

Tri-County Services Board of Trustees Meeting

July 24, 2014



*Serving individuals with mental illness
and developmental disabilities*

Notice is hereby given that a regular meeting of the Board of Trustees of Tri-County Services will be held on Thursday, July 24, 2014. The Business Committee will convene at 8:30 a.m., the Program Committee will convene at 9:30 a.m. and the Board meeting will convene at 10:00 a.m. at 1506 FM 2854, Conroe, Texas. The public is invited to attend and offer comments to the Board of Trustees between 10:00 a.m. and 10:15 a.m.

AGENDA

I. Organizational Items

- A. Chairman Calls Meeting to Order
- B. Public Comment
- C. Quorum
- D. Review & Act on Requests for Excused Absence

II. Longevity Recognition Presentations

III. Approve Minutes - May 22, 2014

IV. Executive Director's Report - Evan Roberson

- A. DSHS
 - 1. County Crisis & Criminal Justice Meetings
 - 2. Senate Bill 58 Updates
 - 3. PETC Construction
- B. DADS
 - 1. Increased Waiver Enrollments
- C. DEA Meeting Summary
- D. Cleveland HUD Project Update

V. Chief Financial Officer's Report - Millie McDuffey

- A. DADS Fiscal Monitoring Review
- B. FY 2015 Budget
- C. Fixed Asset Inventory
- D. County Annual Funding Requests
- E. FY 2011 Rehabilitation & Targeted Case Management Settle-Up
- F. FY 2013 Desk Review of HCS, TxHmL & ICF Cost Reports

VI. Program Committee

Action Items

- A. Accept the 2014-2017 Montgomery County United Way Awards & Approve the Funding Agreement..... Pages 8-11
- B. Approve IDD Local Plan..... Pages 12-25
- C. Approve IDD Quality Management Plan..... Pages 26-47

Information Items

- D. Community Resources Report..... Pages 48-49
- E. Consumer Services Reports for May & June 2014..... Pages 50-52
- F. Program Updates..... Pages 53-55
- G. Year-to-Date FY 2014 Goals & Objectives Progress Report..... Pages 56-60
- H. 3rd Quarter FY 2014 Corporate Compliance & Quality Management Report..... Pages 61-62
- I. 4th Quarter FY 2014 Corporate Compliance Training..... Pages 63-65

VII. Executive Committee

Action Items

- A. Appoint Nominating Committee for FY 2015 Board Officers..... *Page 66*
B. Appoint Executive Director Evaluation Committee..... *Page 67*

Information Items

- C. Board of Trustees Oath of Office..... *Pages 68-70*
D. Personnel Reports for May & June 2014..... *Pages 71-73*

VIII. Business Committee

Action Items

- A. Approve May 2014 Financial Statements..... *Pages 74-86*
B. Approve June 2014 Financial Statements..... *Pages 87-99*
C. Approve FY 2014 Audit Engagement Letter..... *Pages 100-107*
D. Approve Purchase of up to Three (3) Ford Focus Sedans..... *Pages 108-115*
E. Disposition of 117 N. College Avenue in Cleveland, Texas..... *Pages 116-135*
F. Disposition of 406 N. Washington Avenue in Cleveland, Texas..... *Pages 136-172*
G. Approve Recommendation for Tri-County Services Employee Health Insurance
& Ancillary Plans..... *Pages 173-177*
H. Ratify 9th Payment of Non-Refundable Option Money to the Property Owner for the
Independence Oaks Project Site in Cleveland, Texas..... *Page 178*
I. Approve Assignment of Intermediate Care Facilities for Individuals with Intellectual
Disabilities Contract for FY 2014 from Empowerment Options, Inc. to Educare
Community Living Corporation-Gulf Coast..... *Pages 179-184*
J. Ratify DSHS Contract Amendment #2014-044767-004A: Supportive Housing Project..... *Pages 185-187*
K. Ratify DSHS Contract Amendment #2014-044767-006A: Psychiatric Emergency Service
Center & Associated Projects..... *Pages 188-190*
L. Approve Recommendation to Declare Vehicles as Surplus..... *Page 191*

Information Items

- M. Review Tri-County's FY 2013 990 Tax Return Prepared by Scott, Singleton, Fincher
& Company, P.C. *Page 192*
N. 3rd Quarter FY 2014 Investment Report..... *Pages 193-197*
O. Board of Trustees Unit Financial Statements for May & June 2014..... *Pages 198-200*
P. Montgomery Supported Housing, Inc. *Page 201*

- IX. Executive Session in compliance with Texas Government Code Section 551.071, Consultation with Attorney & Section 551.072, The value of real property in Cleveland, Texas, as the deliberation in an Open Meeting would have detrimental effect on the position of Tri-County Services in negotiations with a third person.

Posted By:

Stephanie Eveland
Executive Assistant

Tri-County Services

**P.O. Box 3067
Conroe, TX 77305**

BOARD OF TRUSTEES MEETING

May 22, 2014

Board Members Present:

David Walker
Brad Browder
Tracy Sorensen
Morris Johnson
Cecil McKnight
Sharon Walker

Board Members Absent:

Patti Atkins
Janet Qureshi

Tri-County Staff Present:

Evan Roberson, Executive Director
Millie McDuffey, Chief Financial Officer
Tanya Bryant, Director of Quality Management and Support
Amy Foerster, Director of Human Resources
Catherine Prestigiovanni, Behavioral Health Director
Breanna Robertson, Director of Crisis Services
Kelly Shropshire, Director of IDD Authority Services
Stephanie Eveland, Executive Assistant
Sandy Kelly, Public Information Coordinator
Stella Montemayor, Administrative Assistant
Mary Lou Flynn-DuPart, Legal Counsel
Shane Burks, Staff
Peggy Dunning, Staff
Laurie Frankenfield, Staff
Annemarie Frost, Staff
Anna King, Staff
Estela Patterson, Staff
Tiffany Peck, Staff
Pei-Fen Santistevan, Staff
Nancy Stamilio, Staff
Beverly Standley, Staff
Jeannie Wilson, Staff
Melissa Zemencsik, Staff

Guests:

Jacob Paschal, Haney.Moorman.Paschal, P.C.
Individuals Served and Family Members

Call to Order: Chairman, David Walker, called the meeting to order at 10:04 a.m. at 1506 FM 2854, Conroe, Texas.

Public Comment: There were no public comments.

Quorum: There being six (6) members present, a quorum was established.

Resolution #05-14-01

Motion Made By: Morris Johnson

Seconded By: Cecil McKnight, with affirmative votes by David Walker, Brad Browder, Tracy Sorensen and Sharon Walker that it be...

Resolved:

That the Board excuse the absences of Patti Atkins and Janet Qureshi.

Awards were presented to the winners of the Client Art Contest.

Longevity Recognitions were presented to Tri-County staff.

Resolution #05-14-02

Motion Made By: Morris Johnson

Seconded By: Sharon Walker, with affirmative votes by David Walker, Brad Browder, Tracy Sorensen and Cecil McKnight that it be...

Resolved:

That the Board approve the minutes of the April 24, 2014 meeting of the Board of Trustees.

Executive Director's Report:

The Executive Director's report is on file.

Chief Financial Officer's Report:

The Chief Financial Officer's report is on file.

PROGRAM COMMITTEE:

The Community Resources Report was reviewed for information purposes only.

The Consumer Services Report for April 2014 was reviewed for information purposes only.

The Program Updates were reviewed for information purposes only.

Program Presentation – Kelly Shropshire, Peggy Dunning, Anna King and Estela Patterson presented information regarding Pre-Admission, Screening and Resident Review (PASRR).

EXECUTIVE COMMITTEE:

The Personnel Report for April 2014 was reviewed for information purposes only.

BUSINESS COMMITTEE:

Resolution #05-14-03

Motion Made By: Morris Johnson

Seconded By: Brad Browder, with affirmative votes by David Walker, Tracy Sorensen, Cecil McKnight and Sharon Walker that it be...

Resolved:

That the Board approve the April 2014 Financial Statements.

Resolution #05-14-04

Motion Made By: Morris Johnson

Seconded By: Cecil McKnight, with affirmative votes by David Walker, Brad Browder, Tracy Sorensen and Sharon Walker that it be...

Resolved:

That the Board approve the FY 2014 Midyear Budget Revision.

Resolution #05-14-05

Motion Made By: Morris Johnson

Seconded By: Cecil McKnight with affirmative votes by David Walker, Brad Browder, Tracy Sorensen and Sharon Walker that it be...

Resolved:

That the Board approve the recommendation to purchase a Ram ProMaster from Martin Chrysler in Cleveland, Texas at a price not to exceed \$53,891.

Resolution #05-14-06

Motion Made By: Morris Johnson

Seconded By: Cecil McKnight, with affirmative votes by David Walker, Brad Browder, Tracy Sorensen and Sharon Walker that it be...

Resolved:

That the Board approve the recommended revision of the Board Policy E.24-Rentention of Fund Balance and approve the proposed fund equity designation and associated transfers.

Resolution #05-14-07

Motion Made By: Morris Johnson

Seconded By: Cecil McKnight, with affirmative votes by David Walker, Brad Browder, Tracy Sorensen and Sharon Walker that it be...

Resolved:

That the Board approve the recommended revision as per the handout dated May 22, 2014 of the Board Policy E.19-Solicitation of Bid Proposals.

Resolution #05-14-08

Motion Made By: Morris Johnson

Seconded By: Tracy Sorensen, with affirmative votes by David Walker, Brad Browder, Cecil McKnight and Sharon Walker that it be...

Resolved:

That the Board approve the addendum to extend the FY 2014 Kingwood Pines Hospital Contract for Psychiatric Inpatient Services an additional contract maximum of \$300,000 for a total of \$650,000.

The Board of Trustees' Unit Financial Statement for April 2014 was reviewed for information purposes only.

The Cleveland Supported Housing, Inc. Update was reviewed for information purposes only.

There was no need for Executive Session.

The regular meeting of the Board of Trustees adjourned at 11:50 a.m.

Adjournment:

[Redacted Signature]

David Walker
Chairman

Date

Attest:

[Redacted Signature]

Tracy Sorensen
Secretary

Date



Executive Director's Report

July 24, 2014

Announcements

- The next regularly scheduled Board meeting is August 28th. We expect this will be a large agenda like July so it is likely that committee meetings will start early.
- I wanted to remind each of you that the annual Burnham Classic will be at the Magnolia Ridge Country Club in Liberty on August 1-3rd. Over the last 24 years, the Burnham Classic has raised over \$446,000 for Tri-County Services and our consumers. Several of us will attend on Friday night and the Board is welcome to join us. Big thanks to Mr. McKnight and his wife, Mable, for their years of support of the tournament.
- Thank you for your attendance at the annual Board and Management Team Strategic Planning meeting last Saturday. I know it is difficult to give up a day on the weekend, but the staff and I certainly appreciate your feedback on FY 2015 activities.
- Also, please be aware that the ETBHN Board Strategic Planning meeting has been tentatively scheduled for October 15-16th at the Moody Gardens Hotel in Galveston. I will provide you with additional details as soon as the information is confirmed.
- As you are aware, we have a Board agenda item to accept the funding from the Montgomery County United Way for Substance Abuse Treatment and the Psychiatric Emergency Treatment Center (PETC). However, this year, IDD Therapeutic Summer Camp funding was not approved. I have attached a letter to this update explaining this decision.
- We received word on Tuesday that we would have the Budget Hearing for Montgomery County on Tuesday, July 29th.
- I wanted to let you know that Mr. Paschal completed his required Board training on Monday, July 14th and is ready to take his Oath of Office at the August Board meeting.

