

THE STATE OF TEXAS

MAY 13, 1969

COUNTY OF JOHNSON

BE IT REMEMBERED AT A SPECIAL MEETING OF the Commissioners Court of Johnson County, Texas, on the above mentioned date at the Courthouse in Cleburne, Texas, with the following members present: Thomas E. Ball, County Judge, C. W. Atwood, Commissioner of Precinct No. 1, W. R. Bryant, Commissioner of Precinct No. 2, W. I. Boteler, Commissioner of Precinct No. 3, M. W. Roland, Commissioner of Precinct No. 4, Louis B. Lee, County Clerk and Larry Fitzgerald.

A motion was made by Commissioner Roland and seconded by Commissioner Bryant that the following order relating to the leasing of the County Hospital of Johnson County, Texas, be approved.

All voted aye

AN ORDER RELATING TO THE LEASING OF  
THE COUNTY HOSPITAL OF JOHNSON COUNTY  
TEXAS

THE STATE OF TEXAS

COUNTY OF JOHNSON

ON THIS, the 13 day of May, 1969, the Commissioners' Court of Johnson County, Texas, convened in Special session at the regular meeting place thereof, the same being open to the public, in the Courthouse at Cleburne, Texas, with the following members present and in attendance:

THOMAS E. BALL	COUNTY JUDGE, Presiding, and
C. W. Atwood	Commissioner, Precinct No. 1
W. R. Bryant	Commissioner, Precinct No. 2
W. I. Boteler	Commissioner, Precinct No. 3
M. W. Roland	Commissioner, Precinct No. 4

and, among other proceedings had, was the following:

The COUNTY JUDGE Presented to the Court the following order for consideration:

BE IT ORDERED BY THE COMMISSIONERS' COURT OF JOHNSON COUNTY, TEXAS:

SECTION 1: It is now found and determined by the Court That:

1. By order duly entered on the minutes of this Commissioners' Court (in conformity with the provisions of Article 4494L, V. A. T. C. S.) on April 28, 1969, it was heretofore determined by this Court that the County Hospital should be leased.

2. Said order directed the County Clerk to give notice of a hearing on the question of whether or not the County Hospital should be leased, and prescribed the form of said notice.

3. The County Clerk caused said notice of a hearing to be published (in a newspaper of general circulation in and published in Johnson County, Texas) once a week for two consecutive weeks, the date of the first publication being 14 full days prior to the date set for the hearing on such question.

4. Due notice of the said hearing was thereby given in the time, form, and manner required by the aforesaid law.

5. At the time and place set for the public hearing all persons who were interested in the question were permitted to appear before the Court in person or by an attorney, and to contend for or protect against the leasing of the County Hospital.

6. No petition of any kind or character has been filed with County Clerk or with any member of this Court asking that a referendum election be called on the question of whether the County Hospital shall be leased or continued under County operation.

SECTION 2: It is ordered, adjudged and decreed, that:

1. The aforesaid hearing is closed; that all those who appeared where afforded an opportunity to be heard, and

2. The proposed lease would be for the best interest and benefit of the County.

SECTION 3: That the County Hospital shall be leased.

SECTION 4: That in conformity with Section 4 of Article 4494L, V. A. T. C. S., this Commissioners' Court is now empowered to lease the County Hospital to be operated as a hospital by the lessee of same under terms and conditions as may be satisfactory to the County and the lessee. The County Judge of Johnson County is hereby directed to cause a lease agreement to be prepared in accordance with the representations made by the JOHNSON COUNTY HOSPITAL AUTHORITY at the said public hearing. Upon the preparation of the final lease agreement, the same shall be submitted to this Court, and when approved the same shall be recorded in the minutes of the Court.

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The above order having been read in full, it was moved by Commissioner Roland and seconded by Commissioner Bryant that the same be passed. Thereupon the question being called for the following members of the Court voted "AYE": County Judge Ball and Commissioners Atwood, Bryant, Boteler and Roland; and none voted "NO".

WITNESS the signatures of the members of the COMMISSIONERS' Court of Johnson County, Texas, this the 13 day of May, 1969.

