall deposit thirty-three and one-third percent (33.33%) of all interim Seller's Sharing AR Allocation Amount payments² (the "**Segregated Seller Sharing AR Allocation Amount**") into a segregated account to be held in trust in the manner and with a depository institution (the "**Institution**") reasonably acceptable to Buyers (the "**Segregated Trust Account**"), in order to repay to Buyers any Seller AR Sharing Overpayment, if any; with any remaining balance to be distributed in accordance with Section 3.11(e) below. The remaining sixty-six and two-thirds percent (66.67%) of all interim Seller's Sharing AR Allocation Amount payments (the "**Non-Segregated Seller Sharing AR Allocation Amount**") shall immediately become assets of the Debtor's estate without restriction on the use of such funds.

(e) Seller or its designee shall cause the Institution to remit from the Segregated Trust Account to Newco any overpayment of Seller's Sharing AR Allocation Amount (each, a "**Seller AR Sharing Overpayment**") no later than twenty-five (25) Business Days after the later of: (i) the acceptance of the Cumulative AR Sharing Report, or (ii) resolution of any material objections related thereto as contemplated by Section 3.11(c) (each, an "**Overpayment Reimbursement Period**"). Except as contemplated in this Section 3.11, payment of the Seller AR Sharing Overpayment shall only be available from the Segregated Trust Account and shall not be made from any other assets of the Seller or its designee, such as the Non-Segregated Seller Sharing AR Allocation Amount. Buyers must include any claims for Seller AR Sharing Overpayment received during the Post-Closing Collection Term in the quarterly Cumulative AR Sharing Reports. Buyer assumes the risk for any claims for Seller AR Sharing Overpayment not asserted in or before the final quarterly Cumulative AR Sharing Report. Following the expiration of the final outstanding Overpayment Reimbursement Period occurring after the Post-Closing Collection Term, Seller or its designee shall cause the Institution to remit from the Segregated Trust Account to Seller monies remaining, if any, in the Segregated Trust Account to the extent not otherwise being used to pay Seller AR Sharing Overpayment as contemplated by this Section 3.11(e). After the Post-Closing Collection Term, Seller and its designee shall not have any rights, title or interest to any Purchased Accounts Receivable collected after the Post-Closing Collection Term.

(f) Newco will use commercially reasonable efforts and exercise good faith in collecting the Purchased Accounts Receivable employing practices no less effective than the Seller's prior practices. The Parties agree to cooperate in connection with the accounting for the proceeds collected with respect to the Purchased Accounts Receivable. The Parties agree to negotiate in good faith to resolve any disputes concerning the AR Sharing Reports or the Seller's Sharing AR Allocation Amount. This sharing arrangement shall terminate after full resolution of the final AR Sharing Report and final Seller's Sharing AR Allocation Amount, including payment of all outstanding amounts owing to either Seller or its designee, or the Buyers, as applicable.

3.12 Sale Free and Clear. Notwithstanding the foregoing, the sale, transfer and assignment to Buyers of the Medicare providers agreements for the Seller Facility shall not be Free and Clear of (i) successor

² Interim Seller's Sharing AR Allocation Amount payments are those received in connection with the first, second or third quarterly Cumulative AR Sharing Report.

liability for any liability arising from such Medicare provider agreements or (ii) rights of setoff and recoupment under such Medicare provider agreements.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF SELLER AND HMHPO

Except to the extent a representation or warranty speaks as of another date, as of the Execution Date and as of the Closing Date, when read in light of any corresponding sections of the Disclosure Schedules, as may be updated prior to Closing in accordance with Section 6.2, Seller and HMHPO represent and warrant to Buyer the following:

4.1 Corporate Capacity, Authority and Governmental Consents. Each of Seller and HMHPO is duly organized and validly existing in good standing under the Laws of the State of Texas and has the requisite organizational power and authority to enter into this Agreement, to perform its respective obligations hereunder and to conduct its business as now being conducted. Each of Seller and HMHPO is duly licensed or qualified to do business and is in good standing in the jurisdictions where the nature of the property owned or leased by it or the nature of the business conducted makes such qualification necessary, except where failure to so qualify would not have a Material Adverse Effect. Copies of the Governing Documents of Seller and HMHPO, each as in effect as of the date of this Agreement, have been made available to Buyers. Subject to the entry of the Sales Procedure Order and Sale Order, the execution, delivery and performance of this Agreement and all Transaction Documents to which Seller and/or HMHPO is or will become a party and the actions to be taken by each of Seller and/or HMHPO in connection with the consummation of the Contemplated Transactions:

- (i) are within the organizational powers of each of Seller and/or HMHPO, are not in contravention of Law or the terms of the applicable Governing Documents;
- (ii) have been duly authorized by all actions and proceedings on behalf of each Seller and HMHPO, and no other actions or proceedings on the part of Seller or HMHPO, its respective board of directors (or similar governing body) or equity holders, are necessary;
- (iii) except as otherwise expressly herein provided or as set forth in Schedule 4.1(iii) do not require any approval or consent of, or filing with, any Governmental Authority; and
- (iv) will not violate any Law to which Seller is subject.

(b) Subject to the entry of the Sales Procedure Order and Sale Order, the execution, delivery and performance by Seller of this Agreement and all Transaction Documents to which Seller is or will become a party, consummation of the Contemplated Transactions or such Transaction Documents and compliance with the terms of this Agreement or such Transaction Documents will not result in the creation of, or require the creation of, any Encumbrance upon any properties or assets of Seller or conflict with, constitute or result in any violation or default (with or without notice or passage of time, or both) under, require the consent of any Person under, or give rise to a right of termination, modification, cancellation or acceleration of any obligation under any Permits or any Contract to which Seller is a party (including any Proposed Assumed Contracts) or any Permit.

4.2 Binding Agreement. Subject to the entry of the Sales Procedure Order and Sale Order, this Agreement and all other Transaction Documents to which Seller or HMHPO is or will become a party are and will constitute the valid and legally binding obligations of Seller and HMHPO, and are and will be enforceable against Seller and HMHPO, as applicable, in accordance with the respective terms hereof or

thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

4.3 Purchased Assets; Sole Member of HMHPO. Seller owns valid title to, or possesses valid leasehold interests in, all of the Purchased Assets. Seller has sole custody and control of all of the Purchased Assets, except with respect to any Permitted Encumbrances or as otherwise set forth on Schedule 4.3(a)(i). Schedule 4.3(a)(ii) identifies all Purchased Assets that are subject to a lease or not otherwise owned by Seller.

(a) Subject to the entry of the Sale Order, the Purchased Assets are free and clear of all Encumbrances except Permitted Encumbrances and, subject to the entry of the Sale Procedure Order or any Sale Order, Seller has the power and the right to sell, assign and transfer the Purchased Assets, free and clear of all Encumbrances except Permitted Encumbrances.

(b) Except as set forth on Schedule 4.3(b), there are no tangible or intangible assets used in the operation of the Seller Facility and owned by any Person other than Seller that are not currently leased or licensed to Seller pursuant to a Contract.

(c) Except as set forth on Schedule 4.3(c), no portion of the operations of the Seller Facility is conducted through any partnership in any joint venture or similar arrangement.

(d) Seller is the sole member of HMHPO.

4.4 Financial Statements. Attached as Schedule 4.4 are copies of the consolidated audited balance sheets and statements of income of Seller and HMHPO with respect to the operation of the Seller Facility and the operation of HMHPO for the years ended June 30, 2017 and June 30, 2018, statements of income of Seller and HMHPO with respect to the operation of the Seller Facility and HMHPO for the period ended June 30, 2018, and the unaudited balance sheet of Seller as of the Balance Sheet Date (collectively, the "**Financial Statements**"). Except as set forth on Schedule 4.4, the Financial Statements present fairly in all material respects the financial condition and results of operations of Seller, HMHPO, and the Seller Facility as of the dates and for the periods indicated therein in accordance with GAAP consistently applied throughout the periods indicated, except that the Financial Statements (i) that are not for a fiscal year-end do not reflect normal recurring year-end adjustments (that would not, individually or in the aggregate, be material in amount), (ii) do not contain footnotes that may be required by GAAP, (iii) were prepared without physical inventories, (iv) do not contain a statement of cash flow, (v) are not restated for subsequent events, (vi) may not reflect any adjustments for impairment of long-lived assets, or restructuring charges or the reclassification of assets held for sale on the applicable balance sheet, and (vii) that are balance sheets reflect the following Liabilities in intercompany Liabilities: (A) accruals in respect of Seller's self-insured employee health benefits, (B) Liabilities payable in connection with workers' compensation claims, (C) Liabilities payable pursuant to any employee welfare benefit plan (within the meaning of Section 3(1) of ERISA) maintained by Seller or any Affiliate of Seller on account of any of the Facility Employees, and (D) payroll and bonuses payable and vacation, holiday and similar accruals with respect to some but not all Facility Employees. The Financial Statements were prepared based on the historical accounting records of Seller. Federal, state and local income or franchise taxes accruals are not reflected on the balance sheets or income statements. Except as set forth on Schedule 4.4, there are no material obligations or Liabilities, whether absolute, accrued, contingent or otherwise, of Seller that would be required to be set forth on a balance sheet in accordance with GAAP except for obligations or Liabilities (a) reflected or disclosed in the Financial Statements and (b) incurred in the Ordinary Course of Business since the Balance Sheet Date.

4.5 Licenses and Accreditations. Seller and HMMPO hold all Permits required to be held by them to own, occupy and operate the Seller Facility or HMMPO, as applicable, as it is currently being operated. Schedule 4.5 sets forth a list of all such Permits that are material to the operation of the Healthcare Business and HMMPO, true and complete copies of which have been made available to Buyers, and all of which are valid and in full force and effect. Schedule 4.5 includes a brief description of such Permits, including the issuance date and the expiration date of such Permit, if applicable. All of such Permits are valid, binding and in full force and effect and neither Seller nor HMMPO are in breach in any material respect of any of the Permits set forth on Schedule 4.5, and no Action is pending, or to the Knowledge of Seller threatened, to revoke or limit any of the Permits set forth on Schedule 4.5. Seller has made available to Buyer complete and accurate copies of (a) the most recent accreditation survey reports for the Seller Facility; (b) the most recent Statement and Deficiencies and Plan of Correction on Form CMS-2567 issued by CMS or the state survey agency on behalf of CMS for the Seller Facility; (c) the most recent state licensing report and list of deficiencies relating to any of the Permits for the Seller Facility; and (d) the most recent fire marshal's survey and deficiency list for the Seller Facility, and (e) all material plans of correction relating to each of the foregoing.

4.6 Regulatory Compliance.

(a) Except as set forth on Schedule 4.6(a), (i) Seller and HMMPO are, to the Knowledge of Seller and the Knowledge of HMMPO, as applicable, during the six (6) years preceding the date hereof, have been in compliance in all material respects with all Laws including the Healthcare Laws and (ii) Seller nor HMMPO, to the Knowledge of Seller or the Knowledge of HMMPO, as applicable, have received during the last six (6) years any written notice from any Governmental Authority regarding any actual or alleged violation of, or failure to comply with, any Laws including the Healthcare Laws.

(b) Except as otherwise set forth on Schedule 4.6(b), during the preceding six (6) years, neither Seller nor, to the Knowledge of Seller or to the Knowledge of HMMPO, any of its respective Affiliates, officers, directors, agents, or employees have been convicted of or charged with, or, to the Knowledge of Seller or the Knowledge of HMMPO, investigated by any Governmental Authority with respect to any alleged violation of any Law including the Healthcare Laws, or with respect to any activities that are cause for criminal or civil penalties or mandatory or permissive exclusion from Medicare or Medicaid.

(c) Without limiting the generality of the foregoing, Seller nor HMMPO, to the Knowledge of Seller or to the Knowledge of HMMPO, or their officers, directors, agents, or employees has, directly or indirectly (i) offered, paid or received, or made arrangements to offer, pay or receive, any remuneration, in cash or in kind, to any past, present or potential customers, past or present suppliers, patients, medical staff members, contractors or Third Party Payors of the Seller Facility or HMMPO in order to obtain business, referrals or payments from such Persons in violation of any Healthcare Laws, (ii) established or maintained any unrecorded fund or asset for any improper purpose or made any misleading, false, or artificial entries on any of its books or records for any reason; or (iii) made any payment for or agreed to make any payment for any goods, services, or property in excess of fair market value in violation of any Healthcare Laws. All of the Seller's contracts with physicians, healthcare facilities, and other persons or entities in a position to make or influence referrals to or generate business for the Seller Facility are in writing, provide for fair market value compensation and comply in all material respects with all Laws. With respect to the Seller Facility and HMMPO, none of the officers, directors, agents, managing employees (as such term is defined in 42 U.S.C. § 1320a-5(b)), employees, contractors, or members of the medical staff of Seller Facility (w) has been excluded or suspended from participation in any federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)) or been disbarred, suspended or otherwise determined ineligible to participate in federal programs, nor to the Knowledge of Seller or to the Knowledge of HMMPO is any such exclusion threatened in writing; (x) has had a civil monetary penalty assessed against it under Section 1128A of the

Social Security Act or any regulations promulgated thereunder; or (y) has been convicted of, charged with, or indicted for a federal health care program related offense, or convicted of, charged with, or indicted for a violation of federal or state law relating to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation or controlled substances.

(d) With respect to the Seller Facility and HMMHPO, there are no pending or, to the Knowledge of Seller or the Knowledge of HMMHPO, threatened disciplinary or corrective actions or appeals involving physician applicants, medical staff members or affiliated health professionals under the medical staff bylaws at the Seller Facility or the bylaws or other governing documents of HMMHPO. Seller has made available to Buyer copies of the bylaws, rules and regulations of the medical staff and amendments thereto, and credentials and appeals procedures not incorporated therein, and its medical executive committee at the Seller Facility, as well as a list of all current members of the medical staff of the Seller Facility, all privilege and membership application forms, and all contracts with physicians, physician groups or other members of the medical staff of Seller Facility and HMMHPO.

(e) With respect to the Seller Facility, Seller nor HMMHPO has, during the preceding six (6) years, made and are not in the process of making a voluntary self-disclosure under the Self-Referral Disclosure Protocol established by the Secretary of HHS pursuant to Section 6409 of the Patient Protection and Affordable Care Act, or under the self-disclosure protocol established and maintained by the HHS Office of the Inspector General, or to any United States Attorney or other Governmental Authority.

4.7 Compliance Program.

(a) Except as set forth on Schedule 4.7, during the preceding six (6) years, with respect to the operations of the Seller Facility, Seller nor HMMHPO, none of Seller Facility, Seller or HMMHPO (i) has been a party to a Corporate Integrity Agreement, Certification of Compliance Agreement or similar government-mandated compliance program or obligations; (ii) has had reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (iii) has been served with or received any search warrant, subpoena, civil investigation demand, or contact letter from any Governmental Authority; or (iv) to the Knowledge of Seller or to the Knowledge of HMMHPO, has not been a defendant in any qui tam/False Claims Act litigation.

(b) Seller has adopted and maintained a compliance program that is in all material respects consistent with the OIG's compliance program guidance for hospitals, and includes: (i) appointing a dedicated compliance officer; (ii) developing policies and procedures designed to ensure any referral source arrangement complies with applicable Healthcare Laws; (iii) conducting training sessions for employees and contractors with respect to the Compliance Program; and (iv) establishing a process to allow for anonymous reporting of compliance concerns (altogether, the "***Compliance Program***").