Department of State Health Services (DSHS)

- Over the last few weeks, we have attended a couple of **County Crisis and Criminal Justice Meetings** to address some discontent expressed by the local jail staff in Montgomery County and from criminal justice staff in Liberty County.

On Wednesday, July 16th, Mr. McKnight, several Tri-County staff and I attended a meeting called by Judge Thomas Chambers in Liberty County. Law enforcement groups, including local police officers, sheriff officers and constables were at the meeting. Judge Chambers also invited law enforcement and judicial staff from Harris County who are involved with mental health commitments. As the two systems were compared by the staff present, it became clear that Harris County's system is both more sophisticated and better funded. After a long discussion, I suggested that we form an executive workgroup to address Liberty County system issues associated with the mental health commitment process. Judge Chambers will lead the group and I will plan to participate. As would be clear to all of you, our system is not going to mimic Harris County's system in most ways. However, we are hopeful that we can resolve some of the issues associated with commitments and other system issues with this workgroup.

On Tuesday, July 22nd, Catherine Prestigiovanni, Lisa Bradt and I met with the Montgomery County Jail Administrator, Captain David Moore. We discussed issues in the jail related to persons with mental illnesses and in the community center system. We agreed that there was a need for more frequent mental health screenings in the jail and discussed plans to assist the jail beyond what is currently done through the Outpatient Competency Restoration (OCR) program and the Jail Diversion program.

- We continue to have nearly daily changes as our six (6) managed care organizations prepare for the implementation of **Senate Bill 58**. We have formed a committee, which has recently been expanded to include several additional managers, to prepare for authorization processes which must be completed to get paid for these services. Several of the managed care organizations are still testing their payment systems and some have indicated that they may not be able to bill services in a manner that would be consistent with current Texas Medicaid Health Partnership (State Medicaid) billing procedures.

The Texas Council continues to advocate for us with the Texas Health and Human Services Commission, but it appears that billing procedures and set-up may be delayed beyond the implementation date of Monday, September 1st. It appears unlikely, however, that there will be a delay in implementation of this law and that we will be making changes throughout the next year. As has been mentioned before, revenue should be predictable, but cash payments will likely be delayed throughout FY 2015.

- As a part of our implementation of the Intensive Diversion and Evaluation 1115 program, we will need to do some **construction at the PETC**. The portion of the PETC that will be affected is at the front of the facility, not the portion that is a part of the Crisis Stabilization Unit. While this construction was always planned, the scope of construction has increased because DSHS has indicated that all observation programs funded by 1115 must meet Texas Administrative Code requirements. We have engaged an architect and hope to have bids available for review at the August Board meeting.

Department of Aging and Disability Services (DADS)

- We received word from DADS that we will receive **increased Texas Home Living (TxHmL) waiver enrollment slots** for the remainder of the year. Tri-County received 59 TxHmL slots in July. The State has indicated that they will send out 725 additional slots per month, statewide, until the waiver funding is utilized. It takes our staff about 8 hours per person to enroll them in the waiver. DADS has given the Local Authorities an increase in the timeline to complete the enrollment from 90 to 120 days due to the number of slots released. After 120 days, extension of the enrollments can be requested, if required.

Drug Enforcement Agency Meeting Summary

- On Tuesday, June 24th, I was invited (along with all of the Executive Directors of ETBHN Centers) to meet with the DEA in Beaumont regarding ETBHN Telemedicine. All of the ETBHN Centers in the southeast Texas region attended the meeting, and we were joined by Gulf Coast Attorney, Linda Bell, Texas Council Risk Management Fund Attorney, Pam Beach, and Texas Council Attorney, Carvan Adkins.

At question is the **Ryan Haight Online Pharmacy Consumer Protection Act** and our use of telemedicine to prescribe Schedule II or Schedule III controlled substances. Although this act has been on ETBHN's radar for about a year as a result of an incident with a Spindletop doctor contracted through ETBHN for children's services (where lots of Schedule III medications are prescribed), I did not understand that it might apply to us because we have not been contracting for child psychiatry and do not allow, by formulary, most Schedule II medications for adults.

While we are relatively new to the use of ETBHN prescribers, primarily for 1115 programs, it appears that this act also applies to our internal prescribing via our internal network.

There will be an effort, led by Texas Council Attorney, Carvan Adkins, to get our clinic locations (rather than the prescriber) licensed to have medications prescribed via telemedicine. We do not currently have our facilities licensed by the DPS because we are a state agency and they have not felt that we needed to be. However, we must

have facility DPS licenses before we can get a facility DEA license. In the interim, I have notified staff that Schedule II and III medications may not be prescribed via telemedicine.

Cleveland HUD Project Update

- Our staff continue to work toward closing on the Independence Oaks project in Cleveland. Recent hurdles have included the waiting period for the building permit as well as the releasing of surface rights on the title. We have received the building permit and David Deaton is close to resolving the title issues. At this point I expect that we will close on the project sometime in August.

After we close, we will have a groundbreaking ceremony in Cleveland. As always, we would love to have you attend and will make sure you are notified about the ceremony so you can attend if you are able.

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RECEIVED

JUN 24 2014

June 17, 2014

Mr. Evan Roberson
Tri-County Services
P.O. Box 3067
Conroe, TX, 77305

Dear Mr. Roberson,

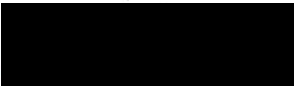
On behalf of the Board of Montgomery County United Way, Community Impact Committee, the Impact Councils, and the Strategic Investment volunteers, thank you for submitting your agency's application and participating in the 2014 Montgomery County United Way Strategic Investment process. The caliber of applications and organizations submitting proposals was extremely high.

Strategic Investment panels executed a thorough process in reviewing your organization's application. Much attention and time was spent discussing the impact that the applications submitted would have on Community-Level Goals, Strategies, and Outcomes and on evaluating the extent to which applications addressed strategies included in the Spectrum of Prevention.

We regret to inform you that after much discussion, your application for the IDD Therapeutic Summer Camp was not among the ones selected for funding this year. The volunteers determined that other applications were more closely aligned with the results that they want to achieve.

If you have any questions regarding these documents, please contact Phyllis Martin, Vice President of Community Strategies, 281-292-4155 Ext.217, Phyllis@mcuw.org.

Best regards,


Bob Abenschein, Chair
Montgomery County United Way
Board of Directors


Jim Larson, Chair
Montgomery County United Way
Community Impact Committee

1600 LAKE FRONT CIRCLE SUITE 248 THE WOODLANDS TEXAS 77380

281.292.4155 OR 888.844.6289

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Community Volunteer

Dr. Genese Bell
Splendor ISD

Steve Bergstrom
Community Volunteer

Rod Chaves
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Company

Joe Constantino
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Hector Forestier
City of Willis

Mike Giblin
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Cam Heathcott
Edward Jones Investments

Carmen Hill
BBVA Compass Bank

Karen Hoylman
The Woodlands Area
Chamber of Commerce

Brad Ivie
National Oilwell Varco

Rob Koester
Consolidated
Communications

Dr. Austin Lane
Lone Star College –
Montgomery

Rev. David Lindwall
Montgomery United
Methodist Church

Dr. Darrin Rankin
Lone Star College –
Kingwood

Jeff Scott
Ball Corporation

CHIEF FINANCIAL OFFICER'S REPORT

July 24, 2014

DADS Fiscal Monitoring Review – From July 15th through July 18th, DADS conducted an on-site financial monitoring review. The purpose of the financial monitoring review was to examine the Local Authorities compliance of laws and regulations in accordance with the FY 2013 and FY 2014 Performance Contracts and verification of the accuracy of the data submitted to the Texas Department of Aging and Disabilities Services during that same period.

The monitoring visit included a review of the Board minutes, policies and procedures, personnel files, financial records, verification of the financial statements submitted to DADS, verification of the costs and revenue reported in the Report III, review of the indirect costs and cost methodology as reported in the FY 2013 independent audit and a review of the expenditures. They also reviewed our fixed asset inventory process and did a spot check on some of the inventory items at a couple of our IDD locations.

Also, the auditors met and interviewed key staff in the IDD service area. On the program side, they did visit the Huntsville Day Habilitation program and were very impressed with the Program Coordinator and the program itself. Overall, they were very complimentary towards all of our staff and the work that we do.

Normally, they provide a draft letter of areas of concern but our exit interview was verbal. Here are the items that they indicated would be on the written report:

- In reviewing the personnel files, it was noted that not all employees received their performance evaluation as required in the procedures.
- On our CARE III report, the report has changed this year and some columns were combined into more broad categories. They recommended that we make some changes in our reporting for the final FY 2014 CARE III to base our services on percent of services provided by type such as HCS, ICF, or Texas Home Living and to the service code level.

FY 2015 Budget – We are getting near the end of the FY 2015 budget process. I am still in the process of reviewing the managers' submittals and comparing to the current FY 2014 budget. After this stage is complete, we will have management team meetings to determine where we can trim some items or make adjustments that can be identified. This is where we will decide on the lapse in wages to be used for the final budget of salary and fringe lines. And we will also determine if we can purchase any new items requested for programs based on their need justification. All this will happen and final numbers compiled so we can bring back a balanced budget to the board for final approval at the August board meeting.

Fixed Asset Inventory – We have completed the fixed asset inventory that is required by both DADS and DSHS contracts. We received back all the count sheets from all locations and have updated all the fixed asset tables in Anasazi. We did a complete new count of William E. Hall since we had moved staff from various locations to this building and purchased new furniture and equipment. All staff completed the submittals in a timely

manner and the process went very smooth this year. We have done some spot checks at various locations and also had review by the DADS team which helps us to ensure our process is accurate.

County Annual Funding Request – We have completed all the annual funding requests to our three counties. We had a Walker County budget hearing on July 8th which was attended by Tracy Sorensen, Morris Johnson and I. Judge Pierce asked for more details about funding by County that Evan has since provided and also some information about access to the school districts in the Walker County area. They did not tell us “no” about the increase but we doubt that we will receive an increase over the current amount of \$28,728.

We have the Montgomery County budget hearing next Tuesday at 9:15. We also asked for an increase and we will see how that goes. Historically, it has not gone very well. Their current funding is \$211,525.

Liberty County does not have budget hearings so will get notified of our funding amount in the mail or through the payments that they send. The current funding amount for Liberty is \$63,624.

FY 2011 Rehabilitation and Targeted Case Management Settle-up – We have received all but \$16,083 of the \$164,407 FY 2011 Rehabilitation and Targeted Case Management settle-up. This is the last year we will receive the settle-up payments. This process was restructured in FY 2012 and the rates were to be adjusted to compensate for the variation in costs for centers. It moved to an average as a system instead of center by center costs. If we don't receive the remaining part within the next week we will be calling to track the payment.

FY 2013 Desk Reviews of HCS, TxHmL, ICF and MEI Cost Reports – We have been receiving questions from Texas Health and Human Services Commission, Office of Inspector General-Compliance Division, Cost Report Review Unit - San Antonio in regards to the FY 2013 Cost Reports. At this point, they are just asking specific questions and we are responding within the required time frame. So if anything of significant comes from these desk reviews, I will report to you next month.

