

Annual Report on Actions to Comply with Covenants of the Asset Purchase Agreement

With the acquisition of Tomball Regional Medical Center on October 1, 2011, Tomball Texas Holdings, LLC and certain of its affiliates (collectively, "TRMC" or "Buyer") agreed to annually report on the actions taken toward meeting commitments made as part of the asset purchase agreement. TRMC is fulfilling all of its obligations under the agreement and has provided complete documentation to the Tomball Hospital Authority. The following report also demonstrates compliance with these commitments.

During the first five (5) years following the Closing, Buyer shall fund at least \$50,000,000 in capital expenditures at the Facilities. As part of Buyer's capital expenditures commitment, Buyer intends to develop a diagnostic services or primary care site in Magnolia to be completed within two (2) years of the Closing Date.

ACTION: *From 1/1/12 to 12/31/12 Tomball Regional Medical Center purchased \$6,507,252 in capital improvements and acquired another \$1,293,718 in leased equipment for a total of \$7,800,970.*

From 1/1/2013 to 12/31/2013 Tomball Regional Medical Center invested \$14,266,000 in information systems and other assets.

From 1/1/2014 to 12/31/2014 Tomball Regional Medical Center invested \$4,497,674 additional in building and equipment. This includes the \$3,000,000 investment in the Emergency Room and Imaging Center in Magnolia. Tomball Regional Medical Center also incurred additional leases to upgrade the daVinci surgical robot for \$2,149,634 and acquire the MAKO surgical robot for \$351,625. Total investments for 2014 were \$6,998,933.

During each of the first ten (10) years following the Closing, Buyer shall contribute to TOMAGWA HealthCare Ministries at least \$150,000 to support TOMAGWA's mission of providing care to community members with limited resources.

ACTION: *In the year 2012, Tomball Regional Medical Center donated \$162,000 to TOMAGWA HealthCare Ministries.*

In 2013, Tomball Regional Medical Center donated \$162,000 to TOMAGWA Healthcare Ministries.

In 2014 Tomball Regional Medical Center donated \$162,000 to TOMAGWA Healthcare Ministries

For a period of at least five (5) years following the Closing, Buyer shall continue to operate the Hospital as a general acute care facility and will continue to provide, at a minimum, medical, surgical, critical care, emergency, obstetrics and inpatient rehabilitation services, subject to certain exceptions.

ACTION: *TRMC continues to operate as a general acute care hospital providing medical, surgical, critical care, emergency, obstetrics and inpatient rehabilitation services*

Buyer intends to be supportive of the nursing and allied health professional programs of The Lone Star College – Tomball. Buyer intends to evaluate establishing medical and surgical residency programs at the Hospital.

ACTION: *TRMC is supportive of the nursing and allied health professional programs of The Lone Star College - Tomball.*

Buyer will appoint a Board of Trustees for the Hospital comprised of up to 12 members, including the hospital's CEO, chief of the medical staff, at least 3 to 5 physicians on the active medical staff, and local community members. The Board of Trustees will meet on a regular basis.

ACTION: *TRMC has appointed a Board of Trustees comprised of the hospital's CEO, chief of the medical staff, four physicians on the active medical staff and five local community members. The Board of Trustees has been meeting on a regular basis.*

Buyer will implement an indigent care policy for the Hospital with financial terms that are at least as favorable to indigent patients as Seller's current indigent care policy. Buyer shall cause the Hospital to treat any patient presented to the emergency room who has a medical emergency or who, in the judgment of a staff physician, has an immediate emergency need. No such patient will be turned away because of age, race, gender or inability to pay. Buyer shall cause the Hospital to continue to provide services to patients covered by the Medicare and Medicaid programs. The foregoing obligations are subject in all respects to changes in legal requirements and governmental guidelines or policies.

ACTION: *TRMC has implemented an indigent care policy with financial terms that are at least as favorable to indigent patients as Seller's indigent care policy and continues to provide services to patients covered by the Medicare and Medicaid programs. Patients with medical emergencies are treated without discrimination and regardless of ability to pay.*

In 2013, the hospital amended the charity care guidelines to adjust the threshold for qualifying to be consistent with the Affordable Care Act. The hospital also provided navigators to help uninsured patients enroll in healthcare exchanges.

Within ninety (90) days after the end of each fiscal year during the first five (5) years following the Closing, Buyer shall post to its website notice of Buyer's compliance with the covenants contained in Sections 10.11, 10.12, 10.13, 10.14, 10.15 and 10.16, with a written copy of such notice provided to Seller.

ACTION: *TRMC has published this report in fulfillment of the reporting requirement. Seller has been provided with a written copy of this notice.*