4.8 Material Contracts.

(a) Schedule 4.8(a) sets forth a true, correct, and complete list of the following Contracts of Seller (each, a "***Material Contract of Seller***", and collectively, the "***Material Contracts of Seller***"), in each case relating to the Seller Facility or the Purchased Assets or to which Seller is a party or is otherwise bound relating to the Healthcare Business, which list shall include the names of the parties, the name of the agreement and the date of such agreement:

(i) Contracts involving the lease of equipment or personal property that require payments by Seller of greater than \$25,000 during the remaining term or on an annual basis;

- (ii) leases or subleases with respect to the Owned Real Property or the Leased Real Property;
- (iii) employment contracts and Contracts with independent contractors and consultants;
- (iv) Contracts with respect to any type of Intellectual Property;
- (v) collective bargaining agreements;
- (vi) partnership or joint venture agreements and Contracts involving the sharing of profits, losses, costs or liability with any other Person;
- (vii) Contracts limiting the freedom of Seller to engage in any line of business, acquire any entity or compete with any Person or in any market or geographical area, including any non-competition, non-solicit or other restrictive covenant agreement;
- (viii) Contracts with any hospitals, ambulatory surgery centers or other healthcare facilities;
- (ix) Contracts with any physicians or other providers of healthcare services;
- (x) Contracts with recipients of referrals from the Seller Facility and Contracts with sources of referrals to the Seller Facility;
- (xi) Contracts (A) providing for exclusivity, preferred treatment or any similar requirement, (B) containing a "requirements" obligation requiring Seller to purchase a designated portion of any type of material, product or other supplies, (C) with a "most favored nations" clause or other similar provision or (D) with take-or-pay obligations;
- (xii) Contracts with Governmental Authorities;
- (xiii) Contracts with any Material Suppliers and any Material Payors;
- (xiv) Contracts relating to capital expenditures that involves total remaining payments of more than \$25,000;
- (xv) any other Contracts that involve payments, performance of services or provision of items in an amount exceeding \$25,000 or that cannot be canceled by Seller, without penalty on 90 days' notice or less;
- (xvi) any other Contract of Seller that is otherwise material to the Healthcare Business, taken as a whole; and
- (xv) each amendment, supplement, and modification in respect of any of the foregoing.

(b) Schedule 4.8(b) sets forth a true, correct, and complete list of the following Contracts of HMMPO (each, a "**Material Contract of HMMPO**", and collectively, the "**Material Contracts of HMMPO**"), to which HMMPO is a party or is otherwise bound, which list shall include the names of the parties, the name of the agreement and the date of such agreement:

- (i) Contracts involving the lease of equipment or personal property that require payments by Seller of greater than \$25,000 during the remaining term or on an annual basis;
- (ii) leases or subleases with respect to the Owned Real Property or the Leased Real Property;
- (iii) employment contracts and Contracts with independent contractors and consultants;
- (iv) Contracts with respect to any type of Intellectual Property;
- (v) collective bargaining agreements;
- (vi) partnership or joint venture agreements and Contracts involving the sharing of profits, losses, costs or liability with any other Person;
- (vii) Contracts limiting the freedom of HMMPO to engage in any line of business, acquire any entity or compete with any Person or in any market or geographical area, including any non-competition, non-solicit or other restrictive covenant agreement;
- (viii) Contracts with any hospitals, ambulatory surgery centers or other healthcare facilities;
- (ix) Contracts with any physicians or other providers of healthcare services;
- (x) Contracts with recipients of referrals from HMMPO and Contracts with sources of referrals to HMMPO;
- (xi) Contracts (A) providing for exclusivity, preferred treatment or any similar requirement, (B) containing a "requirements" obligation requiring Seller to purchase a designated portion of any type of material, product or other supplies, (C) with a "most favored nations" clause or other similar provision or (D) with take-or-pay obligations;
- (xii) Contracts with Governmental Authorities;
- (xiii) Contracts with any Material Suppliers and any Material Payors;
- (xiv) Contracts relating to capital expenditures that involves total remaining payments of more than \$25,000;
- (xv) any other Contracts that involve payments, performance of services or provision of items in an amount exceeding \$25,000 or that cannot be canceled by Seller, without penalty on 90 days' notice or less;
- (xvi) any other Contract of Seller that is otherwise material to HMMPO's operation, taken as a whole; and
- (xv) each amendment, supplement, and modification in respect of any of the foregoing.

(c) the Purchased Assets or the Healthcare Business, is not a party to any oral agreement, license, lease, contract, arrangement, obligation, undertaking, indenture or commitment to which Seller or its assets is bound, except as designated as an oral contract and summarized on Schedule 4.8(a).

(d) Seller has made available to Buyer true, correct, and complete copies of all of the Material Contracts of Seller (and all amendments or other modifications thereto) and Material Contracts of HMPHO (and all amendments or other modifications thereto) and a complete summary of all material terms of each oral (i) Material Contract of Seller is set forth on Schedule 4.8(a) and (ii) Material Contract of HMPHO is set forth on Schedule 4.8(b).

(e) Except as set forth on Schedule 4.8(a) and Schedule 4.8(b), each Material Contract of Seller and Material Contract of HMPHO is a valid and binding obligation of Seller or HMPHO, as applicable, and to Seller's Knowledge or HMPHO's Knowledge, as applicable, the other parties thereto, enforceable against each of them in accordance with its terms, except, in each case, as such enforceability may be limited by applicable bankruptcy, insolvency or other similar Laws affecting or relating to enforcement of credit rights generally or general principles of equity.

(f) Except as set forth on Schedule 4.8(a) or Schedule 4.8(b), neither Seller nor HMPHO and, to Seller's Knowledge or HMPHO's Knowledge, as applicable, no other party to any Material Contract of Seller or Material Contract of HMPHO has commenced any action against any of the parties to any Material Contract of Seller or Material Contract of HMPHO or given or received any written notice of any default or violation under any Material Contract of Seller or Material Contract of HMPHO that has not been withdrawn or dismissed except to the extent any such default or violation will be cured or dismissed as a result of the entry of the Sale Order and the payment of the applicable Cure Costs as it relates to a Material Contract of Seller.

For the avoidance of doubt, the Material Contracts of HMPHO shall not be assigned to Buyer. They will remain Contracts of HMPHO at the Closing.

4.9 Real Property; Inventory.

(a) The Owned Real Property constitutes all real property owned by Seller that is primarily used in connection with the operation of the Seller Facility. There are no tenants or other Persons occupying any space in the Owned Real Property, other than pursuant to leases or subleases to third party tenants under any Proposed Lessor Lease listed on Schedule 2.1(c). Seller has good, valid and marketable title to such Owned Real Property, free and clear of all Encumbrances except Permitted Encumbrances.

(b) Schedule 2.1(c) contains a list of all Proposed Tenant Leases. Seller has made available to Buyer true and complete copies of all of such Proposed Tenant Leases. With respect to each Proposed Tenant Lease, (i) to the Knowledge of Seller, no such Proposed Tenant Lease has been breached or canceled by the other parties thereto, (ii) except for defaults that will be cured through payment of the Cure Amounts, Seller is not in default or breach under the terms of any Proposed Tenant Lease, and (iii) Seller has not assigned, subleased or otherwise transferred to any Person any of its rights, title or interest under any Proposed Tenant Lease (other than subleases).

(c) With respect to each parcel of Real Property, except as disclosed on Schedule 4.9(c): (i) Seller has not received written notice of any pending or, to the Knowledge of Seller, threatened expropriation, condemnation or eminent domain proceedings or their local equivalent affecting or relating to such Real Property; (ii) to the Knowledge of Seller, such Real Property, and its continued use, occupancy and operation as currently used, occupied and operated, does not constitute a nonconforming use under all

Laws; (iii) Seller has not received written notice from any Governmental Authority or other Person that the use and occupancy of such Real Property, as currently used and occupied, and the conduct of the Healthcare Business thereon, as currently conducted, violates in any material respect any Law; and (iv) Seller (or landlord) holds current and valid certificates of occupancy for the Seller Facility located on such Real Property.

(d) Seller represents and warrants that Seller has not performed an environmental site assessment by a third party on any of the Owned Real Property or the Leased Real Property.

(e) To the Knowledge of Seller, each parcel of Real Property is adequately served by proper utilities and other building services as necessary for its current use by Seller and, to the Knowledge of Seller, all of the buildings and structures located at each Real Property are structurally sound with no material defects that are not being addressed in the Ordinary Course of Business and are otherwise in operating condition in all material respects, ordinary wear and tear excepted.

(f) Substantially all Inventory of Seller is of a quality and quantity useable and salable in the Ordinary Course of Business of the Hospital. The Seller's inventory level is and at Closing will be maintained at normal levels in accordance with past practices of the Seller.

4.10 Insurance. Attached as Schedule 4.10 is a list and description of all insurance policies, including all self-funded plans or trusts, maintained by or for the benefit of the Healthcare Business, the Seller Facility, the Purchased Assets, and HMHPO (including coverage amounts and expiration dates) covering the ownership and operation of the Healthcare Business, indicating the types of insurance, policy numbers, terms, identity of insurers and amounts and coverages (including applicable deductibles). Seller has made available to Buyers accurate and complete copies of all of such policies to Buyer. All of such policies or similar replacement policies in the case of current policies expiring prior to the Closing Date are now and will be until the Closing in full force and effect; provided however, that all policies for the benefit of HMHPO shall remain in full force and effect after the Closing. All of such policies and plans or trusts are in full force and effect with no premium or contribution arrearage, and Seller has not received any written notice of cancellation, termination or non-renewal of any such insurance policy.

4.11 Employee Benefit Plans.

(a) Schedule 4.11(a) sets forth a list of each Employee Benefit Plan maintained by, sponsored in whole or in part by, contributed to by, or required to be contributed to by, Seller or any of its Affiliates for the benefit of any Facility Employee or any of their respective dependents, spouses, or other beneficiaries (each, a "***Seller Facility Employee Benefit Plan***"). The term "***Employee Benefit Plan***" means (i) each "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to ERISA), and (ii) each other retirement, pension, stock option or equity-based compensation, employee stock ownership, deferred compensation, severance pay, change in control, retention, transaction bonus, time off, bonus, commission or other incentive, health, life, disability, group insurance or other welfare or fringe benefit agreement, arrangement, plan, contract or policy.

(b) As applicable to each Seller Facility Employee Benefit Plan, Seller has made available to Buyer copies of (i) the complete plan document (and all amendments thereto) or in the case of an unwritten Seller Facility Employee Benefit Plan, a written description thereof, (ii) the current summary plan description, and (iii) the most recent IRS determination, advisory or opinion letter.

(c) Except as set forth on Schedule 4.11(c), no Seller nor any ERISA Affiliate has any actual or contingent liability with respect to (i) a "multiemployer plan" (as defined in Section 4001(a)(3) or 3(37)

of ERISA), (ii) an employee pension benefit plan subject to Title IV of ERISA or the minimum funding requirements of Section 412 or 430 of the Code or Section 302 of ERISA, (iii) a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA) or (iv) a "multiple employer plan" (as defined in Section 413(c) of the Code).

(d) Each Seller Facility Employee Benefit Plan has been maintained, operated and administered in all material respects in compliance with its terms and all Laws, including the applicable provisions of ERISA and the Code.

(e) Each Seller Facility Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination, opinion or advisory letter from the IRS on which it may currently rely and nothing has occurred that would be reasonably expected to materially adversely affect the qualification of such plan.

(f) No Seller Facility Employee Benefit Plan is subject to any audit, investigation or examination by any Governmental Authority and there are no pending or, to the Knowledge of Seller, threatened claims (except for individual claims for benefits in the normal operation of the Employee Benefit Plans) suits or proceedings involving any Seller Facility Employee Benefit Plan that are material to the Healthcare Business or operations of the Seller.

(g) Except as set forth in Schedule 4.11(g), neither the execution of, nor the consummation of the transactions contemplated by, this Agreement will, either alone or in connection with any other event, (i) result in any payment becoming due to any Facility Employee, (ii) increase any amount of compensation or benefits otherwise payable to any Facility Employee or (iii) result in the acceleration of the time of payment, funding or vesting of any benefits owed to any Facility Employee.

(h) Neither the execution of, nor the consummation of the Contemplated Transactions, either alone or in connection with any other event (including without limitation, a termination of employment) will result in the receipt or retention by any person who is a "disqualified individual" (within the meaning of Section 280G of the Code) of any payment or benefit that is or could be characterized as a "parachute payment" (within the meaning of Section 280G of the Code), determined without regard to the application of Section 280G(b)(5) of the Code.

(i) No Seller Facility Employee Benefit Plan provides death, medical, dental, vision, life insurance or other welfare benefits beyond termination of service or retirement other than coverage mandated by Law and Seller nor its ERISA Affiliates have made a written or oral representation promising the same.

4.12 Employee Relations.

(a) Schedule 4.12(a) contains: a complete and accurate list of all Facility Employees as of the date of this Agreement, which list includes each such employee's job title, job location, base salary or wage rate, bonus or other incentive compensation, date of hire, status as full-time or part-time, status as exempt or non-exempt for purposes of the Fair Labor Standards Act and similar state and local laws. No later than the Closing Date, Seller shall provide Buyer with a list of all Facility Employees who have experienced an employment loss within the meaning of the Worker Adjustment and Retraining Notification Act or similar state or local laws within ninety (90) days prior to the Closing Date.

(b) There is no pending or, to the Knowledge of Seller, threatened employee strike, lockout, work stoppage or other labor dispute concerning the Facility Employees. Except as set forth on

Schedule 4.12(b), (i) no collective bargaining agreement exists or is currently being negotiated in respect of the Facility Employees; (ii) no written demand has been made in the preceding four (4) years for recognition by a labor organization by or with respect to any Facility Employees; (iii) no union organizing activities by or with respect to any Facility Employees are taking place or, to the Knowledge of Seller, have taken place during the preceding four (4) years; (iv) none of the Facility Employees is represented by any labor union or organization; and (v) no unfair labor practice charge or complaint is pending or, to the Knowledge of Seller, threatened by or on behalf of any Facility Employees.

(c) With respect to the operation of the Seller Facility and the Facility Employees, Seller is at all, and at all time during the past three (3) years have been, in compliance in all material respects with all Laws respecting labor employment and employment practices, including all Laws relating to terms and conditions of employment, wages and hours, unemployment insurance, workers' compensation, equal employment opportunity, fair employment practices, employment discrimination, retaliation, misclassification of employees and independent contractors, plant closure and mass layoff issues, collective bargaining, leaves of absence, occupational safety and health and immigration control.

(d) Except as disclosed on Schedule 4.12(d), there are no outstanding claims, suits, charges, complaints or other Actions against Seller asserted by, on behalf of, or with respect to any present or former Facility Employees or any applicant for employment at the Seller Facility pending or, to the Knowledge of Seller, threatened in writing.

(e) Except as disclosed on Schedule 4.12(e), as of the date hereof, no management or supervisory employee at any of the Seller Facility has submitted his or her resignation or, to the Knowledge of Seller, intends to resign.

4.13 Litigation and Proceedings. Except as set forth on Schedule 4.13, there are no, and in the past four (4) years there have been no, (a) Actions pending or, to the Knowledge of Seller, threatened or (b) to the Knowledge of Seller, examinations or investigations pending or threatened in writing, in each case, against Seller or involving the Seller Facility or HMHPO, at law or in equity, before or by any Governmental Authority. Seller and HMHPO are not, as of the Execution Date, subject to any Order other than Orders of the Bankruptcy Court. There is no Action pending or, to the Knowledge of Seller, threatened against Seller or its Affiliates which seeks to prevent or delay consummation of the transactions contemplated herein, seeks damages in connection with transactions contemplated herein or would impair the ability of Seller to perform its obligations under this Agreement.