Thos. E. Ball, County Judge, Johnson County, Texas

C. W. Atwood, Commissioner, Precinct No. 1

W. R. Bryant, Commissioner, Precinct No. 2

W. I. Boteler, Commissioner, Precinct No. 3

M. W. Roland, Commissioner, Precinct No. 4

AN ORDER APPROVING HOSPITAL LEASE AGREEMENT  
AND AUTHORIZING EXECUTION

THE STATE OF TEXAS

COUNTY OF JOHNSON

ON THIS, the 13 day of May, 1969, the Commissioners' Court of Johnson County, Texas, convened in Special session at the regular meeting place thereof, the same being open to the public, in the Courthouse at Cleburne, Texas, with the following members present and in attendance:

THOMAS E. BALL	COUNTY JUDGE, Presiding, and
C. W. Atwood	Commissioner, Precinct No. 1
W. R. Bryant	Commissioner, Precinct No. 2
W. I. Boteler	Commissioner, Precinct No. 3
M. W. Roland	Commissioner, Precinct No. 4

and, among other proceeding had, was the following:

The COUNTY JUDGE submitted to the Court the following Order:

WHEREAS, on the 13<sup>th</sup> day of May, 1969, this court conducted a public hearing and determined that the County Hospital should be leased, and

WHEREAS, the provisions of a suggested Lease Agreement have been reviewed by this court and it is now proper to authorize execution of the Lease Agreement in accordance with the provisions of Article 4494L, V. A. T. C. S., therefore:

BE IT ORDERED BY THE COMMISSIONERS' Court of Johnson County, Texas:

SECTION I: That this Lease Agreement attached hereto, (which lease agreement was the subject of the public hearing described in the preamble

hereof) is hereby approved and the County Judge is hereby authorized and directed to execute the same for and on behalf of Johnson County.

SECTION II. Upon the execution of the Lease Agreement by the parties thereto, an executed copy thereof shall be placed on record in the deed records of Johnson County and the County Clerk is hereby authorized and directed to accomplish such filing.

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The foregoing Order having been read in full, it was moved by Commissioner Roland and seconded by Commissioner Bryant, that the same be passed. Thereupon, the question being called for, the following members of the Board voted "AYE" Messrs. Ball, Atwood, Bryant, Boteler, and Roland; and none voted "NO".

WITNESS the signatures of the member of the COMMISSIONERS' COURT OF Johnson County, Texas, this 13<sup>th</sup> day of May, 1969.

- THOMAS E. BALL, County Judge, Johnson County, Texas
- C. W. Atwood, Commissioner, Precinct No. 1
- W. R. Bryant, Commissioner, Precinct No. 2
- W. I. Boteler, Commissioner, Precinct No. 3
- M. W. Roland, Commissioner, Precinct No. 4

THERE BEING NO FURTHER BUSINESS COURT IS HEREBY ADJOURNED.

All voted aye

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COUNTY CLERK

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COUNTY JUDGE

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HOSPITAL LEASE AGREEMENT

THE STATE OF TEXAS

COUNTY OF JOHNSON

THIS LEASE AGREEMENT, made as of the 13<sup>th</sup> day of May, 1969, between JOHNSON COUNTY, TEXAS, a political subdivision of the State of Texas, hereinafter called "County", and JOHNSON COUNTY HOSPITAL AUTHORITY, a political subdivision of the State of Texas, organized and existing under the laws of the State of Texas, particularly Article 4494r, V. A. T. C. S., hereinafter called "Authority", each of which is acting by and through its

duly authorized representatives pursuant to resolutions adopted by their respective governing bodies,

RECITALS:

WHEREAS, the County owns certain property now being used for hospital purposes which was originally acquired and has been improved through the issuance of obligations of the County payable from ad valorem taxes against all property within the limits of the County subject to County taxation under the laws of this State, and

WHEREAS, the County has heretofore held a public hearing on the 13<sup>th</sup> day of May, 1969, at the conclusion of which it was determined that it would be for the best interest and benefit of the County to lease the hospital facilities (such finding and order of this Commissioners' Court being of record in Volume 15, of the Minutes of said Court), and