<p>Agenda Item: Accept the 2014-2017 Montgomery County United Way Awards and Approve the Funding Agreement</p> <p>Committee: Program</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>Earlier this year, three grant applications were submitted to Montgomery County United Way (MCUW) for consideration during the 2014-2017 Strategic Investment cycle in the priority area of Health and Wellness. Tri-County received a notification of awards in the amount of \$131,893 for each of the three years in the Strategic Investment cycle contingent upon performance outcomes/measures for the following two programs:</p> <ol style="list-style-type: none"> 1. Psychiatric Emergency Treatment Center Day Program First Year Award Total: \$55,281 2. Substance Abuse Treatment Program First Year Award Total: \$76,612 <p>Unfortunately, the grant application for the Intellectual/Developmental Disabilities Summer Camp was not approved for funding.</p> <p>MCUW requested all necessary documents be returned by July 15th; however, it requires approval by the Board of Trustees. We were advised to submit a copy of the funding agreement with the Executive Director's signature prior to the deadline then to return the fully executed copy with the Board Chairman's signature after Board approval at the meeting on July 24th. The Executive Director, Evan Roberson, contacted the Board Chairman, David Walker, for authorization to sign and return the initial funding agreement to MCUW.</p>	
<p>Supporting Documentation:</p> <p>2014-2017 MCUW Agreement for Funding</p>	
<p>Recommended Action:</p> <p>Accept the 2014-2017 MCUW Awards and Approve the Funding Agreement</p>	

**Board of Directors
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Chevron Phillips Chemical
Company

Joe Constantino
Retired, ExxonMobil

Hector Forestier
City of Willis

Mike Giblin
Retired, ExxonMobil

Cam Heathcott
Edward Jones Investments

Carmen Hill
BBVA Compass Bank

Karen Hoylman
The Woodlands Area
Chamber of Commerce

Brad Ivie
National Oilwell Varco

Rob Koester
Consolidated
Communications

Dr. Austin Lane
Lone Star College –
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Rev. David Lindwall
Montgomery United
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Dr. Darrin Rankin
Lone Star College –
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MONTGOMERY COUNTY UNITED WAY

2014-2017

AGREEMENT FOR FUNDING

Tri-County Services

It is hereby affirmed that the governing board of *Tri-County Services* has, by majority vote of a quorum of the board, agreed to accept funds from Montgomery County United Way (MCUW) for the period of July 1, 2014, through June 30, 2017, in the following program categories:

Program: Psychiatric Emergency Treatment Day Center

First-year awards by investment category:

Basic Needs and Crisis Intervention

Health & Wellness award \$ 55,281

Total program award for year one: \$ 55,281

Program: Substance Abuse Treatment Program

First-year awards by investment category:

Basic Needs and Crisis Intervention

Health & Wellness award \$ 76,612

Total program award for year one: \$ 76,612

Total agency award for year one: \$131,893

The funds will be distributed subject to the conditions outlined below which summarize significant policies and/or procedures of the MCUW Board of Directors.

1. The agency shall maintain all necessary licensing and accrediting requirements of appropriate professional and governmental organizations.
2. The agency shall maintain its non-profit/tax-exempt status and shall meet filing requirements of the Internal Revenue Service.
3. The agency shall adopt Generally Accepted Accounting Principles for health and welfare organizations and maintain an adequate accounting system and fiscal controls.
4. The agency shall adhere to sound management practices as defined by general practice.
5. The agency shall identify itself as a MCUW Community Partner by using the local logo at all of its facilities and in all its print, fundraising, and marketing efforts. The agency shall cooperate with MCUW in areas of mutual interest and benefit, e.g. campaign, agency-wide events, etcetera. A copy of the MCUW's Co-Branding policy was included in the Strategic Investment Application package.

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6. The agency shall provide annual audits including the management letter, once accepted by its board of directors, to MCUW. Nonprofits and tax-exempt organizations with a total budget of \$500,000 and under will be expected to submit a Review of Financial Statements by an independent CPA in compliance with the audit guidelines. Nonprofits and tax-exempt organizations with a total budget of over \$500,000 must have an audit. Funding will be withheld if the audit or Review of Financial Statements and management letter, or a letter signed by the agency's chief volunteer officer and the agency's chief staff officer stating there is no management letter, are not received by the end of the sixth month of the agency's fiscal budget year.
7. In view of the uncertain future of several government funding programs, it is requested that upon notification of any significant change in government funding as reflected in the revised budget, the agency shall contact the president of MCUW. The agency is advised to review and, if necessary, realign programs in preparation for any anticipated decreases in government support.
8. In consideration of the above, the agency is advised to continue its efforts to develop community and other financial support of its programs.
9. In recognition and support of the mission of Montgomery County United Way to "improve lives by mobilizing the caring power of community," the agency is required to submit paperwork to MCUW to participate in the State Employees Charitable Campaign (SECC) and all other employee-oriented fundraising efforts as a part of the MCUW federation of agencies as well as conduct an employee campaign allowing all agency employees an opportunity to contribute to MCUW.

The budget submitted by *Tri-County Services* to Montgomery County United Way detailed specific use for the funds requested. It is the expectation of the Board of MCUW that the program funds received during this funding period will be used by *Tri-County Services* for the purposes presented in writing and orally to the members of the Strategic Investment Panel.

The agency agrees to submit quarterly reports to MCUW on its progress on programs beyond the required annual reports noted in Item 6. MCUW reserves the right to terminate or decrease funding if the agency fails to meet performance outcomes stated in the application for funding.

The Board of Directors also understands that receipt of these funds is contingent upon the Montgomery County United Way receiving pledges and collections in the multiple annual campaigns covering the three (3) year funding period. Should this not be achieved, funding may be reconsidered along with that of all other agencies.

GIVE. ADVOCATE. VOLUNTEER.

Further, it is agreed that failure to comply with the recommendations and/or conditions outlined, and/or the policies and procedures of the Montgomery County United Way can result in temporary or permanent suspension of funding.

MCUW is not obligated to pay for staff hired to execute this program should this agreement be voided in subsequent years.

James R. Larson, Chair
Community Impact Committee
Montgomery County United Way

Approved by the Board of Directors of *Tri-County Services* on this ____ day of _____, 2014.

Chairman/President of the Board of Directors

Date

President/Executive Director/Chief Staff Officer

Date

<p>Agenda Item: Intellectual and Developmental Disabilities Local Plan</p> <p>Committee: Program</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>It is a contract requirement for Community Centers to have a Local Plan in line with the State of Texas Health and Human Services Strategic Plan. This plan considers local stakeholder input in the planned direction for provided services. In the past, Tri-County had a combined Local Plan for mental health and intellectual and developmental disability services (IDD). In 2008, a Local Planning and Network Development statute required the development of a separate plan for mental health services.</p> <p>For Fiscal Years 2015 and 2016, staff completed the planning process for stakeholders of persons with IDD or related conditions. A series of nine (9) planning meetings were held across our four (4) primary service areas. Two (2) evening planning meetings were also provided to ensure that community members had both day and evening options for participating in the planning sessions. In addition to face-to-face meetings, staff distributed surveys to stakeholders in both in paper and electronic format.</p> <p>Stakeholders are interested in the following focus areas for this plan:</p> <ul style="list-style-type: none"> • Development of additional resources for services, including seeking additional funding; • Improvement of community relationships, specifically with regard to the educational system; • Additional bilingual staff to communicate with monolingual Spanish stakeholders; • Family support groups, and; • Community education about IDD, available resources, and navigation through the changing system of care <p>These focus areas can be viewed in the Goals and Objectives section of the IDD Local Plan on page 12.</p>	
<p>Supporting Documentation:</p> <p>IDD Local Plan for FY 2015-2016</p>	
<p>Recommended Action:</p> <p>Approve the IDD Local Plan for FY 2015-2016</p>	



Tri-County Services

Intellectual and Developmental Disabilities Local Plan For Fiscal Years 2015 – 2016

Evan Roberson, Executive Director

Date

Tri-County Services

Intellectual and Developmental Disabilities Local Plan

Introduction

In March 2014, Tri-County Services (Tri-County) initiated the Fiscal Year 2014 planning process to determine the direction of services for persons with Intellectual and Developmental Disabilities (IDD). Tri-County staff began collecting survey information from individuals served, families, interested stakeholders, and local officials (stakeholders) regarding the direction for services. Tri-County staff also coordinated nine (9) face-to-face planning meetings with stakeholders to gather input about plan direction. Following a successful turnout during the 2009 planning cycle, a mono-lingual Spanish planning meeting in Montgomery County was coordinated as a part of the 2014 planning process in order to continue efforts to educate local stakeholders about our services and seek input from this growing population regarding special needs. Two evening planning meetings were also provided to ensure that community members had both day and evening options for participating in the planning sessions. Information gathered from these activities has been evaluated and will be discussed later in this plan.

Philosophy

Tri-County has the following C.O.R.E Values:

<i>Commitment</i>	We are committed to Honesty and Integrity
<i>Optimism</i>	We are optimistic about the future of those we serve and for Tri-County
<i>Respect</i>	Everyone deserves to be treated with dignity and respect
<i>Excellence</i>	We will strive for excellence in all that we do

Tri-County's Mission Statement

Our mission is to enhance the quality of life for those we serve and our communities by ensuring the provision of quality services for individuals with mental illness, substance abuse disorders, and intellectual/developmental disabilities.

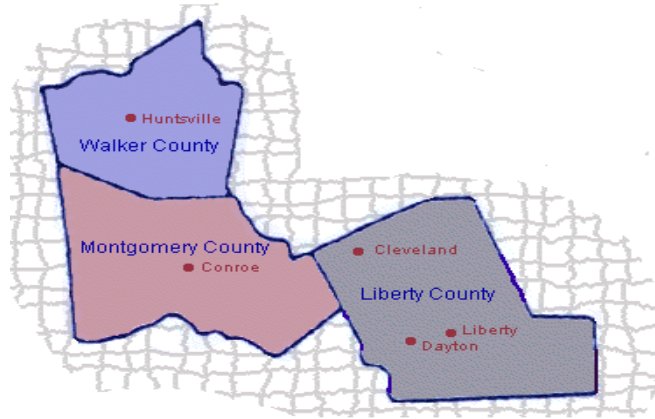
Tri-County's Vision Statement

Our vision is to develop a mental health and developmental disabilities care system with adequate resources that ensures the provision of effective and efficient services to meet the need of our community.

To achieve our vision, we will partner with the community to:

- Expand the availability of new and existing resources; and
- Assure the availability of technically and culturally competent staff

Service Area Demographics:



The largest of the three counties in the Tri-County service area, Montgomery County, is contiguous to the north boundary of Harris County. It consists of 1,077 square miles of rural and urban areas with a population of 455,746 (2010 Census) with approximately 27% under the age of 18 (U.S. Census Bureau). The racial makeup is Caucasian 70%, Hispanic origin 21.7%, African American 4.6%, and Other 1.3% (2012 U.S. Census). The 2012 Per capita income was \$50,796 (2012 US Bureau of Economic Analysis (BEA)). Liberty County is the contiguous county east of Harris and Montgomery Counties and has 1,176 square miles of rural territory with a population of 75,643 (2010 Census). The racial makeup is Caucasian 68.6%, Hispanic origin 18.7%, African American 10.7%, and Other 2%. Children under the age of 18 make up 25.4% of the population (2012 U.S. Census). Per capita income is \$35,067 (2012 US BEA). Walker County is north of Montgomery County, consists of 802 square miles, and is considered rural. With a population of 67,861 (2010 Census), the racial makeup is Caucasian 58%, Hispanic origin 17.2%, African American 22.4%, and Other 2.4%. About 16.1% of the population are under the age of 18 (2012 Census), and the per capita income is \$26,840 (2012 BEA).