4.14 Third Party Reimbursement.

(a) The Seller Facility and HMHPO are certified to participate in the Medicare, Medicaid and TRICARE programs with valid and current provider or supplier agreements under such programs. Except as set forth on Schedule 4.14(a) or as would not result in a Material Adverse Effect, the Seller Facility and HMHPO are in compliance with the terms and conditions of participation in the Medicare, Medicaid and TRICARE programs and are not subject to any pending or, to Seller's Knowledge, threatened Actions with respect to participation in such programs, other than routine audits and investigations conducted through the Medicare Recovery Audit Contractor programs.

(b) For the six (6) years preceding the Execution Date, Seller has timely filed all Cost Reports in respect of the Seller Facility; such reports accurately reflect, in all material respects, the information required to be included thereon and have been prepared and filed in all material respects in compliance with Laws; and all amounts shown on such Cost Reports as owed by the Seller Facility have been timely paid.

Except as set forth on Schedule 4.14(b), there are no pending Actions, adjustments or audits relating to such Cost Reports. To the Knowledge of Seller, Seller is not subject to any pending but unassessed Medicare or Medicaid claim payment adjustments arising from the Seller Facility, except (i) to the extent Seller has established reserves for such adjustments in accordance with Seller's accounting policy for establishing any such reserves and that are reflected on the Financial Statements and (ii) such claims that have arisen in the Ordinary Course of Business.

(c) Schedule 4.14(c) sets forth is a list of all NPIs and all provider numbers of the Seller Facility and HMO under the Government Reimbursement Programs (including the Medicare CMS Certification Number (CCN)) and other Third Party Payor programs, all of which are in full force and effect.

(d) All billing by or on behalf of Seller to Third Party Payors has been conducted, and all claims submitted in connection with such billing have been made, in compliance in all material respects with all Laws and billing guidelines of such Third Party Payors. Except as set forth on Schedule 4.14(d), other than incidental and routine overpayments that may occur in the ordinary course of the operations of the Seller Facility and HMO, Seller has not billed or received any payment or reimbursement in excess of amounts allowed by Laws or the billing guidelines of any Third Party Payor. Except as set forth on Schedule 4.14(d), other than random post-payment audits conducted in the normal course by a Third Party Payors, there is no proceeding, audit review, investigation, survey, or other action pending, or, to Seller's Knowledge, threatened, involving any Third Party Payor programs, including the participation in and the reimbursement received by Seller from any such Third Party Payor program. Seller has not committed a material violation of any Laws relating to payments and reimbursements under any Third Party Payor program, including the Medicare and Medicaid fraud and abuse provisions.

4.15 Tax Liabilities.

(a) Seller and its subsidiaries have timely filed, or will timely file, all Tax Returns, including in respect of the Purchased Assets and the operations of the Seller Facility, and each Tax Return is true, correct, and complete in all material respects.

(b) Except as set forth on Schedule 4.15(b), all Taxes shown as due on any Tax Return, and any assessments in respect of Tax Returns have been timely paid, there is no pending Tax examination or audit of, nor any action, investigation or claim asserted against Seller by any Governmental Authority in respect of Seller.

(c) Seller has not requested or obtained any extension of time within which to file any Tax Return in respect of the Purchased Assets and the operations of the Seller Facility or in which any Tax may be assessed or collected by any Governmental Authority (other than any extension which is no longer in effect).

(d) Seller has withheld and collected all material Taxes, including any sales, use, and similar Taxes, that they were required by Law to withhold and collect in respect of the Purchased Assets and the operations of the Seller Facility, and all such Taxes have been paid over to the proper Governmental Authority or, if not yet due, are being held by Seller for payment.

(e) Except as set forth on Schedule 4.15(e), there are no Encumbrances with respect to Taxes upon any of the Purchased Assets or related to the operations of the Seller Facility, other than Permitted Encumbrances.

4.16 Absence of Changes. Except as expressly required by this Agreement or as set forth on Schedule 4.16 or as required in connection with the Bankruptcy Case, Seller has not, since the Balance Sheet Date, (a) written off as uncollectible, or established any extraordinary reserve with respect to, any material account receivable or other material Liabilities of Seller; (b) amended or restated, or approved the amendment or restatement of, the Governing Documents of Seller; (c) made or changed any material tax election, entered into any settlement or compromise of any material Tax liability or surrendered any right to claim a material Tax refund; (d) settled or compromised any pending or threatened Action; (e) sold, transferred, leased, optioned or otherwise disposed of any material assets except in the Ordinary Course of Business consistent with past practice; (f) granted or incurred any obligation for any increase in the compensation or benefits of any of the Seller Facility or Employees except in the Ordinary Course of Business consistent with past practice; (g) received any written notice from any Governmental Authority of any material liability, potentially material liability or claimed material liability based on any violation of Law by a Seller; (h) instituted any material change in a Seller's accounting practices or methods; (i) established, adopted, terminated or materially amended any Seller Facility or HMHPO Employee Benefit Plan; (j) hired or terminated, or given a notice of termination to or received a notice of termination from, any Seller Facility Employee that receives annual base compensation in excess of \$100,000, or (k) agreed or committed to take any of the foregoing actions.

4.17 Intellectual Property. Except as set forth on Schedule 4.17, with respect to the Seller Facility: (a) the conduct of the Healthcare Business does not and has not infringed, misappropriated or otherwise violated any Intellectual Property of any Person; (b) Seller has not received any written notice that they are infringing on or has misappropriated or otherwise violated the Intellectual Property rights of any Person; and (c) to Seller's Knowledge, there is no infringement or misappropriation, or other violation by any Person of the Facility IP. Seller owns or holds a valid license to use all Facility IP Free and Clear of all Encumbrances other than Permitted Encumbrances and, excluding (A) the right to use any names, trade names, trademarks and service marks including the name "Huntsville Memorial Hospital" and (B) all proprietary software, data processing programs, or source codes used by Seller or its Affiliate, Facility IP constitutes all Intellectual Property currently used in the operation of the Healthcare Business in the Ordinary Course of Business. Seller maintains commercially reasonable confidentiality, security, disaster recovery and business continuity plans, procedures and facilities with respect to the operation of the Healthcare Business (including in respect of any data stored or contained in connection with the operation of the Healthcare Business) and in the last three (3) years there have been no material failures or unauthorized access of the information technology systems used in the operation of the Healthcare Business, including any data stored or transmitted therein.

4.18 Environmental Matters.

(a) The Seller Facility and the Healthcare Business and operations conducted thereon are and for the past four (4) years have been in compliance in all material respects with all applicable Environmental Laws, except for such noncompliance that has been fully and finally resolved.

(b) With respect to the Seller Facility and the Healthcare Business, Seller has obtained and possess all Permits required by applicable Environmental Laws (collectively referred to as "***Environmental Permits***").

(c) All such Environmental Permits are valid and in full force and Seller are and for the past four (4) years have been in compliance in all material respects with the terms and conditions of such Environmental Permits.

(d) Seller has not received written notice of any Action or written notice of potential responsibility alleging material liability under any Environmental Law, except for such notices or Actions that have been fully and finally resolved.

(e) There has been no Release of or exposure to Hazardous Materials on, in, at, under or migrating from the Seller Facility by Seller or, to Seller's Knowledge, any other Person, in material violation of applicable Environmental Laws or that would reasonably be expected to result in any material liability or obligation pursuant to Environmental Laws.

(f) Seller has not provided the Buyers with any environmental reports or assessments.

4.19 Material Suppliers and Material Payors.

(a) Schedule 4.19(a) sets forth the top ten (10) suppliers of the Seller Facility based on the total paid consideration to each such supplier for goods or services rendered for each of the year ended December 31, 2018, and the period beginning January 1, 2019 and ended August 31, 2019 (collectively, the "**Material Suppliers**") and the corresponding amount of such total paid consideration. All Material Suppliers continue to be suppliers of the Seller Facility.

(b) Schedule 4.19(b) sets forth the top ten (10) Third Party Payors of the Seller Facility based on the total paid consideration by each such Third Party Payor in respect of services provided at the Seller Facility during each of the year ended December 31, 2018 and the period beginning January 1, 2019 and ended August 31, 2019 (collectively, the "**Material Payors**") and the corresponding amount of such total paid consideration.

4.20 Brokers. Except as disclosed on Schedule 4.20, Seller nor or any of its respective Affiliates has employed or retained any broker, finder or agent to act on its behalf in connection with this Agreement or the transactions contemplated hereby, or incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, commissions or other amounts with respect to this Agreement or the transactions contemplated hereby.

4.21 Affiliate Transactions. Schedule 4.21 sets forth all Contracts between Seller or any of its Affiliates or Representatives, on the one hand, and Seller, on the other hand, with respect to the Seller Facility or the Purchased Assets.

4.22 Information Privacy and Security Compliance. Seller Facility has complied in all material respects with the administrative simplification provisions required under HIPAA, including the electronic data interchange regulations, the Information Privacy or Security Laws, and the health care privacy regulations, as of the applicable effective dates for such requirements. Seller has not agreed or committed to pay or otherwise provide all or any portion of any meaningful use payments to any physician or other individual employed in connection with, providing services to or otherwise associated with the Seller Facility.

4.23 Disclaimer of Warranties. Notwithstanding anything in this Agreement to the contrary, and except as expressly set forth in ARTICLE IV hereof, the Disclosure Schedules or in any Transaction Document to which Seller is a party, the Purchased Assets will be sold by Seller and purchased by Buyers "AS IS, WHERE IS AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS" WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, with respect to the Owned Real Property or Leased Real Property, and WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR

PURPOSE, with respect to the physical condition of the personal property and Inventory, any and all of which warranties (both express and implied) Seller hereby disclaims. Buyers acknowledge that Buyers have examined, reviewed and inspected all matters which in Buyers' judgment bears upon the Purchased Assets and their value and suitability for Buyers' purposes and, except as affirmatively represented and warranted by Seller, is relying solely on its own examination, review and inspection of the Purchased Assets.

ARTICLE V - REPRESENTATIONS AND WARRANTIES OF BUYERS

Except to the extent a representation or warranty speaks as of another date, as of the Execution Date and as of the Closing Date, when read in light of any corresponding sections of the Schedules to this ARTICLE V, each Buyer represents and warrants to Seller the following:

5.1 Capacity, Authority and Consents. Newco is duly organized and validly existing in good standing under the Laws of the state of Texas as a nonprofit corporation with the requisite power and authority to enter into this Agreement, to perform its respective obligations hereunder and to conduct its business as now being conducted. The District is a body politic and political subdivision of the State of Texas. The execution, delivery and performance of this Agreement and all Transaction Documents to which each Buyer is or will become a party and the actions to be taken by each Buyer in connection with the consummation of the Contemplated Transactions:

(a) are within the powers of each respective Buyer, are not in contravention of Law or the terms of the Governing Documents of such Buyer and have been duly authorized by all appropriate action;

(b) have been duly authorized by all actions and proceedings on behalf of each Buyer, and no other actions or proceedings on the part of such Buyer, its respective boards of directors (or similar governing body) or equity holders are necessary;

(c) except as otherwise expressly herein provided or as set forth on Schedule 5.1(c) and subject to the entry of the Sale Procedure Order or any Sale Order, do not require any approval or consent of, or filing with, any third party or any Governmental Authority;

(d) except as otherwise expressly provided herein, will not result in any material breach or contravention of, nor permit the acceleration of the maturity of or termination of or constitute a default under, the terms of any material indenture, mortgage, contract, agreement or other instrument to which a Buyer is a party or otherwise bound that, in each case, could be reasonably expected to materially impair a Buyer's ability to fulfill its obligations under this Agreement; and

(e) will not violate any Law to which a Buyer is subject.

5.2 Binding Agreement. This Agreement and all Transaction Documents to which a Buyer is or will become a party are and will constitute the valid and legally binding obligations of such Buyer, and are and will be enforceable against such Buyer in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other Laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

5.3 Litigation and Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against Buyers, or any governing Persons thereof, at Law or in equity, or before or by any Governmental

Authority, that if adversely determined could be reasonably expected to materially impair Buyer's ability to fulfill its or their obligations under this Agreement.

5.4 Availability of Funds. Subject to obtaining the Third-Party Financing, Buyers have the ability to obtain funds in cash in amounts equal to the Purchase Price by means of credit facilities or otherwise and will at the Closing have immediately available funds in cash which are sufficient to pay the Purchase Price in accordance with Section 3.3(a) and to pay any other amounts payable pursuant to this Agreement and to consummate the Contemplated Transactions.

5.5 Representations of Seller. Except as expressly set forth in Article IV of this Agreement or the Disclosure Schedules or provided by Seller in any Transaction Document, each Buyer acknowledges that it is purchasing the Purchased Assets on an "AS IS, WHERE IS" basis (as more particularly described in Section 4.23), and that Buyers are not relying on any representation or warranty (expressed or implied, oral or otherwise) made on behalf of Seller other than as expressly set forth in this Agreement or the other Transaction Documents.

ARTICLE VI - COVENANTS OF THE PARTIES PRIOR TO CLOSING

6.1 Access.

(a) From and after the Execution Date until the Closing or the earlier termination of this Agreement (the "***Interim Period***"), Seller shall (i) provide Buyers and its or their Representatives reasonable access to and, as applicable, the right to inspect, the plants, properties, assets, Contracts, data, books and records of or relating to the Seller Facility and the Purchased Assets, (ii) the personnel of Seller involved in the operation or management of the Seller Facility and the Purchased Assets, and (iii) furnish Buyer with such additional financial and operating data and other information as to the Healthcare Business and properties of or relating to the Seller Facility and the Purchased Assets as reasonably requested, including copies of the updated Financial Statements following each calendar month during the Interim Period; provided however that such access shall be coordinated through such persons as may be designated in writing by Seller. Furthermore, during the Interim Period, Buyers, as coordinated by Seller and subject to Seller's reasonable input, may communicate with the Transferred Employees concerning the terms of employment for such Transferred Employees following the Closing; provided that, until the entry of the Sale Order, Buyers may only have such communications with the Transferred Employees set forth on Schedule 5.1(a); provided, further, that the failure of such persons to agree upon the terms and conditions of such employment shall not be a condition to the obligations of Buyers to consummate the Contemplated Transactions and shall not constitute a Material Adverse Effect. Notwithstanding the foregoing, all disclosures of information shall be consistent with all joint defense agreements and any other nondisclosure agreements entered into between the Parties.

(b) Buyer's right of access and inspection shall be exercised during normal business hours and in such a manner as not to interfere unreasonably with the operations of the Seller Facility. Notwithstanding the foregoing, Buyers understand that (i) with respect to documents and information deemed by Seller in good faith to be market sensitive or competitive in nature, Seller shall provide Buyers with access to such information, and Buyers shall use such information solely, in accordance with that certain Confidentiality Agreement, dated November 5, 2019, by and between Seller and Buyers, (ii) litigation and other materials (including internal/external legal audit letters or reviews, PRO information, National Data Bank reports, quality review information and other physician specific confidential information) that are deemed privileged or confidential by Seller will not be made available to Buyers, and (iii) Seller shall not be obligated to generate or produce information in any prescribed format not customarily produced by Seller.

6.2 Disclosure Schedules.

(a) The Parties acknowledge and agree that this Agreement has been executed and delivered by the Buyers without the Disclosure Schedules to this Agreement being attached hereto. The Parties shall cooperate to finalize the Disclosure Schedules to this Agreement not later than December 10, 2019 (the "***Disclosure Schedules Delivery Due Date***"), with the date that such full Disclosure Schedules have been actually delivered by the Seller to the Buyers prior to the Disclosure Schedules Delivery Due Date being referred to as the "***Actual Delivery Date***."