WHEREAS, the public hearing was held and conducted after notice thereof had been duly published on April 28, 1969, and May 5, 1969, as provided and contemplated by Article 4494L, V. A. T. C. S., and

WHEREAS, at the said public hearing, representatives of the Authority explained the willingness of the Authority to lease the hospital facilities and offered evidence to support its representations of ability to operate such facilities, and

WHEREAS, this Lease Agreement is the Agreement contemplated by the provisions of Section 4 of the aforesaid order of the Commissioners' Court of Johnson County passed and adopted on May 13<sup>th</sup>, 1969; THEREFORE,

WITNESSETH:

The County hereby demises and leases unto the Authority, and the Authority hereby hires and takes from the County the following described premises:

All those certain tracts or parcels of land lying and being situated in Johnson County, Texas, and being parts of the C. Chaney Survey in said County, and described as follows:

FIRST TRACT:

BEGINNING at the southeast corner of the six acre tract of land sold by M. S. Kahle and wife to J. C. Conway by deed dated August 5, 1898, and recorded in Book 73, page 250, Deed Records of Johnson County, Texas; THENCE South 30 East 108 varas to an iron pin for corner; THENCE South 60 West 208 varas to an iron

pin for corner; THENCE North 30 West 108 varas to the Southwest corner of J. C. Conway's lot; THENCE North 60 East 208 varas to the place of beginning; said tract containing four acres of land, more or less, and being the same land conveyed by R. G. Douglass, et al, to Mrs. Beulah B. Smith by deed of record in Volume 327, page 252, Deed Records of Johnson County, Texas, to which reference is here made; SAVE AND EXCEPT THEREFROM, however, the tract on the West end conveyed by R. A. Smith and wife, Mrs. Beulah Smith, to the State of Texas by deed of record in Volume 327, page 333, Deed Records of Johnson County, Texas.

SECOND TRACT:

A part of the C. Chaney Survey in Johnson County, Texas, and a portion of the tract conveyed by H. S. Wilson to H. S. Wilson, Jr., et al, by deed of record in Volume 139, page 670, Deed Records of Johnson County, Texas; BEGINNING at the southeast corner of the tract conveyed by M. S. Kahle, et al, to S. E. Moss by deed of recorded in Volume 73, page 297, Deed Records of Johnson County, Texas, the same being the Northeast corner of the tract conveyed by H. S. Wilson as aforesaid; THENCE South 60 West with the South line of the Moss tract 513 feet to the northeast corner of the tract conveyed by W. C. Wilson and wife, Mrs. Katheryn Fiser Wilson, to the State of Texas by deed of record in Volume 326, page 411, Deed Records of Johnson County, Texas; THENCE South 28 degrees 57 minutes East with the East line of the tract conveyed to the State of Texas 147 feet; THENCE North 60 East passing at approximately 63 ½ feet, a corner of the lot conveyed by H. S. Wilson, Jr. to W. C. Wilson by deed of record in Volume 231, page 234, Deed Records of Johnson County, Texas, and continuing with the south line of said lot, 450 feet to the southeast corner of same, a stake on the West line of the Public Road; THENCE North 30 West with the West line of the public road 147 feet to the place of beginning, and being the same property described in a warranty deed dated November 8, 1946 from W. E. Pipes, a single man, to Roy Anderson, County Judge of Johnson County, Texas, and his successors in office, of record in Volume 354, page 198, Deed Records of Johnson County, Texas, to which deed reference is here made together with all buildings and improvements situated thereon, and all furnishings, equipment, accessories, materials and supplies used or to be used or useful in the operation of Hospital facilities which may be owned by the County and located and situated in or on the above-described premises as of

the date of the execution of this Agreement (all of which is hereafter collectively known as the "demised premises");

TO HAVE AND TO HOLD THE DEMISED PREMISES for the term to commence as of the date first above shown and to end at 12:00 Mid-night on the 1<sup>st</sup> day of August, 1988, unless sooner terminated as hereinafter provided.