For Walker and Liberty Counties, it should be noted that all Texas Department of Corrections inmates are counted in the census numbers. There are an estimated 14,000 inmates in Walker County (20.5% of total population) and 4,500 inmates (6% of total population) in Liberty County. In addition to inflating the number of residents in the county, the inmate population is also disproportionately ethnic.

Montgomery County has experienced a 55% growth rate from the 2000 Census to the 2010 Census and is considered the 24th fastest growing county in the United States.

Finally, it should be noted that the census number for Hispanic persons, especially in Montgomery County but probably to a lesser degree in our other two counties, is considered to be underreported due to concerns about governmental survey processes.

Persons served with Intellectual and Developmental Disabilities

Priority Population:

The Intellectual and Developmental Disabilities priority population consists of:

- Persons with intellectual and developmental disabilities, as defined by Texas Health and Safety Code §591.003;
- Individuals with a pervasive developmental disorder (including autism) or autism spectrum disorder, as defined in the current edition of the Diagnostic and Statistical Manual;
- Individuals with a related condition who are eligible for, and enrolling in services in the ICF/IID Program, Home and Community-based Services (HCS) Program, or Texas Home Living (TxHmL) Program;
- Nursing facility residents who are eligible for specialized services for intellectual and developmental disabilities or a related condition pursuant to Section 1919(e)(7) of the Social Security Act; and
- Children who are eligible for Early Childhood Intervention services through the Department of Assistive and Rehabilitative Services (DARS).

The determination of intellectual and developmental disabilities and the diagnosis of pervasive developmental disorders and related conditions must be made through the use of assessments and evaluations performed by qualified professionals.

Service Population Prioritization:

Since resources are insufficient to meet the service needs of every individual in the intellectual and developmental disabilities priority population, services should be provided to meet the most intense needs first. Intense needs are determined as follows:

- An individual is in danger or at risk of losing his or her support system, especially the living arrangements or support needs to maintain self;
- An individual is at risk of abuse or neglect;
- An individual's basic health and safety needs are not being met through current supports;
- An individual is at risk for functional loss without intervention, preventive or maintenance services; or
- An individual demonstrates repeated criminal behavior.

Persons Served In FY 2013:

In Fiscal Year 2013, Tri-County provided Services to 826 individuals with Intellectual and Developmental Disabilities and their families.

Priority Population Prevalence Data:

On average, 2-3% of the total population will have a diagnosis of an intellectual and developmental disability or a related condition. If this prevalence data is applied to our service

area, it is estimated that approximately 16,000 persons in Tri-County's service area have a qualifying diagnosis for state funded Intellectual and Developmental Disability Services.

Current Tri-County Service Array

Tri-County currently provides the following services:

- Screening – the process of gathering information to determine the need for services.
- Eligibility Determination – an interview and assessment or endorsement conducted to determine if an individual has an intellectual and developmental disability or is a member of the intellectual and developmental disabilities priority population.
- Service Coordination – assistance in accessing medical, social, educational, and other appropriate services and supports that will help individuals served achieve a quality of life and community participation acceptable to them, as described in the Plan for Services and Supports.
- Continuity of Services –
Service Coordination performed for:
 - Individuals residing in a state IDD facility whose movement to the community is being planned or for a person who formerly resided in a state facility and is on community-placement status; or
 - An individual enrolled in the HCS or ICF/MR program to maintain the individual's placement or to develop another placement for the individual.
- Service Authorization and Monitoring – Service Coordination provided to an individual who is assessed as having a single need.
- Service Coordination- HCS or TxHmL Program – Service Coordination for individuals enrolled in the HCS or TxHmL Program.
- Community Support – individualized activities that are consistent with the person's person-directed plan and provided in the individual's home and community locations. Supports include:
 - Habilitation and support activities;
 - Activities for the individual's family that help preserve the family unit and prevent out-of-home placement;
 - Transportation for individuals served between home and their community employment or habilitation site; and
 - Transportation to facilitate the individuals' employment and participation in community activities.
- Respite – planned or emergency short term relief services provided to the individual's unpaid caregiver when the caregiver is temporarily unavailable to provide supports due to non-routine circumstances.
- Employment Assistance – assistance to individuals served in locating paid, individualized, competitive employment in the community setting.
- Supported Employment – provided to a person who has paid, individualized, competitive employment in the community.

- Day Habilitation – assistance with acquiring, retaining, or improving self-help, socialization, and adaptive skills necessary to live successfully in the community and to participate in home and community life.
- Intermediate Care Facilities for persons with Intellectual Disabilities (ICF/IID) – eight six-bed permanent living environments for persons who qualify for placement.
- Texas Home Living Waiver – provides selected essential services and supports to persons with intellectual and developmental disabilities that are living in family homes or their own homes.
- Home and Community-based Services (HCS) – provides individualized services and supports to persons with intellectual and developmental disabilities who are living with their family, in their own home or in other community settings, such as small group homes.
- Permanency Planning – a philosophy and planning process that focuses on achieving family support for individuals under 22 years of age by facilitating permanent living arrangements that include an enduring and nurturing parental relationship.
- PASRR Evaluation – An evaluation of an individual in a nursing facility to determine if the individual is appropriately placed and whether they have a mental health or intellectual and developmental disability that would benefit from alternative placement or supplemental services.
- IDD ACT Services - Multidisciplinary approach to provide intensive short term behavior intervention for person's diagnosed with an intellectual and developmental disability, autism or PDD and a co-occurring serious/persistent mental illness and/or severe acting out behavior. This program focuses on crisis prevention through the use of applied behavior analysis (ABA). ABA is a scientific, systematic approach that focuses on the observable relationship between environmental events and the target behavior. Behavior specialists work to identify the underlying motivations (i.e., behavioral "functions") of challenging behaviors, while simultaneously working to teach more appropriate behavior to replace the challenging behavior.

Intellectual and Developmental Disabilities Organizational Chart

(See Appendix A)

Gathering Public Input in the Planning Process

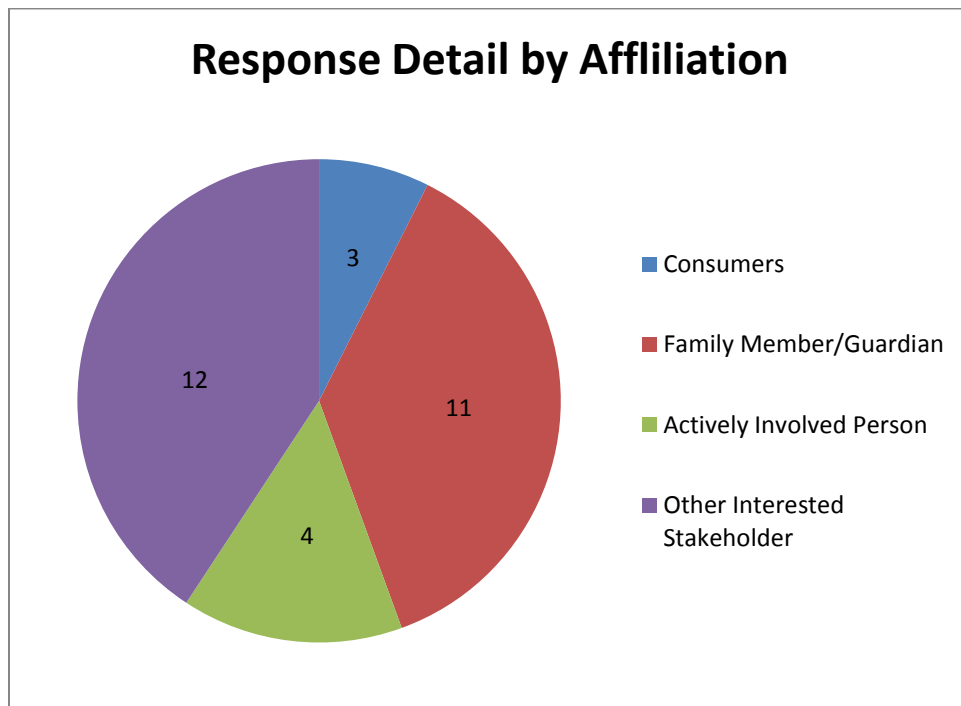
Survey Response:

Tri-County developed a survey about our IDD services which was distributed to local stakeholders and at local planning meetings. Staff distributed surveys both in paper and electronic format via Survey Monkey. Surveys were provided to our IDD PNAC members, IDD Authority Staff and individuals served, Tri-County Board of Trustees, local CRCGs, and to other stakeholders by email. Paper copies were also made available at each public planning meeting.

Although surveys were made available in Spanish, no Spanish surveys were completed. Questions on the survey included both closed and open ended questions about services.

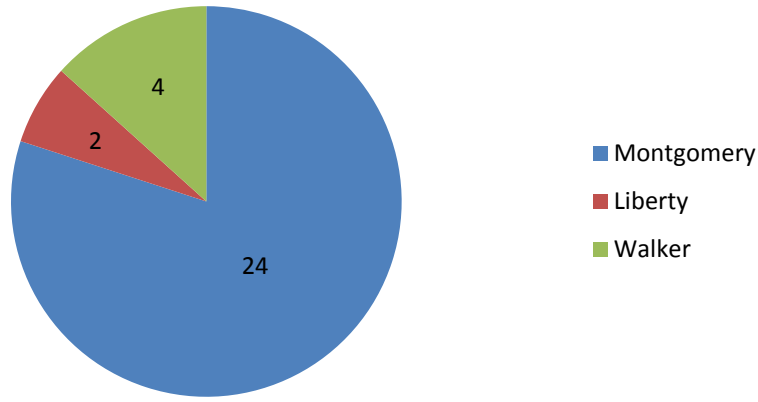
Planning Session Closed Ended Responses:

Graph of local stakeholder response type:



Graph of response by county of residence:

Response Detail by County



Survey results indicate that 91% of stakeholders are satisfied with the courtesy and competency of all employees. Local stakeholders were generally less satisfied with the condition of the facilities where services were provided and indicated a desire for increased services and resources to better meet the needs of the community.

Community Forums:

In addition to the survey process, nine (9) community meetings were held to gather information from stakeholders about services and plan direction. Interested stakeholders were provided with a brief education about Tri-County, the purpose for the planning process and were asked several open-ended questions.

Local Planning Meetings	
Date	Location
April 15, 2014	Montgomery County – CRCG
April 16, 2014	Huntsville – Public Forum
April 16 & 18, 2014	Conroe – Public Forums
April 17, 2014	Mono-lingual Spanish – Public Forum
April 18, 2014	Cleveland – Public Forum
April 22, 2014	Liberty – Public Forum
April 30, 2014	IDD Planning and Network Advisory Meeting
May 1, 2014	Walker County – CRCG

Planning Session Open Ended Responses:

A series of open ended questions were asked of local stakeholders through both the survey process and at planning meetings. Obviously, open ended questions are more unique in

nature, but staff attempted to categorize answers to questions in order to summarize this data.

1. What services would you like Tri-County to provide which are not currently being offered?

Stakeholders expressed concerns about the amount of funding available to serve individuals in our service area citing both the fast rate at which our population is growing in our service area, as well as the rate at which the interest lists for particular services and waivers are continuing to increase. They reiterated that there remains a need to increase awareness in the community of what Tri-County already does and stated that more outreach and education programs are needed. Stakeholders felt that with the implementation of Senate Bill 7 which would place many intellectual and developmental disability services into managed care by the year 2020, now was the time to educate the community on how this will change the way that they currently navigate the IDD service system.