(b) After the Actual Delivery Date, and no later than five (5) Business Days prior to the Closing Date, Seller shall deliver to Buyers a written notice with respect to any matter first arising or occurring after the Actual Delivery Date (without any relation to any event, act, or occurrence prior to the Actual Delivery Date), that, if existing as of the Actual Delivery Date, would have been required to be set forth or described in the Article IV Schedules (a "***Schedule Supplement***"). For the avoidance of doubt, if the matter had any relation to an event, act, or occurrence prior to the Actual Delivery Date, such item shall not qualify to be on the Schedule Supplement and shall be removed from the Schedule Supplement. Any Schedule Supplement shall set forth in reasonable detail the nature and circumstances of the matter being disclosed. If Seller provides Buyers with a Schedule Supplement relating to an event or circumstance that first occurred or arose following the Actual Delivery Date and prior to the Closing Date, such Schedule Supplement shall be deemed to have amended the Article IV Schedules and to have qualified the particular representations and warranties contained in Article IV that relate to such event or circumstance and are specifically referenced in the Schedule Supplement; provided, however, that any Schedule Supplement setting forth an event or circumstance that (a) has had, and would reasonably be expected to have, individually or in the aggregate with all other breaches of this Agreement, a Material Adverse Effect, (b) relates to a breach of any of the Fundamental Representations or any Healthcare Laws, (c) involves a Liability or potential claim in excess of \$250,000, that would become a liability of any Buyer post-Closing, or (d) involves a crime punishable as a felony (such circumstances identified in clauses (a), (b), (c), or (d), the "***Excluded Occurrences***") shall not be deemed to have amended the Article IV Schedules or to have qualified any representations and warranties contained in Article IV, including for purposes of Section 7.1. Notwithstanding the foregoing, if the events or circumstances included in such Schedule Supplement constitute an Excluded Occurrence, Buyers have the unqualified right to terminate this Agreement pursuant to Article IX hereof; provided that, in order to exercise such termination right, Buyers shall be required to deliver such notice within ten (10) Business Days after receipt of such Schedule Supplement setting forth an Excluded Occurrence.

6.3 Consents and Approvals.

(a) Seller shall use commercially reasonable efforts (i) at its sole cost and expense, to obtain all consents and approvals listed on Schedule 6.3 and any other consents and approvals necessary to consummate the Contemplated Transactions, (ii) to make, as reasonably requested by Buyers, all filings, applications, statements and reports to all Governmental Authorities that are required to be made prior to the Closing Date by or on behalf of Seller or any of its Affiliates pursuant to any Laws in connection with this Agreement and the Contemplated Transactions, and (iii) to obtain, as reasonably requested by Buyers, all required consents and approvals (if any) necessary to assign and transfer Seller's Permits to the applicable Buyer at Closing and, to the extent that one or more of Seller's Permits (including all Environmental Permits) are not transferable, to reasonably assist Buyers in obtaining replacements therefor.

(b) Each of the parties shall file or cause to be filed any notifications required to be filed with, and use commercially reasonable efforts to obtain any other authorizations, consents and approvals of, any Governmental Authority in connection with the matters contemplated by this Agreement.

(c) Seller and Buyers shall each keep the other fully advised with respect to any requests from or communications with any Governmental Authority in connection with the matters contemplated by this Agreement and shall consult with the other with respect to all filings and responses thereto.

6.4 Operating Covenants. During the Interim Period, except with the prior written consent of Buyers or as required by this Agreement or a Bankruptcy Court Order, Seller shall:

(a) carry on its businesses in respect of the Seller Facility and the Purchased Assets in the Ordinary Course of Business consistent with past practice;

(b) perform its obligations relating to or affecting the Seller Facility and the Purchased Assets in the Ordinary Course of Business consistent with past practice;

(c) keep in full force and effect current insurance policies, self-funded plans or trusts or other comparable insurance relating to or affecting the Seller Facility and the Purchased Assets;

(d) comply in all material respects with all Laws applicable to the Seller Facility and the Purchased Assets; and

(e) use its commercially reasonable efforts to: (i) maintain the Purchased Assets in the Ordinary Course of Business consistent with past practice and not remove any such Purchased Assets from the Seller Facility outside the Ordinary Course of Business; (ii) keep in force all Permits necessary for the operation of the Seller Facility and the Purchased Assets; (iii) maintain and preserve its business organizations intact and retain the current Facility Employees; and (iv) maintain the goodwill of the Healthcare Business of the Seller Facility and preserve its relationships with physicians, suppliers, customers and others having business relations with the Seller Facility.

6.5 Negative Covenants. During the Interim Period, except as required by Law or as ordered by the Bankruptcy Court, and without limiting the generality of Section 6.4, except as set forth on Schedule 6.5, Seller shall not, with respect to the Seller Facility or the Purchased Assets, without the prior written consent of Buyers (which shall not be unreasonably withheld, conditioned or delayed):

(a) amend, modify, reject or terminate (other than at its stated expiration date) any of its Contracts, or enter into any Contract or commitment, other than any such Contract or commitment that (i) is entered into in the Ordinary Course of Business, (ii) would not have been a Material Contract of Seller if it were entered into on or prior to the Execution Date and (iii) over the term of such Contract or commitment involves less than \$50,000 or can be terminated without cause by Seller on 90 days' notice or less without penalty;

(b) acquire (including by merger, consolidation, acquisition of stock or equity), or by purchasing a substantial portion of the assets of, any Person, or business or division thereof;

(c) make any change in accounting methods, principles or practices or change any of the assumptions underlying, or methods of calculating, any bad debt, contingency or other reserve;

(d) enter into any lease that would be categorized as a capital lease under GAAP, other than in the Ordinary Course of Business consistent with past practice;

(e) license, sell, transfer, acquire, abandon or permit to lapse any material Intellectual Property;

(f) waive or cancel any material claim or right, account receivable or trade account outside of the Ordinary Course of Business in excess of \$25,000 in the aggregate;

(g) enter into any commitment for capital expenditures;

(h) make any loan, advance or capital contribution to, or investment in any Person;

(i) (i) make, modify or revoke any Tax election, (ii) change its method of Tax accounting, (iii) amend any Tax Return, (iv) settle or compromise any Tax liability, claim or dispute, (v) enter into any Tax sharing agreement, (vi) surrender any right to claim a refund of Taxes or (vii) consent to any extension or waiver of the statute of limitations applicable to any Tax claim or assessment;

(j) settle any Action, or threatened Action, that (i) imposes any limitation on the conduct of the Seller Facility or the Purchased Assets or (ii) affects or would reasonably be expected to affect the Contemplated Transactions;

(k) fail to use commercially reasonable efforts to cause its current insurance policies or any of the coverage thereunder not to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

(l) (i) increase the salary, wages, bonus opportunity, benefits, commission or other compensation of any Facility Employee other than increases in base salaries or hourly wage rates in the Ordinary Course of Business consistent with past practice for any Facility Employee that earns less than \$100,000 in annual compensation that do not exceed 3% per employee and which increases are not material in the aggregate, (ii) establish, adopt, terminate or materially amend any Employee Benefit Plan; (iii) hire any Facility Employee that receives (or is expected to receive) aggregate annual compensation in excess of \$100,000; or (iv) terminate or give notice of termination to any Facility Employee (other than for cause) that receives (or is expected to receive) aggregate annual compensation in excess of \$100,000.

(m) sell, assign, lease, convey, mortgage, license, encumber or otherwise transfer or dispose of any Purchased Assets, property, plant or equipment used in connection with the operation of the Seller Facility except in the Ordinary Course of Business;

(n) transfer or otherwise relocate any of the Purchased Assets as located in the Seller Facility on the Execution Date, whether to other locations owned, directly or indirectly, by Seller, or to locations owned by third parties other than in the Ordinary Course of Business;

(o) seek the return of any amount deposited under any real property lease unless Seller obtains a written agreement from the applicable landlord in form and substance acceptable to Buyers specifying that Buyers will not be required to deliver a deposit in connection with the assignment of the lease or any pre-Closing defaults under the lease; or

(p) authorize, agree, resolve or consent to any of the foregoing.

6.6 Bankruptcy Court Approvals; Executory Contracts; Sale Procedures; and Stalking Horse Provisions.

(a) Within three (3) Business Days after the execution of this Agreement, Seller shall file and serve the Stalking Horse Notice as defined in and pursuant to the procedures set forth in the Sale Procedures Order and Bidding Procedures designating the Buyers as the Stalking Horse Bidder. Within one (1) Business Day after the execution of this Agreement, Seller shall serve on all non-Seller counterparties to all of the Proposed Assumed Contracts a notice specifically stating that Seller may be seeking the assumption and assignment of such Proposed Assumed Contracts and shall notify such non-Seller counterparties of the deadline for objecting to the proposed Cure Amounts stated in such notices, if any, which deadline shall not be less than five (5) Business Days prior to the Sale Hearing (such deadline, the "**Objection Deadline**"). Upon objection by any non-debtor counterparty to the Cure Amounts asserted by Seller with respect to any Proposed Assumed Contract (such contract, a "**Disputed Contract**"), Seller, in cooperation with Buyers will either settle the objection of such party or will litigate such objection under procedures approved and proscribed by the Bankruptcy Court. In no event will Seller settle such an objection with regard to any Proposed Assumed Contract without the express written consent of Buyers (with an email consent being sufficient). Upon entry of an Order determining any Cure Amount regarding any Disputed Contract after the Closing (the "**Disputed Contract Order**"), Buyers will have the option, no later than five (5) Business Days after the entry of the Disputed Contract Order, to designate the Disputed Contract as an Excluded Asset (and, for the avoidance of doubt, Buyers will not assume the Disputed Contract and will not be responsible for the associated Cure Amount (if any) or Liabilities with respect to such Disputed Contract). If Buyers elect to assume a Disputed Contract, Seller and Buyers shall promptly thereafter deliver written instructions directing the Escrow Agent to release an amount in cash from the Cure Amount Escrow Account to the Person set forth in such notice in an amount equal to the final Cure Amount in respect of such Disputed Contract. In the event that, following the Closing, Buyers elect not to assume a Disputed Contract, Buyers and Seller shall promptly deliver written instructions directing the Escrow Agent to disburse to Buyers, to the account set forth in such notice, an amount in cash from the funds available in the Cure Amount Escrow Account equal to the Disputed Cure Amount allocated to such Disputed Contract; provided that the parties shall discuss every two (2) weeks, commencing as of the Sale Hearing and ending as of the first date following the Closing on which there are no longer funds in the Cure Amount Escrow Account, the status of Buyers' decisions with respect thereto. Once Buyers have assumed or rejected all Disputed Contracts in accordance with this Section 6.6(a) and all Cure Amounts in respect of any Disputed Contracts assumed by Buyers have been paid, Seller and Buyers shall promptly thereafter deliver written instructions directing the Escrow Agent to release all amounts (if any) remaining in the Cure Amount Escrow Account to Seller.

(b) Between the time this Agreement is executed by Buyers and the Auction is held, Seller may contact, through whatever means are reasonable, other potential buyers for the Purchased Assets and engage in discussions with such potential buyers that would be higher and better than reflected in this Agreement.

(c) The Sale Order and the Sale Procedures Order shall be substantially in the forms set forth on Exhibits 2 and 3. Seller and Buyers shall use reasonable efforts to obtain the entry of Sale Order. Seller shall promptly provide Buyers with copies of any objections to the Sale Motion. Buyers shall take such actions as are reasonably requested by Seller to assist Seller in obtaining a finding by the Bankruptcy Court that Buyers are deemed to have purchased the Seller Facility and the Purchased Assets in good faith pursuant to Section 363(m) of the Bankruptcy Code. The purchase and sale of the Purchased Assets will be in accordance with (and only in accordance with) the Sale Procedures Order, in form and substance acceptable to Buyers and Seller. Seller, nor any of its respective Affiliates shall change or modify, or

request that the Bankruptcy Court change or modify, any of the dates or procedures set forth in this Agreement or the Sale Procedures Order without the prior written consent of Buyers. From and after the Execution Date hereof and until the Closing Date or the termination of this Agreement, Seller shall not take any action which is intended to (or is reasonably likely to), or fail to take any action the intent (or the reasonably likely result) of which failure to act is to, result in the reversal, voiding, modification or staying of the Sale Procedures Order or this Agreement. Seller shall also provide Buyers with written notice (and copies) of, any objection or response filed in connection with the Stalking Horse Notice or as part of the Stalking Horse Objection Process (each as defined in the Sale Procedures Order).

(d) In the event an appeal is taken, or a stay pending appeal is requested or reconsideration is sought, from the Sale Order, and Buyers have not also been served with papers related to such appeal, stay or reconsideration, Seller shall promptly notify Buyer of such appeal or stay request and shall provide to Buyers within one (1) Business Day a copy of the related notice of appeal or order of stay or application for reconsideration. Seller shall also provide Buyers with written notice (and copies) of, any other or further notice of appeal, motion or application filed in connection with any appeal from or application for reconsideration of, either of such orders and any related briefs if Buyers are not also included on such additional documents and communications.

(e) Counsel for Seller shall promptly notify counsel for Buyers in writing and, as is required by the Bankruptcy Code, all parties entitled to notice pursuant to the Bankruptcy Code, the Bankruptcy Rules and orders of the Bankruptcy Court, of all motions, notices and orders required to consummate the Contemplated Transactions, including the Sale Order, as modified by orders in respect of notice which may be issued at any time and from time to time by the Bankruptcy Court. At least three (3) Business Days prior to filing any papers or pleadings in the Bankruptcy Case that relate primarily to this Agreement or Buyers, Seller shall provide Buyers with a copy of such papers or pleadings for review and comment. Seller shall consider such changes thereto as reasonably requested by Buyers or their Representatives.

(f) If Buyers are the highest and best bidder as reasonably determined by Seller along with such other parties as may be given the right to have input pursuant to the Sale Procedures Order at the auction which the Bankruptcy Court shall schedule pursuant to the Sale Procedures Order (the "**Auction**"), Seller shall not, directly or indirectly, take any action which is intended to, or fail to take any action the intent of such failure to act is to, result in the reversal, voiding, modification or staying of the Sale Order or this Agreement.

(g) This Agreement is subject to approval by the Bankruptcy Court. Following completion of the Auction, in the event that Buyers are designated as the highest and best bidder, Seller shall not initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person in connection with any sale or other disposition of the Seller Facility or the Purchased Assets. In the event that Buyers are designated as the highest and best bidder unless otherwise directed by the Bankruptcy Court, Seller shall not, after completion of the Auction, respond to or pursue an Alternative Transaction, or perform any other acts related thereto.