IT IS HEREBY MUTUALLY COVENANTED AND AGREED by and between the County and the Authority that this Lease Agreement is made upon the foregoing and following terms, covenants and conditions, and the County and Authority hereby mutually covenant and agree to perform each and every one of the terms, covenants and conditions of the Lease Agreement on their respective parts to be performed:

#### ARTICLE I.

##### OPERATION AND MAINTENANCE OF HOSPITAL FACILITIES

SECTION 1.01: The Authority agrees to operate and maintain the hospital and hospital facilities included as the demised premises at its own expense on a not-for-pecuniary profit basis. The Authority shall furnish general medical and surgical care and treatment upon such terms and regulations as the Authority may prescribe, but none of such terms or regulations shall be inconsistent with the provisions of this Lease Agreement.

SECTION 1.02: The Authority agrees to accept the demised premises as they exist upon the execution of the Agreement and to keep the buildings and improvements, furnishing, equipment and accessories forming a part thereof in good repair at its own expense. The Authority shall make such repairs and renewals and purchases as may be required to return the demised premises to the County (upon the expiration or termination of this Agreement) in the condition as they exist on the date of execution of this Agreement, ordinary wear and deterioration of the buildings and improvements from the use of the same for the purposes hereinabove provided excepted. The Authority covenants to return the same to the County in such condition.

With respect to the hospital improvements in the process of construction, the parties agree the County shall continue to be obligated to pay the amount due the contractor (Cain and Cain) under the Contract dated January 17, 1969, by and between said contractor and the County. The Authority agrees that each estimate of the said contractor or the architect shall be approved on behalf of the Authority by its governing body, prior to the time the same is

submitted to the Commissioners' Court for approval, but such approval by the governing body of the Authority shall be for the sole purpose of signifying and certifying to the County that the work or professional services have been satisfactorily completed in accordance with the contract as shown in any estimate so approved. At such time as all the work under the construction contract has been completed and the building accepted by the County, under the aforesaid contract, the hospital facilities shall thereafter be considered as a part of the demised premises, and this paragraph shall control over any other provision of the contract which might be inconsistent.

SECTION 1.03: Personal property included as a part of the demised premises may be sold or exchanged by the Authority, acting by or through its Board of Directors or duly appointed Hospital Administrator, if the Authority determines that the property is worn out, useless, damaged or obsolete and notifies the County Judge of the County that such condition exist. Any personal property acquired by the Authority during the terms of this Lease for use in the hospital or on the demised premises shall constitute a part of the demised premises.

SECTION 1.04: The Authority shall have the right to make renewals, repairs and alterations to the interior of the buildings included as a part of the demised premises at its own cost, and may - at its own expense - make any alterations to the exterior of the said buildings or their foundations and may construct any additions to the hospital facilities or may cause any additional structure or structures to be placed on the demised premises (connecting or otherwise) with the prior approval of the County provided that any additional buildings or structures shall be for hospital or hospital related purposes.

SECTION 1.05: None of the demised premises shall contain a private doctor's office as would ordinarily be used in attending to his private, non-hospitalized or out patients, it being recognized by the parties that the same would not be consistent with their endeavors to maintain and operate a hospital, full equipped, for the benefit of the citizens of the County and in keeping with the obligation of the County and the Authority.

SECTION 1.06: Subject only to the terms of this Agreement, the Authority shall, during the term of this Agreement, have full management and control of the organization, operation and maintenance of the demised premises, and shall be responsible for all debts, contracts, torts or claims

resulting therefrom. The Authority assumes all liability in causes of action that may arise out of the operation of the hospital and demised premises, and hereby agrees to relived and hold harmless the County from any and all liability whatsoever by virtue of the operation of the hospital and demised premises.

SECTION 1.07: The Authority agrees to maintain the grounds forming a part of the demised premises and to accomplish at its own expense such landscaping and beautification as it may determine is necessary or proper.

## ARTICLE II

### PRIORITIES, CARE OF INDIGENTS

SECTION 2.01: As mentioned in the preamble of the Agreement, the demised premises have been acquired and improved by the County through the issuance of its obligations payable from ad valorem taxes. In recognition of this fact, the hospital facilities located on the demised premises shall be available to citizens of Johnson County on a preferential basis, then to such other patients as are in need of hospitalization according to the judgment of the Authority and its staff.