2. What do you like best about the services which Tri-County provides?

In general, stakeholders expressed gratitude that Tri-County was around to offer the services that are provided and noted high satisfaction with the Service Coordination provided through Tri-County. Many stakeholders expressed concerns about what they would do without the services that they are able to receive noted that they felt that Tri-County was doing a great job at advocating for individuals served but also reported anxiety about the changes which will place much of IDD into the managed care model and what this will mean for both the individuals served and their families.

3. What could we do to improve the services we provide to persons with Intellectual and Developmental Disabilities and/or their families?

Stakeholders seemed to have very consistent ideas about what Tri-County could do to improve the services they provide to individuals served, many similar to those identified in the previous planning cycle. Specifically, stakeholders cited the need to seek additional financial resources for our community so more persons can receive the treatment they need, the need for more information which will facilitate their understanding of the issues their family member has, more communication with families, more education for families about ways that they can deal with their family member's disability, and more education to the general public on the resources available for these individuals and their families including respite providers and available transportation options. Stakeholders also cited adequate salaries for employees and continued recruitment of bilingual staff members as an area that they would like to see increase.

4. What type of Education/Information would you like Tri-County to provide?

Several stakeholders mentioned the need for more publicity about the services offered by Tri-County, as well as additional educational training for families and significantly involved individuals aimed at how to handle various obstacles commonly met by individuals served and or their families. In addition, stakeholders requested information and education on the implications of Senate Bill 7 and how individuals served and their families could prepare to prevent a loss or reduction in services provided.

5. *Do you believe the services being provided in the community by Tri-County are meeting community needs?*

Although many of the stakeholders felt that Tri-County was doing a good job meeting community needs with the resources available, there was a general consensus that additional funding and services were needed. Stakeholders expressed the need for additional services such as more respite, transportation options, as well as additional services for individuals on interest lists, specifically for those individuals who have graduated high school and are still on an interest list for waiver services.

6. *What have you heard about Senate Bill 7 and what role would you like Tri-County to play with regard to Senate Bill 7?*

The majority of stakeholders had not heard of Senate Bill 7 or the transition of IDD services into managed care and expressed an interest in receiving additional information and education about how this bill may impact individuals with IDD and their families as well as how these individuals can prepare to navigate the new system of care to prevent a disruption and/or reduction in services. When asked what role they would like Tri-County to play in the process, they cited education and information dissemination to the community as an important aspect of our relationship with the community during this process.

Stakeholder Information Summary:

Over a time period of several months, Tri-County staff collected information from interested stakeholders about Intellectual and Developmental Disabilities Services provided by the Center and asked for input about other services need by this population. A total of 30 surveys were received back, and several persons attended a total of 9 community forums. Although there were a great deal of interesting responses collected in this process, staff believe that the convergence of responses is especially significant. Areas of stakeholder convergence included:

- Belief that legislators need to understand the expanding needs of persons with Intellectual and Development Disabilities and that additional funding be sought for our regular services;
- Belief that the community and families of persons with Intellectual and Developmental Disabilities need greater awareness about these disorders and how to navigate the changing system of care;
- The need for culturally competent bilingual staff (Spanish/English) to serve as contact and service staff for persons who do not speak English;
- Belief that much more effort is needed to educate the community about Intellectual and Development Disabilities, specifically in schools, the business community and families; and,
- The need for family support groups and family education opportunities are needed in the community.

Tri-County Services Area Goals and Objectives:

In April of 2014, Tri-County's Intellectual and Developmental Disability Planning Network Advisory Committee reviewed stakeholder input from the local planning process and recommended general direction for 2015 and 2016 Local Planning Goals and Objectives. Of special concern to them were educational opportunities for all stakeholders, increased funding for persons served and efforts to educate the community about changes coming to the Intellectual and Developmental Disability care system, and information on how to navigate these changes in order to avoid any disruption or reduction in services. Before consideration of the Goals and Objectives for this two year planning period, the following community and center strengths, needs, and barriers should be considered:

Strengths:

- Tri-County has experienced service and management staff who are knowledgeable about Department of Aging and Disability Services (DADS) rules and contract requirements.
- Tri-County has a history of fiscal and program audit excellence.
- Tri-County remains focused on providing the best services possible for persons with Intellectual and Development Disabilities.
- Tri-County has a long standing positive relationship with the community.

- Tri-County has excellent Board governance and positive relationships with state and county officials.
- Tri-County has grant expertise and is able to manage complex funding streams from grant funders.
- Tri-County has strengthened data reporting and outlier management.

Community Needs and Priorities:

- Tri-County needs additional financial resources to keep up with the growth in our service area.
- Tri-County needs to retain and continue to recruit culturally competent bilingual staff persons.
- Tri-County needs to find innovative ways to make stakeholders aware of our services and educate them about the disorders that their family members are experiencing.
- Tri-County needs to educate the community on navigating the IDD system of care including information on interest lists, waivers, Senate Bill 7, and preparing individuals with intellectual and developmental disabilities and their families for changes and resources available during typical developmental life stages.

Barriers:

- There has been rapid growth of the Tri-County Service area while funding has essentially been static.
- Department of Aging and Disability Services contract requirements do not provide much opportunity for flexibility in service design with currently available funding.
- Community stigma exists for persons with Intellectual and Developmental Disabilities which can limit opportunities.
- The size of the Tri-County service area presents problems related to efficient service design.
- There are only very limited public transportation opportunities in the Tri-County service area.
- State regulations and mandates put centers at a disadvantage when competing with non-governmental entities for services.

Outcome:

Tri-County will ensure the provision of quality services for individuals with Intellectual and Developmental Disabilities and enhance the quality of life in our community.

Goals and Objectives:

Goal: Provide Additional Education to the community, family members, and significantly involved individuals

Objective: Tri-County will seek new ways to educate the community about services provided, resources available, and navigation of the changing system of care for individuals with intellectual and developmental disabilities.

Objective: Tri-County will continue to seek opportunities to build relationships with the educational system as a means of reaching the parent/educator population.

Goal: Recruit Culturally Competent Bilingual Staff

Objective: Tri-County will continue to focus on retaining and recruit bilingual staff.

Goal: Administrative Support for the Local Plan

Objective: Tri-County will apply Grant and Resource Development to study, design and seek funding for new Intellectual and Developmental Disability programs.

Objective: Tri-County will use relationships with local and state officials to continue explaining the need for additional funding in our service area.

Objective: Tri-County and East Texas Behavioral Health Network Utilization Management and Planning Network Advisory Committees will review the cost effectiveness of the current service design and will make recommendations about service design changes which will provide greater efficiency.

Objective: Tri-County will use their Quality Management Department to evaluate programs for contract compliance and quality of services and will make efforts to ensure health, safety, and well-being of persons in services.

<p>Agenda Item: Intellectual and Developmental Disabilities Quality Management Plan</p> <p>Committee: Program</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>In 2006, Tri-County split the Center's Quality Management Plan into a plan for mental health services and a plan for intellectual and developmental disabilities (IDD) services due to increasingly different expectations for quality management activities in the contracts for Department of State Health Services (DSHS) and Department of Aging and Disability Services (DADS).</p> <p>As a part of the planning activities for persons with IDD which were undertaken this year, the IDD Quality Management Plan was reviewed and updated as necessary to ensure compliance with DADS contract requirements and Texas Administrative Code (TAC). This plan will remain in effect for two years, unless a program change requires the plan to be revised.</p>	
<p>Supporting Documentation:</p> <p>IDD Quality Management Plan for FY 2015-2016</p>	
<p>Recommended Action:</p> <p>Approve the IDD Quality Management Plan for FY 2015-2016</p>	



Tri-County Services

Intellectual and Developmental Disabilities Quality Management Plan For Fiscal Years 2015 – 2016

Evan Roberson, Executive Director

Date

Introduction

The Intellectual and Developmental Disabilities (IDD) Quality Management (QM) Plan is a document written to provide a qualitative framework of activities that are designed to ensure that individuals who are receiving services through Tri-County Services (Tri-County), are receiving quality services provided by culturally competent and adequately trained staff in a manner that is financially viable.

The IDD QM Plan is guided by Tri-County's stakeholders, the performance contract between Tri-County and the Texas Department of Aging and Disability Services (DADS), the Board of Trustees, the Center's Local Plan, East Texas Behavioral Healthcare Network (ETBHN), the Management Team, the Intellectual and Developmental Disabilities Planning Network Advisory Committee (IDDPNAC), and the Regional Planning Network Advisory Committee (RPNAC).

The QM Department continues to work closely with program managers and direct service staff to ensure that they are compliant with contract requirements and Texas Administrative Codes (TAC). We are constantly measuring, assessing, and striving to improve our local authority functions to ensure that our stakeholders receive the highest quality of services possible while maintaining contract compliance, including the accuracy, consistency, and timeliness with which service provision information is provided to DADS.

MISSION, VISION AND PHILOSOPHY STATEMENT

Mission

Our mission is to enhance the quality of life for those we serve and our communities by ensuring the provision of quality services for individuals with mental illness, substance abuse disorders and intellectual/developmental disabilities.

Vision

Our vision is to develop a mental health and developmental disabilities care system with adequate resources that ensures the provision of effective and efficient services to meet the need of our community.

To achieve our vision, we will partner with the community to:

- Expand the availability of new and existing resources; and
- Assure the availability of technically and culturally competent staff

Philosophy/Values

The CORE Values of Tri-County Services are:

<i>Commitment</i>	We are committed to honesty and integrity
<i>Optimism</i>	We are optimistic about the future of those we serve and for Tri-County
<i>Respect</i>	Everyone deserves to be treated with dignity and respect
<i>Excellence</i>	We will strive for excellence in all that we do

Mission of the Quality Management Department

The mission of the Quality Management Department is to ensure that the highest possible quality of services is provided to our stakeholders.

Direction

The Quality Management Program focuses on a systematic, objective, and continuous process for monitoring, evaluating, and improving the quality and appropriateness of service delivery systems within our organization. The QM Program assists Tri-County in assuring existing standards of care are met and provides the framework to obtain feedback from stakeholders on the manner in which the center conducts its business.

Intellectual and Developmental Disabilities Authority Responsibilities

Tri-County continues to ensure that we are developing and managing a network that offers consumer choice to the highest extent possible. Tri-County contracts with outside providers when practical and requires contracted medical providers meet the same

professional qualifications as providers employed by the Center. ETBHN, our local IDDPNAC, and the RPNAC provide best value analysis for Center services on a regular basis. In addition, we analyze Cost Accounting Methodology data and Medicaid Administrative Claiming results to identify areas where improvements are needed.

To expand our service capacity, Tri-County continues to seek opportunities for grant funding and service contracts. We are also actively pursuing fundraising opportunities and soliciting donations. Additionally, Tri-County continues to analyze and improve productivity so that more services can be provided with existing resources.

Goals of the QM Program

The goals of the QM Program are designed to ensure that Tri-County's QM activities are measuring the key elements of quality services provided to individuals with IDD. These goals are meant to be a foundation for the QM Department and are not intended to be the only activities of the department.

Goal 1: Direct the internal program review process to consistently, effectively, and efficiently monitor and evaluate the provision of services to individuals with intellectual and developmental disabilities (IDD).