(h) Within three (3) Business Days of execution of this Agreement, the Sale Procedures Order, Bidding Procedures and the Stalking Horse Notice (as defined in the Sale Procedures Order) shall be effective to provide to the Buyers stalking horse bid protections such that in the event Seller closes on one or more Alternative Transactions for all or some of the Seller Facility or the Purchased Assets to a buyer other than Buyers, Seller shall be required to pay Buyers from the proceeds of any Alternative Transaction(s) (x) a fee in the amount equal to 3% of the Purchase Price (the "**Break-Up Fee**"), and (y) up to Two Hundred Fifty Thousand Dollars (\$250,000) of the reasonable and actual out-of-pocket and third-party costs and expenses (including expenses of counsel and other outside consultants) incurred and

documented by Buyers (and each of their designated Affiliate(s)) in connection with Buyers' due diligence investigation of Seller, the Seller Facility and the Purchased Assets and the negotiation, execution and delivery of this Agreement and the Contemplated Transactions (the "**Expense Reimbursement**"), and (z) the Parties shall promptly take any and all actions pursuant to the Escrow Agreement or otherwise to release to Buyers the Deposit and any interest accrued thereon. The Break-Up Fee and Expense Reimbursement are an integral part of the Contemplated Transactions and is not a penalty but rather is a reasonable amount that will compensate Buyers for the efforts and resources expended and opportunities foregone while negotiating this Agreement. The Break-Up Fee and Expense Reimbursement shall be allowed administrative expense claims of Seller pursuant to Section 364(c)(1) of the Bankruptcy Code with priority over any and all administrative expenses of any kind, including those specified in Sections 503(b) or 507(b) of the Bankruptcy Code, and, if such amounts are to be paid pursuant to this Section 6.6(h), the Expense Reimbursement and the Break-Up Fee shall be paid at the closing of an Alternative Transaction solely from the proceeds of such Alternative Transaction including the sale of the Seller Facility to another buyer; provided that, if earlier, the Expense Reimbursement shall be paid to Buyers upon Seller directly or indirectly receiving proceeds from the sale of any of its or its subsidiaries' assets following the Execution Date; and provided further that in the event the consideration for such sale to another buyer is in the form of a credit bid, the Buyers shall retain their administrative expense claim and such administrative expense claim shall be paid from general working capital of the Seller within thirty (30) days of the closing of the Alternative Transaction and the Seller shall obtain Bankruptcy Court approval of the foregoing within fifteen (15) days of the execution of this Agreement. The Sale Procedures Order shall provide, in the event of an Auction, for an initial overbid protection in an amount equal to \$100,000 and minimum bid increments thereafter of \$100,000. The Sale Procedures Order shall provide for qualified bidders to be identified by Seller that may bid for all of the Purchased Assets and shall contemplate the same transaction form and structure as contemplated by this Agreement and the Contemplated Transactions herein.

6.7 Confidentiality. Following the Closing, Seller shall, and shall cause its subsidiaries to, keep confidential and not disclose to any other Person or use for its own benefit or the benefit of any other Person any confidential information, proprietary information, technology, know-how, trade secrets (including all results of research and development), industrial designs, customer lists, franchises, inventions or other intellectual property regarding Buyer, the Seller Facility, the Purchased Assets or the operation thereof ("**Buyer Confidential Information**") in its possession or control. The obligations of Seller under this Section 6.7 shall not apply to Buyer Confidential Information which (a) is or becomes generally available to the public without breach of the commitment provided for in this Section 6.7; (b) is required to be disclosed by Law; provided, however, that, in any such case, Seller shall notify Buyers (to the extent permitted by Law) prior to disclosure and agrees that Buyers may take appropriate measures to preserve the confidentiality of such Buyer Confidential Information; (c) is received by Seller on a non-confidential basis from a source other than Buyers or their respective subsidiaries or Representatives not in violation of a confidentiality obligation to Buyers or their respective subsidiaries; (d) is independently developed by Seller, or its respective Affiliates or Representatives without reference to or use of any Buyer Confidential Information; or (e) is or was disclosed in connection with the Bankruptcy Case.

6.8 Public Announcements. Prior to the Closing, no Party shall issue or release or make any news release, public statement or other similar public announcement, written or oral, whether relating to this Agreement or any of the other Transaction Documents or the existence of any arrangement between the Parties, without the prior written consent of the other Party whether or not named in such news release, public statement or other similar public announcement, except (x) the Parties shall no later than the submission of this Agreement to the Bankruptcy Court issue a joint press release, together with a communication to the Facility Employees in connection with the execution and delivery of this Agreement in form and substance agreed by the Parties prior to the Execution Date, and (y) any Party may issue or

release or make any such news release, public statement or other similar public announcement (including a copy of this Agreement and any Transaction Document) as may be required by Law, by the rules or regulations of any stock exchange or in connection with the Bankruptcy Case. Notwithstanding the foregoing, in no event shall the foregoing be construed to restrict or prevent any Party or its Affiliates from making any internal announcements (including announcements to financing sources) regarding the Contemplated Transactions. Any subsequent release, public statement or other similar public announcement by a Party that solely contains information included in a prior release, public statement or other similar public announcement made by such Party in accordance with this Section 6.8 shall be deemed consented to by the other Parties.

6.9 Change of Name. As of the Closing Date, Seller shall take all action necessary to change its name to a name that is not similar to, or confusing with, the name "Walker County Hospital" and the fictitious name, "Huntsville Memorial Hospital" and shall terminate its right to use such trade names so as to permit Buyers to use such trade names as of Closing. Additionally, Seller shall take such actions and execute such documents as may be necessary for Buyers to make appropriate assumed name filings in order to evidence and protect Buyers' right to use such trade names in connection with the operation of the Hospital after Closing.

6.10 Refunds and Remittances. After the Closing: (a) if Seller or any of its Affiliates receive any refund or other amount that is a Purchased Asset, a payment under a Government Reimbursement Program or otherwise for services or goods provided by Buyers or any of their Affiliates after the Effective Time, or is otherwise properly due and owing to Buyers in accordance with the terms of this Agreement, Seller shall promptly remit, or shall cause to be remitted, such amount to Buyer; and (b) if Buyers or any of their Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise due and owing to Seller or any of its Affiliates in accordance with the terms of this Agreement, Buyers shall promptly remit, or shall cause to be remitted, such amounts to Seller.

6.11 Billing Pending Change of Ownership. The Parties will work collaboratively to effectuate the transfer of the Medicare and Medicaid provider numbers to Newco as set forth herein. The time period post-Closing but prior to the effective date of the assignment of the Medicare and Medicaid provider number to Newco (as determined by a tie-in notice and approval letter being issued to Newco by Medicare and a new Texas Provider Identifier being issued to Newco by Medicaid permitting Newco acknowledging that Buyer may be reimbursed for claims submitted by Newco using Newco's identification information) shall be referred to as the "*CHOW Period*." During the CHOW Period, Newco will continue to bill under Seller's Medicare provider number; however, Newco shall not bill under Seller's Medicaid provider number during the CHOW Period. Newco shall bear the risk of all damage, loss, cost and expense associated in any way with billing under Seller's Medicare provider number during the CHOW Period. Newco shall indemnify and defend Seller and its Representatives and hold each of Seller and its Representatives harmless, against and with respect to any and all liabilities, obligations, judgments, penalties, interest, violations, fees, fines, losses, damages, deficiencies, liens and encumbrances to the extent caused by, resulting from or in connection with any act or omission of Newco or its Representatives that occurs during the CHOW Period; except to the extent caused in whole or in part by Seller. The rights and obligations pursuant to this Section 6.11 shall survive any termination of this Agreement.

6.12 Seller's Existence Post-Closing. If the Seller intends to file a plan of liquidation following the Closing, and the Seller intends to destroy or otherwise dispose of records, it agrees to provide ten (10) days' notice to the Buyers of the intent and, to the extent Buyers desire to delay or prevent such disposal, Buyers may, at their sole expense, take possession of such records.

ARTICLE VII - CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYERS

Notwithstanding anything herein to the contrary, the obligations of Buyers to consummate the transactions described herein are subject to the fulfillment, as of the Closing, of the following conditions precedent unless (but only to the extent) waived in writing by Buyers on or prior to the Closing:

7.1 Representations and Warranties; Covenants.

(a) The Fundamental Representations made by Seller and HMHPO in this Agreement or in the other Transaction Documents shall be true and correct in all respects as of the Execution Date and the Closing Date, as though made as of the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall continue as of the Closing Date to be true and correct as of such specific date). The representations and warranties made by Seller and HMHPO in this Agreement or in the other Transaction Documents, shall be true and correct (without giving effect to any "materiality," "in all material respects," "Material Adverse Effect" or similar qualifiers) as of the Execution Date and the Closing Date when read in light of the Article IV Schedules that are updated prior to the Closing Date in accordance with Section 6.2, as though made on the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall continue as of the Closing Date to be true and correct as of such specific dates), except to the extent that the failure to be so true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect.

(b) All of the covenants, agreements and other obligations in this Agreement to be complied with or performed by Seller on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects (without giving effect to any "materiality," "in all material respects," "Material Adverse Effect" or similar qualifiers).

7.2 Required Governmental Approvals and Consents. Buyers shall have obtained documentation or other evidence reasonably satisfactory to Buyers that the Parties have obtained from applicable Governmental Authorities the approvals and consents set forth on Schedule 7.2 to effect the transactions set forth in this Agreement and to enable Buyers to operate the Seller Facility and Purchased Assets (the "*Required Governmental Approvals*").

7.3 Title and Survey. The Title Company shall be irrevocably committed to issue both the Title Policy insuring the applicable Buyers' valid and enforceable leasehold title in and to the Leased Real Property and good and marketable fee simple title to the Owned Real Property, subject to no Encumbrances other than the Permitted Encumbrances, together with such endorsements to such Title Policy as the applicable Buyer deems necessary in its reasonable discretion. Further, the Surveys shall not reflect any Encumbrance other than Permitted Encumbrances and shall otherwise be acceptable to the Title Company for purposes of providing "survey coverage" in the Title Policy.

7.4 Actions and Proceedings. No Governmental Authority shall have issued any Order or enacted any Law that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the Contemplated Transactions, and no Action, claim or investigation seeking to enjoin, restrain or prohibit the consummation of the Contemplated Transactions shall be pending.

7.5 Material Adverse Effect. There shall not have been any Material Adverse Effect since the Balance Sheet Date.

7.6 Closing Certificate. Seller shall have delivered to Buyers a certificate dated as of the Closing Date and executed by an authorized officer of Seller to the effect that each of the conditions specified in Section 7.1 and Section 7.5 are satisfied in all respects.

7.7 Bankruptcy Court Approval. The Sale Order shall have been entered by the Bankruptcy Court.

7.8 Closing Deliveries. Seller shall have executed and delivered, or caused to have been executed and delivered, to Buyers the documents and items described in Section 3.5.

7.9 Exclusivity. Seller's exclusive right to file and solicit acceptance of a plan of reorganization shall not have been terminated.

7.10 Financing Contingency. One or more of the Buyers shall have in place financing with terms and conditions that are satisfactory to the Buyers ("*Third-Party Financing*").

7.11 No Dismissal or Conversion. The Bankruptcy Case shall not have been dismissed or converted to a case under chapter 7 of the Bankruptcy Code.

7.15 Trustee Rejection. A trustee shall not have been appointed for Seller and rejected the Contemplated Transactions.

ARTICLE VIII - CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

Notwithstanding anything herein to the contrary, the obligations of Seller to consummate the transactions described herein are subject to the fulfillment, as of the Closing, of the following conditions precedent unless (but only to the extent) waived in writing by Seller on or prior to the Closing:

8.1 Representations and Warranties; Covenants.

(a) The representations and warranties of Buyers contained in this Agreement shall be true and correct in all respects (without giving effect to any "materiality," "in all material respects," "material adverse effect" or similar qualifiers) as of the Execution Date and as of the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall continue as of the Closing Date to be true and correct as of such specific date), except to the extent the failure of such representations and warranties to be true and correct would not materially and adversely affect Buyers' ability to consummate the Contemplated Transactions.

(b) All of the covenants, agreements and other obligations in this Agreement to be complied with or performed by Buyers on or before the Closing pursuant to the terms hereof shall have been duly complied with and performed in all material respects (without giving effect to any "materiality," "in all material respects," "material adverse effect" or similar qualifiers).

8.2 Pre-Closing Confirmations. Seller shall have obtained documentation or other evidence reasonably satisfactory to Seller that the Parties have obtained the Required Governmental Approvals.

8.3 Actions and Proceedings. No Governmental Authority shall have issued any Order or enacted any Law that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the Contemplated Transactions, and no Action, claim or investigation seeking to enjoin, restrain or prohibit the consummation of the Contemplated Transactions shall be pending.

8.4 Closing Certificate. Buyers shall have delivered to Seller a certificate dated as of the Closing Date and executed by an authorized officer of each of Buyer to the effect that each of the conditions specified in Section 8.1 is satisfied in all respects.

8.5 Closing Deliveries. Buyers shall have executed and delivered, or caused to have been executed and delivered, to Seller the documents and items described in Section 3.6.

8.6 Cure Amounts. Any and all Assumed Cure Amounts shall have been paid by or on behalf of Buyers, except for (i) those Assumed Cure Amounts that are to be paid in full at the Closing (and subject to the payment of such Assumed Cure Amounts at the Closing) and (ii) any Disputed Cure Amounts.

ARTICLE IX - ADDITIONAL AGREEMENTS

9.1 Termination Prior to Closing.

(a) Notwithstanding anything herein to the contrary, this Agreement may be terminated and the Contemplated Transactions may be abandoned at any time prior to the Closing:

(i) by the mutual written consent of Seller and Buyers;

(ii) by either Buyer, if Seller breaches or fails to perform in any respect any of its representations, warranties, agreements, covenants or other obligations contained in this Agreement and such breach or failure to perform would, if the Closing otherwise were to occur on the date of written notice of such breach or failure to perform, give rise to the failure of a condition set forth in Section 7.1;

(iii) by Seller, if Buyers breach or fail to perform in any respect any of their respective representations, warranties, agreements, covenants or other obligations contained in this Agreement and such breach or failure to perform would, if the Closing otherwise were to occur on the date of written notice of such breach or failure to perform, give rise to the failure of a condition set forth in Section 8.1;

(iv) by Seller or either Buyer after the Outside Date, provided that the right to terminate this Agreement under this Section 9.1(a)(iv) shall not be available to a Party if the breach of or inaccuracy in any representation or warranty or breach of or failure to perform any covenant, agreement or other obligation of such Party set forth in this Agreement has been the cause of or resulted in the failure of the Closing to occur on or prior to such date;

(v) by Seller or Buyers, if there is in effect a Final Order of a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;

(vi) by Seller or Buyers in the event the Bankruptcy Court approves an Alternative Transaction;

(vii) by Seller or Buyers, if the Bankruptcy Court enters an Order that precludes consummation of the Contemplated Transactions on the terms and conditions set forth in this Agreement, as this Agreement may be modified or amended by the Parties;

(viii) by either Buyer pursuant to Section 6.2 hereof; and

(ix) by Seller or either Buyer in the event that the Parties, in their sole unfettered discretion, are unable to agree upon the form and/or content of the Disclosure Schedules on or before the Disclosure Schedules Delivery Due Date.

The Party seeking to terminate this Agreement pursuant to this Section 9.1(a) (other than Section 9.1(a)(i)) shall give prompt written notice of such termination to the other Parties.

(b) In the event of any termination of this Agreement by either Buyer or Seller as provided in Section 9.1(a), this Agreement shall forthwith become void, and there shall be no liability on the part of any Party or any of its Affiliates to any other Person resulting from, arising out of, relating to, or in connection with this Agreement or any other document related to the Contemplated Transactions herein, except that 11.11 (General Provisions) and this Section 9.1 shall survive any termination of this Agreement and each Party shall be entitled to all remedies available at Law or in equity in connection with any breach of any such provision.

(c) If this Agreement is terminated by Seller pursuant to Section 9(a)(iii) at such time when Buyers are not otherwise entitled to terminate this Agreement pursuant to Section 9.1(a) (a "**Qualifying Termination**"), the Parties shall promptly take any and all actions pursuant to the Escrow Agreement or otherwise to release to Seller the Deposit and any interest accrued thereon as a reverse termination fee (the "**Reverse Termination Fee**"). If this Agreement is terminated and such termination is not a Qualifying Termination, then Seller will not be entitled to the Reverse Termination Fee and the Parties shall promptly take any and all actions pursuant to the Escrow Agreement or otherwise to release to Buyers the Deposit and any interest accrued thereon.