SECTION 2.02: Subject only to Authority's obligation to accept cases which it considers emergencies first at all times, the Authority agrees to accept ton a charity basis all indigent patients of Johnson County certified to it by County as needing hospitalization, medical treatment, surgery, or other services the Authority is equipped to furnish, it being understood that the Staff Physicians will make no charge to the County of the indigent patients for their services and that County will pay to the Authority the actual cost of services rendered. The authority, through its medical staff utilization committee, shall determine the extent of care and treatment necessary for indigent patient and shall be responsible (to the extent herein provided) for care and treatment given by the Authority to those whose treatment has been authorized by the County. Statements in reasonable detail for care and treatment of the County's indigents shall be submitted to the County at the end of each calendar month.

## ARTICLE III

### Insurance

SECTION 3.01: Specifically, the Authority will provide insurance with respect to the demised premises with risk insurance on each structure and its

contents covering direct physical loss or damage (including the cost of removal of debris) in such amount and character as will provide recovery equal to the full insurable value (actual replacement cost less depreciation). Such insurance shall cover all risks of direct loss or damage by fire, lightning, ice, explosion, strikers, locked-out workers, or persons taking part in labor disturbances, riots and civil commotions, vandalism malicious mischief, tornado, cyclone, windstorm, earthquake and collision from or by airborne or automotive traffic, with deductible provisions of not to exceed \$1,000.00 for any one casualty.

SECTION 3.02: In case of loss or damage to the demised premises, the proceeds of any insurance shall be applied by the Authority to the repair or replacement of the property damages or destroyed, and the Authority may pay any additional cost in repairing or restoring the property to such condition as to make it usable or to use the proceeds of insurance to repair as much of the damage as such insurance proceeds will cover without assuming any obligation to make complete repair or restoration of the premises.

In the event the Authority is of the opinion that the efficient administration of the hospital system would best be served by the application of all or part of the insurance proceeds to improvements to the hospital system which do not constitute a repair or replacement of the property for the destruction or impairment of which the insurance proceeds are so paid, the amount of such proceeds may be applied by the Authority (with the consent of the County) to the making of such improvements.

If such property is damaged or destroyed to the extent as to render the demised premises unfit for operation as a hospital system, the Authority may notify the County in writing of the existence of such fact and any obligation of the authority hereunder to provide facilities, etc. shall be suspended but this Lease Agreement will not terminate.

SECTION 3.03: Boiler and pressure vessel (including pressure pipes) explosion insurance shall be maintained by the Authority with respect to all boilers, pressure vessels and pressure pipes which may be located on the demised premises.

SECTION 3.04: The premiums on all insurance policies required to be maintained by the provisions of this Agreement shall be considered "additional rent" for the use of the demised premises. In the event the Authority fails to

obtain and keep in force the insurance required by this Agreement, the County may obtain such insurance and the Authority shall promptly pay the premiums and all other costs of the County incurred in connection with obtaining such insurance.

#### ARTICLE IV.

##### Reports of Authority

SECTION 4.01: The Authority agrees to furnish to the duly qualified and acting County Auditor a copy of an annual audit of the financial condition of the hospital facilities (operated on the demised premises) made by a certified public accountant or licensed public accountant.

SECTION 4.02: The Authority, at the time of supplying the annual audit, shall also provide the County Auditor with a schedule showing the insurance in force as required by Article III of this Agreement, such schedule to include the amount of insurance, risk covered, and the name of the insurance carrier.

SECTION 4.03: Upon the written request of the County, the Authority shall also supply to the County such other information as the County feels is necessary to inform the citizens of Johnson County as to the manner of the operation of the hospital facilities located on the demised premises and the financial condition of the Authority.

#### ARTICLE V

##### RENT

The parties hereto recognize that it will be the obligation of the County to make provision for the payment of the warrants, and interest thereon (issued to provide hospital improvements, the same being described fully in this Section), by the levy and collection of a tax unless, at the time for the making of such tax levy, the County has on hand in the interest and sinking fund created for the payment of such obligations an amount which is sufficient to make such payments for the ensuing fiscal year of the County.