Performance Standards:

1. Participate in internal program reviews throughout the year and produce reports for programs reviewed.

Measurable Activities:

1. Update, as necessary, all program review tools to be in compliance with TAC, Medicaid rules, state performance contracts and other state regulations, as applicable.
2. Complete program reviews for selected service programs annually.
3. Provide feedback to reviewed programs that include department strengths, weaknesses, and recommendations for improvement.
4. Provide the program review report to program managers and the Management Team within four (4) weeks of report completion.
5. Follow up with program managers regarding plans of correction as needed.
6. Provide updates from program reviews to the IDD Quality and Utilization Management (QUM) Team for evaluation.
7. Continually monitor the program review process and make modifications as needed to ensure that the process is measuring critical program elements.

Outcomes:

1. All tools used in the program review process are being reviewed and updated, as necessary, prior to each program review audit.

2. Reports are completed for each program and are shared with program managers for their input before being presented to the Management Team.
3. Reports have been provided within four (4) weeks of completion.
4. The QM Department has followed up with program managers regarding their plan of correction as needed.
5. Several changes have been made to the program review process, such as having program managers complete the chart reviews and having the QM staff complete a follow-up audit of a smaller percentage of charts for validity purposes. This enables the program manager to assess the strengths or weaknesses of their staff in completing person directed plans, progress notes and other areas of concern.
6. Program managers have provided training to program staff when weaknesses are noted during the program review.
7. The QM Department has presented program results for evaluation, as necessary, at the QUM meetings.

Goal 2: Successfully coordinate the Center's organizational self-assessment activities as a part of the ongoing evaluation and monitoring process of Tri-County.

Performance Standards:

1. At intervals designated by DADS, ensure that organizational self-assessment activities are completed and submitted.
2. At intervals designated by DADS, ensure that applicable improvement plans are completed, submitted, and reviewed.

Goal 3: Support Tri-County in meeting or exceeding all applicable requirements and standards.

Performance standards:

1. Review all new Texas Administrative Codes (TAC) that apply to services to persons with IDD.
2. Assure that all programs have a current copy of the TAC or know how to quickly access the information if maintained electronically.
3. Review Tri-County's Policies and Procedures as a part of the internal program review process.

Measurable results:

1. Review all new TAC posted in the TAC Viewer within two (2) weeks.
2. Forward relevant TAC to programs within two (2) weeks of review.
3. Look at each program manual (whether maintained in hard copy or electronically) as part of the a program review process to ensure programs have the most current TAC, contract requirements, and related memorandum of understanding (MOU).

4. Review applicable policies and procedures and make recommendations for revision to ensure compliance with current requirements.

Outcomes:

1. The QM Department reviews all new TAC posted in the TAC Viewer within two (2) weeks.
2. The QM Department continues to forward all new TAC to appropriate programs within two (2) weeks of review.
3. The QM Department looks at the program manual during each program review. The QM Department continues to contact program managers if the program manual does not have current TAC and assists the manager as needed to ensure that current TAC is in program manuals.

Goal 4: To ensure individuals served are treated with dignity and respect.

Measurable activities:

1. Monitor all allegations of abuse, neglect, and exploitation.
2. Ensure relevant training is provided to staff when trends are noted.
3. Ensure all individuals served are provided with a copy of the rights handbook, that it is explained to them in a way they understand, and is documented in the individual's clinical record.
4. Ensure that all staff knows who to contact in the event of an allegation of abuse, neglect, and/or exploitation.
5. Investigate all rights complaints in a timely manner and ensure that these complaints are handled with confidentiality.
6. Make reasonable improvements to programs resulting from complaints of individuals served.
7. For a deficiency identified by DADS related to critical health, safety, rights, or abuse and neglect, the deficiency will be corrected immediately, and within five (5) business days after receipt of a request from DADS, a corrective action plan (CAP) will be developed that adequately addresses the correction of the deficiency.

Outcomes:

1. The Rights Protection Officer monitors, reports on, and makes recommendations to management regarding abuse, neglect, and exploitation allegations and investigation results.
2. When appropriate, trainings are provided to program staff resulting from allegations in an attempt to reduce instances of abuse, neglect, and exploitation during this fiscal year.
3. Individuals served are provided with rights booklets upon admission, as well as annually, and documentation is made in the individual's clinical record.
4. During program review audits staff are asked questions related to how, where and when to report events of abuse, neglect, and exploitation. The ability of staff

- to answer these questions correctly is part of the program review process and feedback is provided to program managers within a reasonable amount of time.
5. All complaints are handled with confidentiality and in a timely manner.
 6. The Rights Protection Officer and the program managers have worked well together in ensuring that complaints from individuals served and/or other stakeholders are taken seriously and reasonable changes are made as a result of complaints, if necessary.
 7. Tri-County strives to work collaboratively with DADS to ensure that individuals served receive the best care possible.

Goal 5: To ensure that Contract Targets and Performance Measures are met.

Performance Measures:

1. Serve 120 non-waiver individuals with IDD per quarter.
2. Ensure that 95% of enrollments into HCS meet timelines.
3. Ensure that 95% of Permanency Plans are completed within the correct timeline.
4. Ensure that 95% of TxHmL meet timelines.
5. Ensure that 100% of individuals on the HCS interest list are contacted within timelines.

Measurable Activities:

6. Monitor Tri-County's status on all performance measures in the Quality and Utilization Management (QUM) and Junior Utilization Management (JUM) Committees.
7. Issue warnings from the JUM or QUM committees if any of the measures trend low or fall below contract expectations.
8. Ensure that reports used by DADS to monitor our agencies performance are identified and made available to program staff.

Outcomes:

1. Tri-County continues to perform within the required expectations.
2. Information will be shared about ways non-program departments can assist program staff in meeting targets.
3. All program and utilization staff will be aware of status on reaching agency targets and performance measures.
4. Information on the status of reaching goals will be shared with the Management Team.
5. QUM and program staff commit to working together to monitor the status of performance measures.

In addition to the goals above, other QM Responsibilities of the Center to ensure best quality include:

- Effectively monitoring the Center's interest list program.
- Effectively administering the Center's local planning process.

- Effectively administering the Center's risk management and contract compliance system.
- Effectively monitoring and maintaining other contract guidelines.

Quality-Related Responsibilities of Management and Committees

Tri-County is dedicated to promoting a team approach to serving persons with mental illness and IDD. Tri-County continues to work diligently at increasing the lines of communication between levels of management, quality-related committees, and all staff. We continue to strive to enrich the lives of individuals served and their families. Although we adhere to the team philosophy, there must also be groups of people identified to focus on specific aspects of the Center. The leadership groups and committees of Tri-County are the following:

The Board of Trustees:

- Responsible for the provision of a comprehensive program of mental health and IDD services in its service area.
- Strives to obtain the highest quality of service for the lowest cost.
- Establishes mental health and IDD services directly and/or through contractual arrangements stressing accessibility, availability, acceptability, and continuity of care, based on the financial capability of the Center.
- Develops and executes plans for the continued financial stability and the acquisition of adequate resources to accomplish the purposes and objectives of the Center.
- Establishes an on-going quality assurance program that provides for appropriate review systems which monitor client care.
- Reviews, at least quarterly, monthly reports of programmatic and fiscal activities.
- Promotes the objectives of the Center to the community by utilizing the media and other forms of communication.

The Executive Director:

- Ensures the Executive Management Team implements, oversees, and reviews QM activities.
- Ensures the Management Team receives and evaluates internal and external reports for all QM activities.
- Ensures that program operations and policies and procedures are in compliance with local, state, and federal statutes and regulations.
- Evaluates and monitors QM performance outcomes to ensure compliance with the QM plan.
- Appoints members to agency committees.
- Ensures that Center goals and objectives are developed annually and that progress toward goals is monitored on at least a quarterly basis.
- Implements Board Policies through the development of operational procedures.

- Responsible for overall operations of the Center and compliance with the performance contract.

The Management Team:

The Management Team consists of the Executive Director, Chief Financial Officer, Director of Human Resources & Human Resource Development, Medical Director, the Director of Quality Management and Support, Director of Crisis Services, Director of IDD Provider Services, Director of IDD Authority Services, and the Behavioral Health Director.

The Management Team meets weekly and is responsible for:

- Implementing, overseeing, and reviewing QM activities.
- Reviewing and evaluating internal and external reports for all QM activities.
- Reviewing committee reports to ensure that issues related to individuals' needs are properly addressed.
- Monitoring and assuring compliance to all contract requirements, standards, and codes.
- Ensuring that changes in contracts and standards are provided to the relevant program staff.
- Serving as liaisons to all agency committees.
- Reviewing key service indicators and outcomes at least quarterly.
- Reviewing financial reports on a monthly basis.
- Monitoring all risk data for employees and individuals served on at least a quarterly basis.
- Monitoring results of internal program review audits.

The Administrator of Quality Management:

The Administrator of Quality Management's duty, in cooperation with the Management Team, is to ensure oversight of a QM plan that describes the on-going method for assessing, coordinating, communicating, and improving the QM functions, processes, and outcomes of the Center. The Administrator of Quality Management:

- Co-chairs the QUM Committee.
- Serves as a member of the JUM Committee.
- Serves as a member of the Corporate Compliance Committee.
- Works closely with the Administrator of Utilization and Risk Management and IDD program managers to measure, analyze, and improve service capacity and access to services.
- Reviews aggregate critical incident data for IDD services and ensures it is reported accurately and in a timely manner to DADS.
- Provides the Management Team with reports so they can oversee and review QM activities.
- Completes all program review audits for each selected program.

- Monitors and reports QM outcomes to the Management Team on at least a quarterly basis.
- Assists the Rights Protection Officer with monitoring trends in client abuse, neglect, and exploitation and assigns follow-up responsibilities to appropriate staff.
- Coordinates the agency's RMTS program.
- Develops and ensures stakeholder surveys are distributed in all three local service areas every 2 years and monitors results of program specific surveys.
- Monitors the Performance Contract for compliance.

Rights Protection Officer:

- Acts as the Center's Rights Protection Officer.
- Receives and follows up on complaints until there is resolution.
- Assists the Administrator of Utilization and Risk Management with various appeals and fair hearing processes, as needed.
- Assists the Administrator of Utilization and Risk Management with monitoring rights and abuse data for trends.
- Assists with the completion of all program review audits conducted throughout the year.

Administrator of Utilization and Risk Management:

- Co-Chairs the Center's Safety Committee.
- Monitors rights, abuse, safety and health data for trends, and provides information to the Management Team on at least a quarterly basis.
- Co-chairs the QUM Committee.
- Serves as a member of the JUM Committee.
- Serves as a member of the Corporate Compliance Committee.
- Monitors services to ensure the most efficient use of resources.
- Monitors services to ensure they are provided in line with state and contractual guidelines.
- Assists the Director of QM and Support with implementing and monitoring the Corporate Compliance Action Plan.

Consumer Rights Review Team (CRRT):

The Rights Protection Officer (RPO) is mandated by the Texas Administrative Code for the protection, preservation, promotion, and advocacy of the health, safety, welfare, legal, and human rights of consumers. The CRRT assists the RPO, as warranted, for collaborative reviews. The responsibilities of the CRRT and/or RPO may include:

- Ensuring due process for consumers when a limitation of rights is being considered.
- Meeting as requested by the RPO to conduct business.

- Reviewing behavior modification plans to ensure that consumer rights are protected.
- Reviewing medication changes for some consumers if necessary.
- Reviewing the Critical Incident Report (rights, abuse, safety, and neglect) data.

Recommendations from the CRRT and/or RPO are submitted to the Management Team when adverse trends, patterns, or barriers are identified.