(d) Notwithstanding anything in this Agreement to the contrary, (i) in no event shall Buyers be required to pay or cause to be paid the Reverse Termination Fee on more than one occasion and (ii) in no event shall Seller be entitled to both (x) receive the Reverse Termination Fee and (y) specific performance of Buyers' obligation to pay the Purchase Price and effect the Closing.

(e) Notwithstanding anything in this Agreement to the contrary, (i) in the event that Buyers fail to effect the Closing for any reason or no reason or otherwise breach this Agreement (or any representation, warranty, covenant or agreement herein) prior to the Closing or otherwise fail to perform hereunder prior to the Closing (whether willfully, intentionally, unintentionally or otherwise), then Seller's right (subject to the terms, conditions and limitations hereof) to terminate this Agreement pursuant to Sections 9.1(a)(iii), 9.1(a)(iv) or 9.1(a)(v) and, solely in the case of a Qualifying Termination, receive the Reverse Termination Fee pursuant to Section 9.1(c), shall be the sole and exclusive right and remedy (whether at law, in equity, in contract, in tort or otherwise) of Seller, its respective successors and permitted assigns, and any Person claiming by, through or on behalf of any of them (it being expressly agreed that no other Person shall have any right or remedy in such circumstances) against any Person, arising out of or relating to (A) this Agreement, (B) any breach by Buyers of any representation, warranty, covenant, obligation or agreement in this Agreement or Buyers' failure to perform under this Agreement, (C) the failure of Buyers to consummate the Closing, or (D) the transactions contemplated by this Agreement and (ii) upon payment of the Reverse Termination Fee in accordance with Section 9.1(c), Seller, nor its respective successors and permitted assigns, or any Person claiming by, through or on behalf of any of them (it being expressly agreed that no other Person shall have any right or remedy in such circumstances) shall have any right or remedy (whether at law, in equity, in contract, in tort or otherwise) with respect to any of the matters described in clauses (A) through (D) of the immediately preceding subsection (i).

(f) Notwithstanding anything to the contrary in this Agreement, in the event that Seller is paid the Reverse Termination Fee in accordance with Section 9.1(c), the receipt of the Reverse Termination Fee

by Seller shall not be deemed a penalty, but shall be deemed to be liquidated damages for any and all losses or damages suffered or incurred by Seller, and any other Person with respect to the matters described in clauses (A) through (D) of Section 9.1(e), and Seller nor any other Person shall have any other right or remedy (whether at law, in equity, in contract, in tort or otherwise) against Buyers or any other Person (it being expressly agreed that no other Person shall have any right or remedy in such circumstances).

(g) The provisions of Sections 9.1(b) through 9.1(f) and this Section 9.1(g) are intended to be for the benefit of, and shall be enforceable by, Buyers and any other Person against whom any right or remedy is sought. The Parties agree that the agreements contained in this Section 9.1 are an integral part of this Agreement and the transactions contemplated hereby and, without these agreements, the parties would not enter into this Agreement. In light of the difficulty of accurately determining actual damages with respect to the foregoing matters, the Reverse Termination Fee constitutes a reasonable estimate of the losses that will be suffered if this Agreement is terminated or the transactions contemplated by this Agreement are otherwise abandoned or not consummated and constitutes liquidated damages (and not a penalty).

9.2 Post-Closing Filings and Access to Information.

(a) After the Closing, each Party shall promptly deliver to the other Party, upon reasonable request of such other Party, copies of any post-Closing filings, financial statements or reports regarding the Seller Facility, the Purchased Assets, the Assumed Liabilities, the Excluded Assets or the Excluded Liabilities that may be reasonably necessary for such other Party to prepare and deliver any filings or reports required to be delivered to any Governmental Authority as a result of the consummation of the transactions described herein, in each case at the sole cost and expense of the requesting Party.

(b) After the Closing, Buyers' Parent and each Buyer shall permit, for a period of not less than four (4) years, each Seller, any direct or indirect successor of such Seller, and their respective professionals, and the Committee and its professionals (collectively, the "**Permitted Parties**") access to all books and records that are in connection with or that otherwise relate to the Purchased Assets and the operations of the Seller Facilities prior to the Closing that are in the control or possession of Buyers' Parent or any of the Buyers or any of their respective Affiliates, agents or representatives (collectively, the "**Business Records**") for purposes of (i) pursuing, assessing, settling or otherwise dealing with any Excluded Assets or Excluded Liabilities, (ii) pursuing, assessing, defending, settling or otherwise dealing with (including, without limitation, exercising rights and remedies with respect to) any claim, action or cause of action, including without limitation, any objection or motion, that any Permitted Party has the right to pursue, (iii) performing and/or otherwise dealing with any obligations of Sellers pursuant to this Agreement, including the Excluded Liabilities, (iv) assisting any one or more of the Permitted Parties in connection with or otherwise relating to the claims reconciliation process relating to any Seller Including, without limitation, with respect to claims against any Person, including without limitation, assessing, resolving, settling and/or otherwise dealing with priority, administrative and unsecured claims against any Seller that accrue prior to the Closing Date, and (v) without limiting the generality of the immediately preceding clauses (i) through (iv), otherwise administering Seller's bankruptcy estates including, without limitation, the preparation and confirmation of a plan of reorganization or liquidation relating to Seller and the preparation of the accompanying disclosure statement, and compliance with any subpoena, document requires, or Order of any court compelling any Permitted Party to produce documents to third parties, winding down Seller's bankruptcy estates, preparing or filing Tax returns and causing audits to be performed and/or for any other reasonable purpose.

(c) The right of access for the Permitted Parties shall include, without limitation, (i) the right of such Permitted Party to copy at the Permitted Party's premises or the location of the Purchased Assets at the requesting Permitted Party's expense, such documents and records as the Permitting Party may request

in furtherance of any of the purposes referred to in Section 9.2(b) and (ii) the applicable Buyer's copying and delivering, at the Permitted Party's cost, to such Permitted Party such documents and records as may be requested, but only to the extent such Permitted Party furnishes Buyers with a reasonable written description of the materials to be copied. Buyers shall not dispose of or destroy any of the Business Records before the fourth (4th) anniversary of the Closing Date and shall provide the Permitted Parties and the Bankruptcy Court pursuant to a filing in the Bankruptcy Case at least ninety (90) days written notice before doing so and shall provide each Permitted Party that requests copies of any Business Records within such ninety (90) day period copies of all requested Business Records at the cost of the requesting Permitted Party.

(d) Buyers shall use commercially reasonable efforts to make reasonably available to Permitted Parties employees of Buyers to assist Seller in connection with the administration of Seller's bankruptcy estates, including without limitation, in connection with Excluded Assets and/or Excluded Liabilities.

(e) The Parties acknowledge that subsequent to the Closing, Buyers may need access to information or documents in the control or possession of Sellers for purposes of concluding the transactions herein contemplated, audits, compliance with Laws, and the prosecution or defense of third party claims. Each Party shall cooperate with the other in connection with the handling of any such post-closing matters as may reasonably be requested.

9.3 Employee Matters.

(a) Hospital Personnel. The employees of Seller shall remain employees of Seller until (i) the end of the work day that is sixty (60) days after the Closing Date, or (ii) the end of the work day on February 29, 2020, whichever is the later date (the "**Personnel Transition Period**"). At Closing, Newco shall enter into an employee lease agreement in form and substance satisfactory to each of Newco and Seller (the "**Employee Lease Agreement**"). The Employee Lease Agreement shall provide that Newco will pay Seller in advance for all costs Seller will incur for such employees during the Personnel Transition Period related to compensation, benefits, and employment taxes, including, but not limited to, wages, payroll taxes, payroll processing fees, health insurance benefits, medical claims submitted to Seller's self-insured health insurance plan, and pension plan contributions that are incurred and due and owing for that Personnel Transition Period. Seller shall provide an invoice to Newco not later than ten (10) days prior to the applicable payroll period and Newco shall pay by wire transfer of immediately available funds such invoice not later than two (2) business days prior to the applicable payroll period or such other payment arrangement as the Parties may agree.

(b) Effective the first (1st) day following the end of the Personnel Transition Period (the "**Employee Transition Date**"), Newco shall, consistent with reasonable personnel policies, procedures and requirements of Newco, (a) employ those individuals who are employees of the Seller as of the Employee Transition Date, which employment will be effective on said date, or such other time as agreed by the Parties (the "**Transferred Employee**"), and (b) establish competitive benefits packages for said personnel; provided, however, any employee of Seller who is on general leave not protected by the Family Medical Leave Act (FMLA), the Americans for Disabilities Act (ADA), the Uniformed Services Employment and Reemployment Act, the Texas workers' compensation statute, and any other Federal or state law protecting the employment of employees on leave, as applicable, will not be retained by Newco. It is understood and agreed that the Transferred Employees shall receive credit for the time they have been employed by the Seller prior to the date of this Agreement for purposes of determining their relative benefits and other personnel matters on an ongoing basis.

(c) Seller will, and will cause its respective Affiliates to, waive any non-competition, non-solicitation, confidentiality and other restrictive covenant that exists for the benefit of Seller or its respective Affiliates, to which any Transferred Employee is subject that would prevent such Transferred Employee from being employed by Newco or any of its respective Affiliates or that otherwise would restrict any Transferred Employee from performing his or her duties or responsibilities for Newco or any of its respective Affiliates.

(d) Notwithstanding anything to the contrary contained herein, nothing herein shall obligate Seller to maintain any health or other Seller Plan following the Employee Transition Date.

(e) Seller and Newco agree to use the "Alternate Procedure" as described in IRS Revenue Procedure 2004-53, I.R.B. 2004-34, with respect to the Transferred Employees.

(f) With respect to each Transferred Employee, Buyers shall assume Seller's or its Affiliates' liability to each Transferred Employee solely for such Transferred Employee's Transferable Accrued PTO. Such Transferred Accrued PTO with respect to each Transferred Employee that has been assumed by Buyers will be credited to the Transferred Employee and administered and used by the Transferred Employees in accordance with Newco's employee policies and procedures. Except for the Transferable Accrued PTO assumed by Newco pursuant to this Agreement (which will not exceed more than 280 hours of PTO accrued for any Transferred Employee), neither Buyer shall assume any obligations of Seller or any of its respective Affiliates related to any Employee Benefit Plan.

(g) Seller shall not reject any agreements or contracts related to the Employee Benefit Plans prior to February 28, 2020. Notwithstanding the foregoing, Buyers shall not be assuming the Employee Benefit Plans or any cure amount related to the Employee Benefit Plans. Obligations arising under the Employee Benefit Plans on and after the Closing Date shall be governed by the Employee Lease Agreement.

(h) This Section 9.3 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 9.3 or this Agreement, express or implied, shall confer upon any Transferred Employee or any other Person any rights or remedies of any nature whatsoever under this Section 9.3. Nothing contained herein, express or implied, shall be construed to establish, amend or modify any benefit plan, program, agreement or arrangement, nor shall this Section 9.3 be deemed to limit the right of Buyer or any of its Affiliates from modifying, terminating or amending any Buyer Benefit Plan. The Parties acknowledge and agree that no provision of this Agreement shall create any right in any employee, any Transferred Employee or any other Person to any continued employment or compensation or benefits of any nature or kind whatsoever, or otherwise interfere with the right of Newco or any of its respective Affiliates to terminate the employment of any Person at any time and for any reason. Seller and Buyers, and its respective Affiliates, shall cooperate to effect the foregoing provisions of this Section 9.3.

9.4 Transition Services. In order to enable Buyer to effectuate an orderly transition of the Seller Facility during the Personnel Transition Period, and to facilitate Seller's ability to provide the services set forth in the Employee Lease Agreement, Seller shall continue to provide (through third party vendors) certain services used by Seller to Buyer solely during the Personnel Transition Period, unless agreed to by Seller in its sole discretion. The costs of providing such services shall be paid by Buyer pursuant to a transition services agreement (a "***Transition Services Agreement***") to be entered into among the parties at Closing.

9.5 Medical Staff. To ensure continuity of care in the applicable community, Buyers agree that the medical staff members of the Seller Facility who are in good standing as of the Closing Date shall maintain

medical staff privileges at the Seller Facility as of the Closing. After the Closing, the medical staff will be subject to the Medical Staff Bylaws of the Seller Facility then in effect, as amended from time to time.

9.6 Refunds and Remittances. After the Closing: (a) if Seller or any of its Affiliates receive any refund or other amount that is a Purchased Asset or is otherwise properly due and owing to Buyers in accordance with the terms of this Agreement, Seller promptly shall remit, or shall cause to be remitted, such amount to Buyers; and (b) if Buyers or any of their Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise properly due and owing to Seller or any of its Affiliates in accordance with the terms of this Agreement, Buyers promptly shall remit, or shall cause to be remitted, such amount to Seller. Seller shall cooperate with Buyers to execute appropriate Lock Box agreements and bank account sweep instructions to facilitate the transfer of Accounts Receivable to Buyers following the Closing as reasonably requested by Buyers and consistent with applicable Healthcare Laws.

9.7 Assurances.

(a) Subject to Section 2.3(c), at any time or from time to time following the Closing Date, if (a) any of the Parties or its respective Affiliates becomes aware that any of the Purchased Assets has not been transferred to the applicable Buyer or that any of the Excluded Assets has been transferred to a Buyer, or (b) Seller or any of its respective Affiliates receives or otherwise possesses any asset (including cash, accounts and notes receivable) that should have been transferred to a Buyer under this Agreement, such Person shall promptly notify the other and the Parties shall, as soon as reasonably practicable, ensure that such property is transferred with any necessary prior third-party consent or approval, to:

(i) the applicable Buyer, in the case of any Purchased Asset which was not transferred at the Closing or otherwise as set forth above, at the sole cost and expense of Seller; or

(ii) Seller, in the case of any Excluded Asset which was transferred at the Closing, at the sole cost and expenses of Seller.

Prior to any such transfer, the Person in receipt of or then possessing such asset shall hold such asset in trust for such other Person, shall exercise, enforce and exploit, only at the direction of and for the benefit of such other Person, any and all claims, rights and benefits arising in connection with such asset, shall promptly pay, assign and remit to such other Person when received all monies and other consideration relating to such asset in the period after the Closing Date, and, to the extent applicable, provide the Person that should possess such asset pursuant to the terms of this Agreement a royalty-free license to use or shall otherwise be able to obtain the benefits from the asset and shall hold such asset in trust for such other Person.

(b) In the event (i) either Buyers request that Seller or any of its respective Affiliates or (ii) Seller requests that Buyers provides any customary transition services or other services consistent with the past practice of Seller (or any of its Affiliates) and the Seller Facility, in each case reasonably necessary to the transition the operation of the Seller Facility, Seller or Buyers (as applicable) shall provide (or cause Seller or Buyers to provide) such transition services to the requesting Party during the six (6) month period following the Closing. In the event any such additional services are provided, the requesting Party shall pay, or cause to be paid, the providing Party or its designee a reasonable market rate for the performance of any such services and Buyers and Seller shall work together in good faith to determine such market rate.

9.8 Terminating Cost Reports.

(a) Buyers, at Buyers' expense, shall prepare and timely file all Cost Reports and related filings (including requests to reopen any such Cost Reports) relating to the periods ending on or prior to the Closing

Date or required as a result of the consummation of the transactions contemplated herein (the "***Seller Cost Reports***"). Buyers shall possess the originals of the Seller Cost Reports, correspondence, work papers and other documents relating to the Seller Cost Reports and the Seller Agency Settlements, and furnish copies of such documents to Seller upon reasonable request.