The parties further recognize that one of the purposes of this agreement is to provide for the lease payments of the Authority to become due and payable at such time and in such manner as will enable the County to utilize such funds for the payment of the principal and interest requirements on the warrants without resort to such available taxing power.

Accordingly, the Authority covenants that it will pay to the County at the office of the County Judge of Johnson County, Courthouse, Cleburne, Texas, fixed rent (sometimes called basic rent) which is adequate to pay the principal and interest requirements of the \$500,000 "Johnson County, Texas, Hospital Improvement Warrants", dated February 1, 1969, which warrants are scheduled to mature on February 1 in each of the years as follows:

1970	\$10,000
1971 through 1974	5,000
1975 through 1977	10,000
1978	40,000
1979	10,000
1980 and 1981	45,000
1982 through 1987	50,000

That such warrants bear interest at the rate of 5 ½% per annum, and are optional for redemption prior to their scheduled maturity on February 1, 1974, and on each August 1 and February 1 thereafter upon proper notice being given to the paying agent Bank as provided in the order authorizing the issuance of the said warrants which was duly passed and adopted by the Commissioners' Court of Johnson County, on the 17<sup>th</sup> day of January, 1969.

That unless the Authority makes provisions for the retirement of the principal amount of warrants (either all or part of the described issue) in the manner hereinafter in this Section provided, the amount which shall be due as basic rent in each of the years of this Lease Agreement shall be as follows:

YEAR OF PAYMENT OF BASIC RENT UNDER LEASE	PRINCIPAL DUE 2-1 *	INTEREST DUE 2-1 *	INTEREST DUE 8-1 *	TOTAL PAYMENT
1969	\$10,000	\$27,500.00**	\$13,475.00	\$50,975.00
1970	5,000	13,475.00	13,375.00	31,850.00
1971	5,000	13,75.00	13,200.00	31,575.00
1972	5,000	13,200.00	13,062.50	31,262.50
1973	5,000	13,062.50	12,925.00	30,987.50
1974	10,000	12,925.00	12,650.00	35,575.00
1975	10,000	12,650.00	12,375.00	35,025.00
1976	10,000	12,375.00	12,100.00	34,475.00

1977	40,000	12,100.00	11,000.00	63,100.00
1978	10,000	11,000.00	10,725.00	31,725.00
1979	45,000	10,725.00	9,487.50	65,212.50
1980	45,000	9,487.50	8,250.00	62,737.50
1981	50,000	8,250.00	6,875.00	65,125.00
1982	50,000	6,875.00	5,500.00	62,375.00
1983	50,000	5,500.00	4,125.00	59,625.00
1984	50,000	4,125.00	2,750.00	56,875.00
1985	50,000	2,750.00	1,375.00	54,125.00
1986	50,000	1,375.00	-0-	51,375.00

\* Amount due before next County tax levy, the calendar year following the lease payment.

\*\* Twelve months interest due 2-1-70

The Authority may make provision for the retirement of the principal amount of any such warrant or warrants and thereby be relieved of any obligation to thereafter pay the interest on the obligation so retired, provided the provisions of this paragraph are met:

1) If the warrant or warrants are to be retired under the provisions for their redemption (as contained in the printed warrant and the order authorizing their issuance), the Authority shall at least 60 days prior to the interest payment date upon which the obligations are optional transmit to the County Treasurer of Johnson County a check or warrants payable to the County in the amount of the principal of the warrant to be so redeemed, plus the interest thereon to the date set for redemption. The Authority shall further notify the County Treasurer and the County Judge of Johnson County which particular warrants (by number of the warrant and the scheduled principal maturity date) are to be redeemed. The County Treasurer of Johnson County shall forthwith deposit the funds so received in the Interest and Sinking Fund established for the payment of such warrants and the County Judge shall forthwith cause the County Clerk to issue the notice of redemption to the paying agent bank (Mercantile National Bank at Dallas, Dallas, Texas) which specifies the serial number and amounts of warrants which are to be redeemed.