Safety Committee:

The Administrator of Utilization and Risk Management chairs the Center's Safety Committee. The Safety Committee is comprised of selected members who review data from a variety of sources to identify situations that pose a risk to individuals served, the community, employees, and/or the Center. In conjunction with the Safety Officer, the Safety Committee creates, implements, and maintains a system of tracking, reporting, and evaluating the Center Safety Plan. Trends, recommendations, and decisions made or identified by the Safety Committee are sent to the Management Team for review. The Safety Committee meets at least quarterly, and as necessary, to conduct business.

Risk Management Team:

The comprehensive Risk Management Team is responsible for the development, implementation, support, monitoring, and evaluation of the comprehensive Risk Management Program. Executive management staff serve as permanent members of this team, with additional staff serving on an as-needed basis. Information on rights and abuse will be presented to the Risk Management Team. This team meets weekly or as often as is necessary to conduct its business.

Quality and Utilization Management (QUM) Committee:

The QUM committee has representation from an array of staff in IDD services. The Administrator of QM and the Administrator of Utilization and Risk Management are the committee chairs. Members include the Director of IDD Provider Services, the Director of IDD Authority Services, the Coordinator of IDD Intakes and Enrollment, the Administrator of IDD Authority Services, and the Data Coordinator. The Director of QM and Support also attends the meetings and acts as a liaison for the Management Team. The duty of the QUM Committee is to ensure the Center is effectively managing its resources and improving the efficiency of the QUM process. To fulfill its responsibility, the QUM Committee will meet at least quarterly, and will:

- Work to review and coordinate internal auditing of services and programs to ensure compliance with the Texas Administrative Code, the Center's Performance Contracts, the Texas Department of Aging and Disability Services (DADS), other state agencies as applicable, and any MOU relevant to the provision of IDD services.
- Review data for IDD Services, consumer complaints, consumer deaths, abuse/neglect allegations, voter registration activities, incident reports, safety

committee recommendations, staff productivity, interest lists, program satisfaction surveys, and any other data or reports that reflect compliance with quality standards.

- Review any recommendations of the local IDDPNAC and participate in and submit, as requested, information to the RPNAC.
- Review results of program review audits.
- Monitors performance in relation to defined contract performance measures, including outcomes.
- Reviews reports regarding appeals of eligibility for services.
- Makes recommendations to managers, as necessary, regarding changes to the current service delivery and/or data collection system to ensure timely and efficient adherence to required performance measures, including outcomes.
- Makes recommendations, as necessary, to the Management Team on how to efficiently and effectively meet the requirements for various contracts.
- Proposes consideration of a variety of strategies that may lead to better use of available resources and possible ways of increasing resources.

After review of the above, the QUM committee will determine whether there are indications that changes are needed in the delivery of services, to policies and procedures, or to the training needs of staff. The committee's Management Team member will be responsible for presenting the committee recommendations to the Management Team for review and approval.

Junior Utilization Management Committee (JUM):

The Director of Quality Management and Support chairs this committee. The Junior Utilization Management Committee (JUM) consists of the Administrator of Utilization and Risk Management, the Administrator of Quality Management, and the Manager of Information Technology Services. Additional Center staff are brought to JUM meetings as deemed necessary. The JUM Committee meets at least three times a month to analyze factors that might be affecting Tri-County's ability to meet contract performance expectations. To fulfill its responsibilities the JUM Committee:

- Reviews a list of contract expectations and performance on these issues up to the date of the meeting.
- Updates a document that is accessible to all managers, that reflects agency performance on target measures.
- Sends emails to managers of programs that are below contract expectations, informing them of program areas that are not in compliance with contract expectations.
- Reviews contract due dates and sends reminders to staff about upcoming contract deadlines.
- Creates custom reports for problem areas so staff can be more knowledgeable about factors that are affecting contract compliance.

- Scrutinizes data that is submitted to determine possible data problems that might be affecting performance.
- Invites program managers to present compliance concerns to the committee so that the JUM can assist with problem-solving activities.

Grid Review Team (GRiT):

- Sets up encounter data modalities to ensure correct submission to the DSHS data warehouse.
- Reviews the Chagemaster report to ensure that charges are accurate and up to date.
- Reviews the IDD service array to ensure that we are in compliance with the performance contract.
- Reviews service code definitions to ensure that they are in line with the service array and the performance contract.
- Meets quarterly and/or as needed.

Corporate Compliance Committee:

The Corporate Compliance Officer chairs this committee. The Corporate Compliance Committee is comprised of the Director of Quality Management and Support, Human Resources Director, Administrator of Utilization and Risk Management, Administrator of Quality Management, Rights Protection Officer, the Chief Financial Officer, Reimbursement Manager, and the Criminal Justice Services Program Administrator. The Corporate Compliance Committee is scheduled to meet at least quarterly, but the meetings may be scheduled more frequently, as determined by the existing needs of the Center.

The Corporate Compliance Committee is responsible for reviewing corporate compliance issues on both a systems level and an individual provider level to determine whether there are changes that the Center needs to make to ensure compliance with rules and laws related to ethics, service, and/or billing. To fulfill its responsibility, the committee will:

- Provide oversight of the Center's Corporate Compliance Program.
- Review results of external audits and make recommendations for corrective actions (i.e. changes to policies and procedures, staff training) as necessary to assure compliance with federal funding rules.
- Coordinate information and actions with the QUM Committee.
- Review findings of any Corporate Compliance investigations.
- Assure that staff are provided with education regarding corporate compliance issues at least quarterly.
- Evaluate the Chagemaster Review, which is completed by the Grid Review Team at least annually.
- Review Corporate Compliance Programs of Tri-County's large contractors who do not wish to participate in the Tri-County Compliance Program.

- Review the Corporate Compliance Action Plan at least annually to determine if modification or additions are needed.
- Report all Corporate Compliance allegations, findings, and dispositions (e.g. increased employee training, termination of employment, corrected billing/financial reports) to the Board of Trustees on at least a quarterly basis.

Intellectual and Developmental Disabilities Planning Network Advisory Committee (IDDPNAC):

The purpose of the IDDPNAC is to advise the Board of Trustees on planning, budget, and contract issues, as well as the needs and priorities for the service area. Members are appointed by the Board of Trustees and represent persons with IDD. The IDDPNAC is charged with providing input on local needs, best value, and local planning. One member of the IDDPNAC is asked to sit on the RPNAC for the East Texas Behavioral Healthcare Network. The IDDPNAC is composed of nine members, at least 50% of which are individuals served, or family members of persons with IDD. Staff from Tri-County serves as ex-officio members of the IDDPNAC to provide support and information, as necessary and appropriate, for the IDDPNAC to conduct its business. Ex-officio members have a voice but no vote at IDDPNAC meetings. Tri-County will replace IDDPNAC members within 3 months of their leave. The IDDPNAC is always given the opportunity to make recommendations to the Board through the Director of Quality Management and Support. The responsibilities of the IDDPNAC include, but are not limited to:

- Advising the Board of Trustees on planning, budgeting, and contract issues, as well as the needs and priorities in Tri-County's service area.
- Obtaining stakeholder input on service needs and delivery, and presenting this information to the Board of Trustees and the Executive Director.
- Assisting with annual recognition of Tri-County volunteers, and with patron and Center advocacy projects.
- Reviewing and providing input on the local plan.
- Assisting in promoting Tri-County in the community through education efforts, presentations, and contact with key community and political leaders.
- Meeting at least quarterly.
- Providing an annual report to the Board of Trustees.

Regional Planning Network Advisory Committee (RPNAC):

Tri-County, as a member of ETBHN, collaborates with member Centers for the provision of certain administrative support. ETBHN formed the RPNAC to be made up of at least one (1) IDDPNAC member from each ETBHN member Center (although it can be as many as two from each Center). At least one of Tri-County's IDDPNAC members, the Administrator of Quality Management, and the Rights Protection Officer, attends the quarterly RPNAC meetings. Tri-County IDDPNAC members who are on the RPNAC, Management Team staff, and Quality Management staff work with other ETBHN Centers to meet the following goals:

- To assure that the ETBHN network of providers will continuously improve the quality of services provided to all consumers through prudent mediation by network leadership.
- To continuously activate mechanisms to proactively evaluate efforts to improve clinical outcomes and practices.
- To maintain a process by which unacceptable outcomes, processes, and practices can be identified.
- To facilitate Best Value Determinations and Service Evaluations; evaluations shall take place one service at a time, as determined by the Regional Oversight Committee (ROC). ETBHN will collect and compile data and distribute it to member Centers.

ORGANIZATIONAL MEASUREMENT, ASSESSMENT AND IMPROVEMENT

Measuring, Assessing, and Improving the Accuracy of Data Reported by the Local Authority:

Tri-County continues to work on perfecting the data that is used for measurement of our activities. Our focus remains to identify areas of weakness and ensure that improvements are made when necessary. Tri-County employs specific staff who work to ensure that the mapping of our internal procedure codes to the state grid code is correct. Our staff is dedicated to re-evaluating and adjusting our system to improve its efficiency, as necessary. Tri-County batches encounter data to the state on a daily basis so that reports from the DADS data warehouse can be used daily for monitoring our progress toward meeting performance measures. Each day, selected staff review encounter data warnings so that corrections can be made in Tri-County's clinical system that might affect batching accuracy. Data entries completed by clinical staff are monitored to ensure accountability of the accuracy of service data. Additionally, Tri-County staff are doing the following activities:

- CARE reports used for monitoring performance are sent to JUM members, as well as program managers, for review.
- The billing department has begun monitoring weekly service reports. In this review, staff review billing for possible billing errors.
- The billing department looks for diagnosis errors as a part of their weekly billing review.
- Monthly billing suspense reports are provided to clinical staff to correct billing errors.

Internal Program Review Process:

One of Tri-County's self-assessment initiatives is the Program Review process. The Administrator of Quality Management, assisted by other Quality Management staff, completes this process. This internal auditing process looks at each program's compliance with the contract and applicable standards. Program outcomes (including

program manuals and program descriptions), quality and satisfaction endeavors, progress toward meeting DADS Performance Measures, financial reports, personnel development, and compliance with the Health Insurance Portability Accountability Act (HIPAA) are measured in this process. Chart audits, interviews with program staff, interviews with the program manager, inspection of the facilities, review of consumer satisfaction surveys, and review of the program manual are all a part of this process. A defined scoring criterion is established to determine each program's score; this score then determines the rating level that the program receives. The program score is used to measure progress from one year to the next, as well as for comparison within the Center. Documentation and chart review tools used in this audit are developed from the Performance Contract, relevant Texas Administrative Code, and other State regulations, as applicable. The tools will continue to be changed as necessary to ensure we are measuring compliance with the most current standards and guidelines. A result of each program review audit is shared with the program manager who makes a plan of correction, if necessary, and submits it to the Administrator of Quality Management. A final report is generated and presented to the Management Team. The Center's QUM Committee also reviews the results of each IDD program review audit.

Satisfaction Survey:

Satisfaction surveys are completed as part of the Center's self-assessment process. Each program has developed its own questionnaire and distributes it to their consumers at least quarterly. The results are used to make reasonable changes to the program. The HCS program continues to complete customer service surveys as required by the HCS program standards. The Department of Aging and Disability Services HCS survey team reviews the results of these surveys during their annual program review. Results of satisfaction surveys are also reviewed during the program review process to ensure that any problem areas have been resolved.