(b) Seller, upon reasonable notice, during normal business hours and at the sole cost and expense of Buyers, shall cooperate with Buyers in regard to the preparation, filing, handling and appeals of the Seller Cost Reports. Such cooperation shall include the coordination with Buyers pursuant to adequate notice of Medicare and Medicaid exit conference or meetings.

9.9 Waiver of Bulk Sales Law Compliance. Buyers hereby waive compliance by Seller with the requirements, if any, of Article 6 of the Uniform Commercial Code as in force in any state in which the Purchased Assets are located and all other similar laws applicable to bulk sales and transfers.

9.10 Closing of Financials. Buyers shall use commercially reasonable efforts to cause the individual(s) acting as the chief financial officer of the Seller Facility after the Effective Time or such other person(s) as may be responsible for financial closings and reconciliations (the "***Finance Team***") to complete (or take such action as shall be necessary for Buyers or Seller to complete) the standardized closing of Seller's financial records for the Seller Facility through the Closing Date including, without limitation, the closing of general ledger account reconciliations (collectively, the "***Closing of Financials***"). Buyers shall use commercially reasonable efforts to cause the Finance Team to use its good faith efforts to complete the Closing of Financials by no later than the date which is thirty (30) days after the Closing Date. The Finance Team and other appropriate personnel shall be reasonably available to Seller for the period ending thirty (30) days after the Closing Date as reasonably requested during normal business hours by Seller.

9.11 Non-Solicitation. Until the two (2) year anniversary of the Closing, Seller shall not, and shall cause its respective Affiliates not to, solicit or hire any employees of Buyers or any of its respective Affiliates (including any Transferred Employees); provided, that nothing in this Section 9.11 shall prohibit Seller or any of its respective Affiliates from (x) soliciting any such employee as a result of a general solicitation to the public or general advertising (so long as not specifically directed at such employees) or (y) the solicitation or hiring of any individual whose employment with Buyers or its Affiliates has been terminated for at least six (6) months at the time of such solicitation or hiring.

9.12 License of Seller Name and Logo. Buyers hereby grants Seller a perpetual license at no cost to use the Intellectual Property following the Closing (a) in the case caption for any filings in the Bankruptcy Case, and (b) in connection with the billing and collection of the Accounts Receivable, if necessary.

9.13 Medicare Bad Debts. Seller shall be entitled to receive Medicare reimbursement for bad debts of the Seller Facility under 42 C.F.R. § 413.89 associated with services furnished prior to the Effective Time ("***Seller Bad Debts***"). Seller shall have the right to require that the applicable Buyer submit a claim for reimbursement to CMS for the Seller Bad debts on such Buyer's Cost Report for the period in which the Seller Bad Debts become uncollectible by such Seller; provided, however, that the applicable Buyer shall not be required to submit any such claim to the extent that such Buyer reasonably determines that such claim is not a supportable, valid and permissible claim under applicable Medicare regulations and payment policies. If and to the extent that any Buyer receives payment for any Seller Bad Debts, such Buyer shall remit such receipts to Seller within ten (10) business days of receipt. The applicable Buyer shall have the right to offset any such payments by any reduction in such Buyer's Medicare reimbursement attributable to the collection of amounts claimed as Seller Bad Debts on prior Seller Cost Reports. Buyer shall submit such Seller's Bad Debts on a separate schedule and request that those Seller' Bad Debts be audited independently of Buyer's bad debts so that any error applicable to Seller will not be applied to Buyer.

ARTICLE X – SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1 Survival. All covenants and agreements contained in this Agreement or any other Transaction Document which by their terms are to be performed in whole or in part, or which prohibit actions, at or subsequent to the Closing shall survive the Closing hereunder until the expiration of the applicable statute of limitations or for such shorter period explicitly specified therein. The party that breaches such covenants and agreements (the "***Breaching Party***") shall be liable to, and shall hold harmless, the other party after the Closing for any Losses suffered or incurred by such other party as the result of the breach of such covenants and agreements by such Breaching Party. Subject to the foregoing, and excluding in the case of fraud or intentional misconduct, all representations and warranties contained in this Agreement or in any certificates delivered at Closing, shall not survive the Closing and shall thereupon terminate.

10.2 Results of Investigation. Notwithstanding anything to the contrary contained herein, but subject to the items properly listed and qualified to be listed in the Schedule Supplement, the right to indemnification, payment, reimbursement, or other remedy based upon any such representation, warranty, covenant, or obligation will not be affected by any investigation conducted or any knowledge acquired at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of, or compliance with, such representation, warranty, covenant, or obligation.

ARTICLE XI - GENERAL PROVISIONS

11.1 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, at the request and expense of a Party, the other Party or Parties shall execute such additional instruments and take such additional action as the requesting Party may reasonably deem necessary to effectuate this Agreement. In addition and from time to time after the Closing Date, Seller and Buyers shall each execute and deliver such other instruments of conveyance and transfer, and take such other actions as any Party may reasonably request, to more effectively convey and transfer full right, title and interest to, vest in, and place Buyer in legal and actual possession of the Purchased Assets.

11.2 Consents, Approvals and Discretion. Except as herein expressly provided to the contrary, whenever this Agreement requires any consent or approval to be given by a Party or a Party must or may exercise discretion, such consent or approval shall not be unreasonably withheld, conditioned or delayed and such discretion shall be reasonably exercised.

11.3 Legal Expenses. In the event a Party elects to incur legal expenses to enforce or interpret any provision of this Agreement by judicial proceedings, the prevailing Party will be entitled to recover such legal expenses in addition to any other relief to which the prevailing Party shall be entitled.

11.4 Choice of Law; Venue.

(a) This Agreement and all disputes or controversies arising out of or relating to this Agreement or the Contemplated Transactions (in contract or tort) shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflicts of law principles.

(b) WITHOUT LIMITING ANY PARTY'S RIGHT TO APPEAL ANY ORDER OF THE BANKRUPTCY COURT, THE PARTIES HEREBY AGREE THAT ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS, AND PROCEEDINGS RELATING TO THE TRANSACTION DOCUMENTS SHALL BE FILED AND MAINTAINED ONLY IN THE

BANKRUPTCY COURT, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURT; provided, however, that if the Bankruptcy Case has closed or the Bankruptcy Court lacks jurisdiction for whatever reason, the Parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the state or federal courts situated in Walker County, Texas and any appellate court from any decision thereof, for the resolution of any such claim or dispute. The Parties hereby irrevocably waive, to the fullest extent permitted by Law, any objection which they may have now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each Party agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment.

(c) Each Party hereby consents to process being served by any party to this Agreement in any legal proceeding by delivery of a copy thereof in accordance with the provisions of Section 11.9.

(d) EACH PARTY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, MATTER OR PROCEEDING REGARDING THIS AGREEMENT, THE CONTEMPLATED TRANSACTIONS OR ANY PROVISION HEREOF.

11.5 Benefit, Assignment and Third Party Beneficiaries. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the Parties and its respective legal representatives, successors and assigns; provided, however, that no Party may assign this Agreement without the prior written consent of the other Party except that (a) Buyers may assign this Agreement and/or any of its rights hereunder to a wholly owned (directly or indirectly) subsidiary of Buyers or any purchaser of substantially all of Buyers' business and (b) Buyers may collaterally assign their rights, but not their obligations, under this Agreement to any party that provides funding for the transactions hereunder as additional security for Buyers' obligations to such party without the prior written consent of Seller. Notwithstanding anything to the contrary contained herein, the Parties acknowledge that Buyers may assign ownership and title to certain of the Purchased Assets to certain designees of Buyers, such that more than one entity may own the Purchased Assets at Closing. This Agreement is intended solely for the benefit of the Parties and is not intended to, and shall not, create any enforceable third party beneficiary rights except as expressly provided herein.

11.6 Cost of Transaction. Except as may be provided to the contrary elsewhere herein: (a) Buyers shall pay the fees, expenses and disbursements incurred by Buyers and their Representatives in connection with the subject matter hereof and any amendments hereto; (b) Seller shall pay the fees, expenses and disbursements incurred by Seller and its Representatives in connection with the subject matter hereof and any amendments hereto; and (c) Buyers shall pay the costs of any Title Commitments, Title Policy, surveys and environmental site assessments, and any amounts due to a Governmental Authority to effect the change of ownership of the Seller Facility contemplated hereby.

11.7 Waiver of Breach. The waiver by any Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or any other provision hereof. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

11.8 Notice. Any notice, demand or communication required, permitted or desired to be given hereunder shall be in writing and deemed effectively given or made (a) when personally delivered, (b) on the date sent when delivered by electronic means (so long as written notice of such transmission is sent within two (2) Business Days thereafter by another delivery method hereunder) (unless not delivered on a Business Day or delivered after 5:00 p.m. Central Time on a Business Day, in which case such delivery

shall be deemed effective on the next succeeding Business Day), (c) one (1) Business Day following the date sent if sent by overnight courier with signed receipt, or (d) when delivered by registered United States mail, with postage prepaid and return receipt requested, addressed to the addresses below or to such other address as any Party may designate, with copies thereof to the respective counsel thereof as notified by such Party.

Buyers: Huntsville Community Hospital, Inc.
c/o Community Hospital Corporation
7800 North Dallas Parkway, Ste. 200
Plano, Texas 75024

Walker County Hospital District
P. O. Box 1267
Huntsville, TX 77342
Attention: Ann Karr-Woodard, Chairman

With a copy to: Community Hospital Corporation
7800 North Dallas Parkway, Ste. 200
Plano, Texas 75024
Attention: SVP/General Counsel

Morgan Lewis & Bockius LLP
1717 Main Street, Suite 3200
Dallas, TX 75201
Attention: Janice Z. Davis and Sandra Vrejan
Email: janice.davis@morganlewis.com and
sandra.vrejan@morganlewis.com

Seller: Walker County Hospital Corporation
1411 11th Street
Huntsville, TX 77340
Attention: Steve Smith, Chief Executive Officer
Walter Woodward, Chairman

With a copy to: Waller Lansden Dortch & Davis, LLP
Nashville City Center
511 Union Street, Suite 2700
Nashville, TN 37219
Attention: Blake Roth and Andrea Cunha
Email: blake.roth@wallerlaw.com and andrea.cunha@wallerlaw.com

11.9 Severability. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

11.10 Entire Agreement, Amendments and Counterparts. This Agreement supersedes all previous contracts, agreements and understandings between the Parties regarding the subject matter hereof and,

together with the Transaction Documents and the Exhibits and Schedules hereto, constitutes the entire agreement existing between or among the Parties respecting the subject matter hereof and no Party shall be entitled to benefits other than those specified herein. As between or among the Parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect, and neither Party is relying on any such oral statements or prior written material. All prior representations or agreements, whether written or oral, not expressly incorporated herein are superseded and no changes in or additions to this Agreement shall be recognized unless and until made in writing and signed by all Parties. This Agreement may be executed in counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. Signatures received via facsimile or other electronic transmission shall be accepted as originals. Notwithstanding any oral agreement or course of conduct of the Parties or its Representatives to the contrary, no Party shall be under any legal obligation to enter into or complete the Contemplated Transactions unless and until this Agreement shall have been executed and delivered by each Party.

11.11 Disclosure Generally. Notwithstanding anything to the contrary contained in the Disclosure Schedules or in this Agreement, the information and disclosures contained in any Article IV Schedule shall be deemed to be disclosed and incorporated by reference in any other Schedule as though fully set forth in such Article IV Schedule for which applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Article IV Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement. Such information and the dollar thresholds set forth therein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or similar terms in this Agreement.

11.12 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Asset Purchase Agreement to be executed by their authorized officers as of the Execution Date.

SELLER:

**WALKER COUNTY HOSPITAL CORPORATION,
a Texas nonprofit corporation**

By: _____
Name: Steven L. Smith
Title: Chief Executive Officer

BUYERS:
HUNTSVILLE COMMUNITY HOSPITAL, INC.,
a Texas nonprofit corporation

By: _____
Name: Jim Kendrik
Title: President & CEO

WALKER COUNTY HOSPITAL DISTRICT,
a body politic and a subdivision of the State of Texas

By: _____
Name: Anne Karr-Woodard
Title: Chairman of the Board of Managers

HMHPO:

**HMH PHYSICIAN ORGANIZATION,
a Texas nonprofit health organization**

(solely as it relates to the representations and warranties
of HMHPO in Article IV herein)

By: _____

Name: John Moore

Title: President

Exhibit 1

Seller Facility

Huntsville Memorial Hospital, located at 110 Memorial Hospital Drive, Huntsville, TX 77340.

Exhibit 2

Sale Order

[To be filed.]

Exhibit 3

Sale Procedures Order

Exhibit 4

Bill of Sale

Exhibit 5

Assignment and Assumption Agreement

[To be filed.]

Exhibit 6

Assignment and Assumption of Lease for Real Property

[To be filed.]

Exhibit 7

Drug Enforcement Administration (DEA) Power of Attorney

Exhibit 8

Special Warranty Deed

[To be filed.]

Exhibit 9

Asset Allocation Agreement

[To be filed.]

Exhibit B
Special Warranty Deed of Trust

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER 'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF WALKER §

Walker County Hospital Corporation, a Texas nonprofit corporation ("Grantor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, paid to Grantor by Grantee, the receipt and sufficiency of which is hereby fully acknowledged and confessed by Grantor, hereby GRANTS, SELLS, CONVEYS, ASSIGNS and DELIVERS to Walker County Hospital District, a body politic and political subdivision of the State of Texas ("Grantee") the real property located in Walker County, Texas more particularly described in Exhibit A attached hereto together with any and all improvements located on such land (such land and improvements being collectively referred to herein as the "Property").

This conveyance is made and accepted subject to the matters listed on Exhibit B attached hereto (the "Permitted Exceptions").

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances pertaining thereto, subject to the Permitted Exceptions and those matters hereafter set forth, unto Grantee and each Grantee's respective successors and assigns forever; and Grantor does hereby bind Grantor and Grantor's successors and assigns to warrant and forever defend the Property unto Grantee and each respective Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereto, by, through or under Grantor, but not otherwise subject to the Permitted Exceptions.

Ad valorem taxes with respect to the Property are prorated as of this date and by acceptance of this Special Warranty Deed, Grantee assumes payment of all ad valorem taxes and special and general assessments of whatever nature applicable to the Property for the year 2020 and subsequent years.

This Deed shall be governed by and construed in accordance with the laws of the State of Texas.

[Signatures Appear on the Following Pages]

EXECUTED on the date set forth in the acknowledgment attached hereto to be effective as of the _____ day of _____, 20__.

GRANTOR:

Walker County Hospital Corporation, a Texas nonprofit corporation

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF WALKER §

This instrument was acknowledged before me on the ____ day of _____, 2019, by _____, the _____ of Walker County Hospital Corporation, a Texas nonprofit corporation, on behalf of said nonprofit corporation.

[SEAL]

My Commission Expires:

Notary Public in and for the State of Texas

Printed Name of Notary Public

GRANTEE:

Walker County Hospital District, a body politic and
political subdivision of the State of Texas

By: _____
Anne Karr-Woodard
Chairman of the Board of Managers

STATE OF TEXAS §
 §
COUNTY OF WALKER §

This instrument was acknowledged before me on the ____ day of _____, 2019, by Anne Karr-Woodard, the Chairman of the Board of Managers of Walker County Hospital District, a body politic and political subdivision of the State of Texas, on behalf of said body politic and political subdivision.