2) If the warrants are to be retired by the Authority by purchase of such warrants from the holder thereof, the Authority shall cause the warrants which are to be so cancelled and redeemed to be delivered to the County

Treasurer with all appurtenant coupons attached, together with a check or warrants in the amount required to redeem the same or a statement from the owner or holder of the warrants acknowledging the receipt of the funds in payment of such obligation. The County Treasurer shall forthwith advise the County Judge of Johnson County that such warrant has been received and deliver the same to the depository bank of the County for cancellation. The Authority's meeting of its obligation under the foregoing paragraph shall discharge its obligation to the County irrespective of whether the County Officials shall proceed or act in the manner hereinabove set forth.

Such fixed or basic rent shall be paid in lawful money of the United States of America without any set off or counterclaim or deduction whatsoever, and shall be made without demand being made by the County.

The amounts provided as fixed or basic rent by the provisions of this Section do not include any amounts which the Authority is required to pay as additional rent under the provisions of Sections 3.04 and 6.05 of this AGREEMENT.

## ARTICLE VI

### Other Covenants of Authority

SECTION 6.01: The Authority may not assign or sublet all or any part of its interest in or under the Lease Agreement. The Authority is hereby specifically authorized to mortgage or pledge all or part of its interest hereunder to secure the payment of any bonds it may issue under the provisions of Article 4494r, V. A. T. C. S., with the prior approval of the County.

SECTION 6.02: Authority agrees that it will abide by and carry out any assurances given by the County in any application for Federal Financial Assistance, under the Hospital Survey and Construction Act (Public Law 725, 79<sup>th</sup> Congress), relating to continued operation and maintenance of a hospital system.

SECTION 6.03: The rates, fees, charges and rents established by the Authority for the use of the hospital facilities shall be commensurate with those charged within the Texas Hospital Association.

SECTION 6.04: The County recognizes that the Authority may wish to utilize the building or buildings on the demised premises for bed or convalescent patients or other hospital related uses (as customarily employed by companies operating complete hospital facilities) as the Authority may from

time to time determine. The hospital facilities as now constituted (and in the process of being constituted) shall continue to be used only for hospital purposes (and not for related uses such as for convalescent home or for geriatric care) until such time as the County shall have approved another use.

SECTION 6.05: Authority agrees that it will not cause or permit any lien or other charge to be made or fixed upon the property hereby leased during the term of this lease except as permitted herein or by the Indenture of Mortgage of Deed of Trust as may be executed and filed to secure the payment of revenue bonds issued or to be issued by the Authority.

SECTION 6.06: On the last day of the term hereof or on the earlier termination thereof, the Authority shall peaceably and quietly leave, surrender and deliver up to the County the demised premises, broom-clean, together with the buildings or any new building and all alterations, changes, additions and improvements which may have been made upon the premises (excluding movable furniture or movable trade equipment or fixtures put in at the expense of the Authority, in thorough repair and good order and safe condition. If the demised premises be not so surrendered, Authority shall make good to County all damage which County shall suffer by reason thereof, and in addition shall indemnify County from and against all claims made by any succeeding tenant against County founded upon delay by County in delivering possession of the premises to such succeeding tenant, so far as such delay is occasioned by the failure of Authority to surrender the premises.

## ARTICLE VII

### REVISION TO THE LEASE AGREEMENT

Either party to this Agreement may request a modification or supplement to this Lease Agreement by notifying the other party in writing of the proposed change. If the parties agree on such modification or supplementation, the change in the Lease Agreement shall be made and shall thereafter govern the parties.

## ARTICLE VIII

### Default in Performance by Authority

SECTION 8.01: In the event the Authority shall fail to perform any of the terms, covenants or conditions of this Agreement, the County may by notice in writing directed to the Authority call the same to the attention of the

Authority, and advise the Authority that it has sixty days from the date of the receipt of such notice to remedy the default.

If the default is not corrected within sixty days from the receipt of such notice (Including the sixtieth day) the County may, at its option, declare this Agreement terminated. The fact that the County may not issue such notice in writing or may not declare the Agreement terminated shall not affect the right of the County to against invoke the provisions of this Article and any failure of the County to act on any one or more occasions shall not constitute a waiver of any of the rights of the County under this Article.