[SEAL]

My Commission Expires:

Notary Public in and for the State of Texas

Printed Name of Notary Public

EXHIBIT A TO SPECIAL WARRANTY DEED

Being 4.539 acres (197,700 square feet) of land, situated in the City of Huntsville, PETER TUMLINSON SURVEY, Abstract No. 539, Walker County, Texas, and being out of and a part of a called 123.6 acre tract described as the "Fifth Tract" in a Deed from Sallie E. Gibbs to Wilbourn Thomas Robinson and Herndon Yoakum Robinson dated February 24, 1910 and recorded in Volume 32, page 348, Deed Records of Walker County, Texas, said 4.539 acres being more definitely described as follows:

BEGINNING at a point within said Robinson 123.6 acres at the north corner of a called 0.96 acre tract described as "Tract No. 2" in a Deed from the W.T. Robinson Co. and the H.Y. Robinson Company to Walker County Hospital District (WCHD) dated July 22, 1977 and recorded in Volume 306 page 31, Deed Records, said 0.96 acre being also a 70 foot wide right-of-way for Robinson Creek Parkway as dedicated according to a Plat of Robinson Creek Subdivision recorded in Volume 2, page 26, Plat Records, found a 5/8" iron rod having coordinates of N = 10,249,825.55 feet and E = 3,797,371.98 feet in the southwest right-of-way line of Interstate Highway No. 45;

THENCE S 54° 03' 29" W, with the northwest line of said WCHD 0.96 acre and the northwest right-of-way line of Robinson Creek Parkway, a distance of 235.30 feet to a 5/8" iron rod found for the most easterly corner of a called 13.23 acre tract described as "Tract No. 1" in said Deed to Walker County Hospital District recorded in Volume 306 page 31, Deed Records;

THENCE N 35° 57' 47" W, with the northeast line of said WCHD 13.23 acres, a distance of 869.67 feet to a 5/8" iron rod found for the south corner of a called 0.19 acre tract described as "Tract No. 3" in said Deed to Walker County Hospital District recorded in Volume 306 page 31, Deed Records;

THENCE N 54° 02' 18" E, with the southeast line of said WCHD 0.19 acre, a distance of 210.23 feet to a 5/8" iron rod found for its east corner in the southwest right-of-way line of Interstate Highway No. 45;

THENCE S 35° 58' 12" E, with the southwest right-of-way line of Interstate Highway No. 45, a distance of 180.57 feet to a concrete highway right-of-way monument (broken) found for corner;

THENCE S 43° 10' 17" E, continuing with the southwest right-of-way line of Interstate Highway No. 45, a distance of 201.68 feet to a concrete highway right-of-way monument (broken) found for corner;

THENCE S 35° 55' 57" E, continuing with the southwest right-of-way line of Interstate Highway No. 45, a distance of 489.09 feet to the POINT OF BEGINNING and containing 4.539 acres of land.

EXHIBIT B TO SPECIAL WARRANTY DEED

1. Zoning regulations and other federal, state, local or other statute, law, ordinance, regulation, rule, code, decree, order or similar requirements of any governmental authority which affect the Property.
2. The restrictive covenants in Special Warranty Deed effective June 1, 1998, recorded in Volume 352, Page 365 of the Official Public Records, Walker County, Texas.
3. Easement dated July 13, 1950 from H. Y. Robinson, et al to American Telephone and Telegraph Company, recorded in Volume 130, Page 1 of the of the Deed Records, Walker County, Texas.
4. Easement dated June 14, 1962 from H. Y. Robinson, et al to Gulf States Utilities Company, recorded in Volume 179, Page 450 of the Deed Records, Walker County, Texas.
5. Easement dated January 29, 1973 from H. Y. Robinson, et al to American Telephone and Telegraph Company, recorded in Volume 253, Page 259 of the Deed Records, Walker County, Texas.
6. Easement dated May 23, 1978 from H. Robinson, et al to Gulf States Utilities Company, recorded in Volume 321, Page 554 of the Deed Records, Walker County, Texas.
7. Easement dated May 11, 1978 from Walker County Hospital District to Gulf States Utilities Company, recorded in Volume 321, Page 556 of the Deed Records, Walker County, Texas.
8. Easement dated April 11, 1986 from H. Y. Robinson, et al to City of Huntsville, recorded in Volume 11, Page 151 of the Official Public Records, Walker County, Texas.
9. Easement dated February 2, 1989 from Marry R. Woodward to Gulf States Utilities Company, recorded in Volume 91, Page 700 of the Official Public Records, Walker County, Texas.
10. Grant of Easement and Right-of-way dated November 18, 1999 from Walker County Hospital District to Huntsville Memorial Hospital, recorded in Volume 407, Page 447 of the Official Public Records, Walker County, Texas.
11. Dedication and Grant of Right-of-Way dated January 26, 2000 from Huntsville Memorial Hospital to City of Huntsville, recorded in Volume 413, Page 191 of the Official Public Records, Walker County, Texas.
12. Right-of-Way Instrument dated February 24, 2003 from Huntsville Memorial Hospital to Entergy Gulf States, Inc., recorded in Volume 595, Page 551 of the Official Public Records, Walker County, Texas.
13. Right-of-Way Instrument dated February 24, 2003 from Walker County Hospital District to Entergy Gulf States, Inc., recorded in Volume 595, Page 555 of the Official Public Records, Walker County, Texas.
14. Agreement for 28 Foot Emergency Access Roadway Easement dated August 30, 2006 from Walker County Hospital District to Medical Office Park-Huntsville, LP, recorded in Volume 770, Page 711 of the Official Public Records, Walker County, Texas.

15. Easement from Walker County Hospital District of Walker County, Texas, et al., to the City of Huntsville, dated June 8, 1978, recorded in Volume 322 at Page 256 of the Deed Records of Walker County, Texas.
16. Terms, conditions and stipulations contained in Oil, Gas or Mineral Lease dated September 8, 1995, between Walter McClellan Woodward, et al., and Michael R. Bland, Inc., recorded in Volume 270, Page 623 of the Official Public Records of Walter County, Texas.

Exhibit C
Settlement Term Sheet

Angelich, George

From: Angelich, George
Sent: Wednesday, December 18, 2019 4:55 PM
To: Vrejan, Sandra J.
Cc: Blake Roth
Subject: RE: Walker - FRE 408 Settlement Discussion - Privileged and Confidential

Confirmed.

George P. Angelich
Partner

Arent Fox LLP | Attorneys at Law
1301 Avenue of the Americas, Floor 42
New York, NY 10019
212.457.5423 **DIRECT** | 212.484.3990 **FAX**
george.angelich@arentfox.com | www.arentfox.com

From: Vrejan, Sandra J. <sandra.vrejan@morganlewis.com>
Sent: Wednesday, December 18, 2019 3:56 PM
To: Angelich, George <George.Angelich@arentfox.com>
Cc: Blake Roth <Blake.Roth@wallerlaw.com>
Subject: RE: Walker - FRE 408 Settlement Discussion - Privileged and Confidential

SUBJECT TO FRE 408
[PRIVILEGED AND CONFIDENTIAL](#)

George,

I understand that there were further discussions between FTI and Ankura this afternoon with respect to a potential revised proposal that would be the last and final proposal and serve to resolve any contemplated objections or alleged claims between the Committee and the District/ Newco. On that basis, we have discussed with clients the below revisions (marked in green) and have authority to propose the following agreement in principle. The two changes from what I distributed last night are the elimination of the collection fee which would have been paid to Newco and the full waiver (rather than 50%) of the District's second month of post-petition rent.

Once you've had an opportunity to review, please confirm that we can consider the Committee's objections to the sale and/or alleged claims against the District/Newco resolved:

- Immediate payment of \$250,000 to the District as payment in full for one month of accrued post-petition rent (i.e., not held in escrow until closing) with the balance of that one month obligation waived (roughly \$83,000 waived), thereby resolving one month of the District's administrative rent claim. (See below as to treatment of remainder of accrued post-petition rent.)
- Increase cash purchase price for A/R by \$200,000, from \$4.6 million to \$4.8 million based on September 30th balance as currently reflected in the APA (i.e., not October)
- Modify the A/R purchase price adjustment mechanism in the APA as follows:

- Collar of +/- \$250,000 eliminated, resulting in an upward or downward adjustment of the entire change multiplied by the valuation factor (discussed below)
- \$200,000 increase in base A/R purchase price results in valuation factor increasing from 75.0% to 78.2% based on September A/R balance of \$6,138,821.80
- Initial purchase price on the Closing Date to be calculated bridging September A/R to the latest available A/R NBV (likely November) using approach currently agreed in the APA (after eliminating collar and adjusting valuation factor to 78.2%)
- Subsequent to closing, final purchase price adjustment to be reconciled against A/R NBV as of the Closing Date (consistently calculated) with (i) any increase in purchase price to be remitted promptly and (ii) any decrease in purchase price to be recouped through the sharing waterfall
- A/R sharing waterfall, as follows:
 - "Sharing Threshold" equal to the sum of (i) total cash paid for the A/R, plus (ii) final cure obligations either paid or assumed for those assumed executory contracts that directly relate to the A/R (i.e., payor agreements, lab overpayment settlement agreements, actual Medicare RAC recoveries or cost report settlements, etc.)
 - Once NewCo collects cash on account of purchased A/R up to the Sharing Threshold, subsequent cash collections are split equally (50%/50%) between the bankruptcy estate and NewCo, **after NewCo is paid a 10% collection fee**
- Release Coldspring and Riverside from the APA and allow the bankruptcy estate to retain those properties in liquidation
- Conditioned upon a successful closed sale, the District agrees to waive: (i) **100%** of its remaining unresolved administrative rent claim (which we believe will be approximately one month's worth of rent), i.e. roughly **\$333,000** waived, (ii) 100% of its unsecured deficiency claim, and (iii) 100% of its lease rejection damages

Regards,

Sandra

Sandra J. Vrejan

Morgan, Lewis & Bockius LLP

One Federal Street, 32nd Floor | Boston, MA 02110

Direct: 617.341.7750 | Main: 617.341.7700 | Fax: 617.341.7701

sandra.vrejan@morganlewis.com | www.morganlewis.com

From: Vrejan, Sandra J.

Sent: Wednesday, December 18, 2019 10:15 AM

To: 'Angelich, George' <George.Angelich@arentfox.com>

Cc: Blake Roth <Blake.Roth@wallerlaw.com>

Subject: RE: Walker - FRE 408 Settlement Discussion - Privileged and Confidential

George,

I tried you in the office. Give me a call when you can.

Thanks,

Sandra

Sandra J. Vrejan

Morgan, Lewis & Bockius LLP

One Federal Street, 32nd Floor | Boston, MA 02110

Direct: 617.341.7750 | Main: 617.341.7700 | Fax: 617.341.7701
sandra.vrejan@morganlewis.com | www.morganlewis.com

From: Angelich, George <George.Angelich@arentfox.com>
Sent: Wednesday, December 18, 2019 9:57 AM
To: Vrejan, Sandra J. <sandra.vrejan@morganlewis.com>
Cc: Blake Roth <Blake.Roth@wallerlaw.com>
Subject: Re: Walker - FRE 408 Settlement Discussion - Privileged and Confidential

[EXTERNAL EMAIL]

Sandra,

Thank you. We appreciate the proposal. It is being reviewed by the Committee professionals and we will be getting back to you. In addition, we will undertake client outreach if we see a material or even discernible economic improvement from the last round.

I do not want anything to interfere with the current constructive approach. As a practical matter, we need at least the next 4-8 hours to process this and get client sign off (if that's what happens). But we need to get an emergency motion in front of the court for scheduling purposes. I do not want to file it absent our collective understanding that it's due to the exigencies and time constraints.

Sent from my iPhone

On Dec 17, 2019, at 11:34 PM, Vrejan, Sandra J. <sandra.vrejan@morganlewis.com> wrote:

SUBJECT TO FRE 408
PRIVILEGED AND CONFIDENTIAL

George,

We've discussed FTI's latest proposal with our client this evening and we would propose the following in an effort to reach a consensual solution that would resolve any outstanding issues with the Creditor's Committee:

- Immediate payment of \$250,000 to the District as payment in full for one month of accrued post-petition rent (i.e., not held in escrow until closing) with the balance of that one month obligation waived (roughly \$83,000 waived), thereby resolving one month of the District's administrative rent claim. (See below as to treatment of remainder of accrued post-petition rent.)
- Increase cash purchase price for A/R by \$200,000, from \$4.6 million to \$4.8 million based on September 30th balance as currently reflected in the APA (i.e., not October)
- Modify the A/R purchase price adjustment mechanism in the APA as follows:
 - Collar of +/- \$250,000 eliminated, resulting in an upward or downward adjustment of the entire change multiplied by the valuation factor (discussed below)
 - \$200,000 increase in base A/R purchase price results in valuation factor increasing from 75.0% to 78.2% based on September A/R balance of \$6,138,821.80
 - Initial purchase price on the Closing Date to be calculated bridging September A/R to the latest available A/R NBV (likely November) using approach currently agreed in the APA (after eliminating collar and adjusting valuation factor to 78.2%)

- Subsequent to closing, final purchase price adjustment to be reconciled against A/R NBV as of the Closing Date (consistently calculated) with (i) any increase in purchase price to be remitted promptly and (ii) any decrease in purchase price to be recouped through the sharing waterfall
- A/R sharing waterfall, as follows:
 - “Sharing Threshold” equal to the sum of (i) total cash paid for the A/R, plus (ii) final cure obligations either paid or assumed for those assumed executory contracts that directly relate to the A/R (i.e., payor agreements, lab overpayment settlement agreements, actual Medicare RAC recoveries or cost report settlements, etc.)
 - Once NewCo collects cash on account of purchased A/R up to the Sharing Threshold, subsequent cash collections are split equally (50%/50%) between the bankruptcy estate and NewCo, after NewCo is paid a 10% collection fee
- Release Coldspring and Riverside from the APA and allow the bankruptcy estate to retain those properties in liquidation
- Conditioned upon a successful closed sale, the District agrees to waive: (i) 50% of its remaining unresolved administrative rent claim (which we believe will be approximately one month’s worth of rent), i.e. roughly \$166,500 waived, (ii) 100% of its unsecured deficiency claim, and (iii) 100% of its lease rejection damages

Please let me know whether you’d like to discuss. I have an early morning meeting, but should be available by 9:00 am ET.

Regards,

Sandra

Sandra J. Vrejan

Morgan, Lewis & Bockius LLP

One Federal Street, 32nd Floor | Boston, MA 02110

Direct: 617.341.7750 | Main: 617.341.7700 | Fax: 617.341.7701

sandra.vrejan@morganlewis.com | www.morganlewis.com

From: Angelich, George <George.Angelich@arentfox.com>

Sent: Tuesday, December 17, 2019 6:25 PM

To: Blake Roth <Blake.Roth@wallerlaw.com>; Vrejan, Sandra J. <sandra.vrejan@morganlewis.com>

Subject: Walker

[EXTERNAL EMAIL]

Blake, Sandra,

Seems like the parties are close. We should let FTI and Ankura get it done tonight and if they cannot, we request Friday’s hearing adjourn until next week to give the parties additional time.

If you are not okay with a short adjournment, we will file motions at 10:30 a.m. EST tomorrow. Other objections will then be filed later in the day and on Thursday followed by discovery demands on the District. I am sharing this in the interest of total transparency and in the spirit of trying to move settlement forward. We held off filing last night to avoid the distraction that can be caused by briefs of this nature.

The focus has been since day one to work with you to accomplish a fair settlement. We ask that you support the same and ask the District to improve its offer and the Debtor to adjourn the hearing.

Best regards,

George P. Angelich
Partner

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New York, NY 10019
212.457.5423 **DIRECT** | 212.484.3990 **FAX**
george.angelich@arentfox.com | www.arentfox.com

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