SECTION 8.02:

(a) In the event of a breach or a threatened breach by the Authority of any of the terms, covenants or conditions hereof, the County shall have the right of injunction to restrain the same and the right to invoke any remedy allowed by law or in equity, as if specific remedies, indemnity or reimbursement were not herein provided for.

(b) The rights and remedies give to County in this lease are distinct, separate and cumulative remedies, and no one of them whether or not exercised by County, shall be deemed to be in exclusion of any of the others herein or by law or equity provided.

(c) The receipt of rent by County, with knowledge of any breach of this lease by Authority or of any default on the part of the Authority in the observance or performance of any of the terms, covenants or conditions of this lease, shall not be deemed to be a waiver of any provision of this lease.

(d) No receipt of moneys by County by Authority after the termination or cancellation hereof in any lawful manner shall reinstate, continue or extend the term hereof, or affect any notice theretofore given to Authority, or operate as a waiver of the right of County to enforce the payment of fixed rent or additional rent or other charges then due or thereafter falling due, or operate as a waiver of the right of County to recover possession of the demised premises by proper suit, action, proceedings or remedy; it being agreed that, after the service of notice to terminate or cancel this lease, and the expiration of the time therein specified, if the default has not been cured in the meantime, or after the commencement of suit, action or summary proceedings or of any other remedy, or after a final order, warrant or judgment for the possession of the demised premises, County may demand,

receive and collect any moneys then due, or thereafter becoming due, without in any manner affecting such notice, proceedings, suit, action, order, warrant or judgment; and any and all such moneys so collected shall be deemed to be payments on account for the use and occupation of the demised premises, or at the election of County, on account of Authority's liability hereunder.

ARTICLE IX

Covenant of County

County covenants that, if an so long as Authority pays the fixed rent, and additional rent and other charges reserved by this lease, and performs all the terms, covenants and conditions of this lease on the part of Authority to be performed, Authority shall quietly enjoy the demised premises.

IN WITNESS WHEREOF, this LEASE AGREEMENT has been executed by the parties in duplicate as of the date mentioned in paragraph one of this instrument although actually executed on the 16<sup>th</sup> day of May, 1969.

ATTEST:

JOHNSON COUNTY, TEXAS

Louis B. Lee,

By Tom Ball

County Clerk and Ex-Officio

Tom Ball, County Judge

Clerk of the Commissioners'

JOHNSON COUNTY HOSPITAL AUTHORITY

Court of Johnson County, Texas

By J. Hunter Pearson

(COM. CRT. SEAL)

President, Board of Directors

ATTEST:

Johnnie Gordon

Secretary, Board of Directors

(no seal)

THE STATE OF TEXAS

COUNTY OF JOHNSON

BEFORE ME, THE UNDERSIGNED AUTHORITY, a Notary Public in and for Johnson County, Texas, on this day personally appeared TOM BALL, known to me to be the person whose name is subscribed to the foregoing instrument and known to me to be the County Judge of Johnson County, Texas, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated as the act and deed of Johnson County, Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16<sup>th</sup> day of May, 1969.

Mozelle F. Browning, Notary Public in and for

(seal)

Johnson County, Texas

THE STATE OF TEXAS

COUNTY OF JOHNSON

BEFORE ME, THE UNDERSIGNED AUTHORITY, a Notary Public in and for said County and State, on this day personally appeared Hunter Pearson, President of the Board of Directors of JOHNSON COUNTY HOSPITAL AUTHORITY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said JOHNSON COUNTY HOSPITAL AUTHORITY, a corporation, and that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated as the act and deed of JOHNSON COUNTY HOSPITAL AUTHORITY.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16<sup>th</sup> day of May, 1969.

Zona Hudgins, Notary Public

(seal)

in and for Johnson County, Texas

THERE BEING NO FURTHER BUSINESS COURT IS HEREBY ADJOURNED.

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COUNTY CLERK

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COUNTY JUDGE

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