Stakeholder Involvement and Input:

External service providers and other stakeholders will receive information through meetings. One example of this is the Partnership for Quality Improvement (PQI), which is a meeting between Tri-County staff and staff from a contract agency. This meeting is used to exchange information, discuss any problems, and review data. Tri-County staff are involved in community meetings so issues including quality can be addressed. Area organizations in which Tri-County participates include the Community Resource Coordinating Group (CRCG), Montgomery County Homeless Coalition, United Way, United Way Funded Partners, Disaster Recovery Committee, United Way Disaster Recovery Task Force, Conroe Rotary Club, Montgomery County Disaster Assistance Planning Committee, HCS Advisory Committee, the local Intellectual and Developmental Disabilities Planning Network Advisory Committee (IDDPNAC), Regional Planning Network Advisory Committee (RPNAC), the Cleveland Advisory Board, Healthcare Alliance of Montgomery County, and three jail diversion task force groups. Participating in these groups enables Tri-County staff to network and collaborate with representatives from other area agencies.

We continue to strive to engage individuals served, their families, providers, advocates, local officials, volunteers, staff, and the general public in planning initiatives. Information needed to ensure Tri-County identifies community values, service needs, and priorities for the persons in the Department of Aging and Disability Services (DADS) priority population is obtained in many different ways. Networking and collaborating with community agencies, as well as distribution of surveys to obtain stakeholder input, have helped us to identify service gaps and priorities.

Tri-County's Home and Community Based Services program (HCS) has an advisory committee that meets at least quarterly and is composed of individuals served, legally authorized representatives (LARs) of individuals served, community representatives, and family members. The goal of this committee is to assist the program provider to perform the following activities:

- Evaluating and addressing the satisfaction of individuals served, or legally authorized representatives (LAR) of individuals served, with the program provider's services.
- Soliciting, addressing, and reviewing complaints from individuals served or their LAR's about the operations of the program.
- Reviewing all allegations of abuse, neglect, and exploitation alleged to have been committed by program provider personnel against individuals and the program provider's practices for preventing the occurrence or reoccurrence of abuse, neglect, and exploitation.
- Participating in a continuous quality improvement review of the program provider's operations and offering recommendations for improvement for action by the program provider as necessary.

In addition to the information staff receive through networking and collaboration, our Center developed a survey to obtain information from our stakeholders to determine what Tri-County could do to improve specific IDD services or supports, the types of education the community would like Tri-County to provide, services the Center does not currently provide that are deemed as beneficial to the community, additional comments, overall satisfaction with Tri-County, and feedback on the transition impact of IDD services into managed care. The survey was developed by the Administrator of Quality Management, the members of the agency's Quality Management Committee, and the members of the Intellectual and Developmental Disabilities Planning Network Advisory Committee (IDDPNAC). These stakeholder surveys were hand-delivered and mailed to individuals served, families, community agencies, healthcare organizations, schools, and governmental entities. These surveys were also given to members of the CRCG and the IDDPNAC, with the request to complete them and to distribute to other stakeholders to complete. Details on the results of this survey effort can be found in the Center's Intellectual and Developmental Disabilities Local Plan.

Clinical Records Review:

The Program Review process also looks at clinical records. This process is a structured approach to reflect standard and contract compliance and the quality and quantity of a program's clinical records. This internal auditing process helps programs achieve better overall quality of clinical records. Periodically, the QUM Committee will also review clinical records.

Corporate Compliance:

Tri-County continues to implement and monitor initiatives that are outlined in the Center's Corporate Compliance Action Plan. Corporate Compliance training is part of the new employee orientation. All employees and the Board of Trustees receive annual training on Corporate Compliance. Mandatory training helps protect the Board of Trustees, employees of all levels, and contractors against the negative consequences of federal healthcare fraud and abuse. The Corporate Compliance Procedure requires that the Center develop an improved culture of sensitivity and awareness of federal funding requirements and compliance obligations. All Corporate Compliance allegations are investigated and, if needed, corrective action is taken. Corporate Compliance training issues are discussed with employees by their supervisor on a quarterly basis. An executive level staff member continues to be the Corporate Compliance Officer and the Corporate Compliance Committee meets at least quarterly.

To ensure compliance with the Deficit Reduction Act of 2005 (DRA), Tri-County has modified our Corporate Compliance Program to include the following:

- The Corporate Compliance Policy has been revised to include:
 - Reference to the Corporate Compliance Action Plan as the guide for Corporate Compliance activities in the Center.
 - Requirement that that training includes information on:
 - The Federal False Claims Act
 - The State Medicaid False Claims Act
 - Qui Tam
- The Corporate Compliance Action Plan was developed to guide the activities of the Corporate Compliance Program at Tri-County.
- The Community Based Services Agreement was modified to specify that contractors with Tri-County had to either:
 - Participate in the Tri-County Compliance program, or
 - Provide their Corporate Compliance information to our committee for review and approval.
- The Corporate Compliance Training was revised to reflect all changes.
- The Agency Employee Handbook was revised to reflect all Corporate Compliance Program changes.

Staff Development:

To ensure the provision of quality services, Tri-County staff receive on-going training. Training is provided to staff using various media. In addition to computer based training,

the Training Department also provides a variety of face-to-face trainings. Included in this training is a Corporate Compliance training review.

As program managers have identified problems or potential problems in their departments, the Training Department has developed specific computer based training modules, as well as provided face-to-face training to the program staff. The training department has taken on a very proactive collaborative approach to improving the competencies of direct service program staff, which improves the quality of services they provide to the individuals with whom they work.

For supervisors, we have a required a half-day supervisor training bi-annually, given and developed by The Management Team; ongoing optional supervisory trainings provided by the Training Department, and; annual supervisory training by the Texas Council of Risk Management.

Tri-County staff may also receive training from the Texas Council Risk Management Fund and other regional and statewide conferences. The Training Department ensures that all staff are current on their training and no lapse occurs. Tri-County ensures that professional clinical staff's licensing and credentials are current. Tri-County is committed to on-going professional training and provides a variety of experts to provide training on such topics as cultural diversity, customer service, responsible care, best practices, and teaching strategies for persons with intellectual and developmental disabilities and mental illness.

Rights, Abuse/Neglect, Safety, and Health Data:

Rights related issues, as well as abuse and neglect information, is tracked, reviewed, and reported on a regular basis through the Rights Protection Officer. Tri-County safeguards the health and safety of individuals served, families, and staff through the ongoing monitoring and reporting of critical incidents, medication errors, infection control events, maintenance, and safety reports. The QUM Committee reviews the Critical Incident Reporting (CIR) data quarterly, looking for trends in all aspects of the data. If trends are found, improvement plans are requested from the appropriate program. The Safety Committee reviews those incidents involving maintenance and safety issues. The Management Team reviews these reports at least quarterly and takes remedial action as appropriate. Complaints are tracked through all levels of the organization, and each complaint continues to be tracked until it is resolved.

When an allegation is confirmed by the Rights Protection Officer, the Administrator of Utilization and Risk Management and the appropriate program manager determine what the Center can do to keep incidents from happening again. Occasionally, staff have received more in-depth, face-to-face training on topics such as positive behavior management, customer service, and abuse and neglect. Often these trainings are customized for other programs in an attempt to proactively reduce the incidents of abuse, neglect, and exploitation before it occurs.

All individuals served or their legally authorized representatives (LARs) will be provided information on all available providers of IDD services in the area, including the State Schools, and will be informed of all choices. No efforts will be undertaken to persuade families to choose one option over the other.

PLAN FOR REDUCING CONFIRMED INSTANCES OF ABUSE AND NEGLECT

On a quarterly basis, the Rights Protection Officer presents information relevant to abuse and neglect of persons served. This data includes not only confirmed allegations, but also unconfirmed and inconclusive allegations. The data are reviewed and analyzed by the QUM Committee for trends or patterns involving particular programs, certain staff or persons served. If trends or patterns are identified, recommendations for improvements are made, and improvement plans are requested if necessary. Tri-County QM Department staff have worked closely with the providers to assist with increased staff training to include documented annual updates in all training areas for new employees, as well as for current employees. The Safety Committee also reviews the data to determine any trends or patterns related to safety and makes necessary recommendations.

Tri-County continues its efforts to safeguard the well-being of the individuals they serve. The 1-800 line routed directly to the Rights Protection Officer continues to be a helpful tool to both individuals served and staff. Individuals served may stay in touch with the Rights Protection Officer without having to make a long distance phone call. Although the 1-800 line is picked up by voicemail after hours, the Rights Protection Officer instructs consumers in her message on how to reach the Department of Family and Protective Services (DFPS) 1-800 line in cases of abuse, neglect, or exploitation. If DFPS is contacted about potential abuse, neglect, or exploitation, they will contact the Rights Protection Officer on a pager which is on 24 hours a day, 365 days a year. If the individual served seeks an operator after hours by pressing zero during the voicemail message, instructions are given on how to contact our after-hours crisis service. We continue to pursue a diligent education program on how to exercise rights and contact the Rights Protection Officer, as well as the Department of Family and Protective Services, when there is a need. We ask that each department include a small portion of Rights Training in their staff meetings on a regular basis.

In identifying improvement opportunities, it is important to note the significance of quality staff training. Our staff gets both face-to-face and computer based training upon date of hire, with strict completion dates. Retraining in these areas continue on an annual basis via computer based and face-to-face training. In addition, the Rights Protection Officer may conduct training with specific program staff as needed.

Additionally, the QM Department has face-to-face interviews with program staff during the program review process of each department to ensure that staff members are knowledgeable in reporting rights, abuse, neglect, and exploitation issues. During the review, each facility is checked to ensure that proper information on how to contact the

Rights Protection Officer and the DFPS is posted with easy to understand instructions on how to utilize the information.

The Center continues to focus on best hiring practices in order to reduce the turnover rate of our employees. Significant efforts to retain staff continue to be explored and utilized when financially viable for the Center, including pay increases, higher quality health insurance, and increases in our match of retirement funds. The Center continues in its commitment to seek and identify new ways to provide quality services to individuals with resources that are available.

REVIEWING AND UPDATING THE IDD QM PLAN

The IDD QM Plan will be reviewed as needed by the Administrator of Quality Management and potential changes will be discussed with at least one Management Team staff. At least every 2 years, the QM Plan is re-evaluated for its effectiveness. If the plan is not determined to be effective, new activities including intensified monitoring efforts, re-assignment of staff, and/or the appointment of additional committees or improvement teams will be considered. The IDD QM Plan is reviewed and approved every 2 years by the Board of Trustees. This plan will be amended, as needed, if any portion of the plan is modified or discontinued.

Agenda Item: Community Resources Report Committee: Program	Board Meeting Date July 24, 2014
Background Information: None	
Supporting Documentation: Community Resources Report	
Recommended Action: For Information Only	

Community Resources Report

May 23, 2014 – July 24, 2014

Volunteer Hours:

Location	May	June
Conroe	134	191.5
Cleveland	5	1
Liberty	126.5	5.5
Huntsville	14	113.5
Total	279.5	311.5

COMMUNITY ACTIVITIES:

5/23/14	Women of Distinction Luncheon	The Woodlands
5/27/14	Hispanic Outreach Professional Enrichment (H.O.P.E.)	The Woodlands
5/31/14	Emergency Preparedness Fair	Conroe
6/2/14	Montgomery County Homeless Coalition Meeting	Conroe
6/5/14	Cleveland Chamber of Commerce Luncheon	Cleveland
6/5/14	Walker County Community Resource Coordination Group	Huntsville
6/5/14	Disaster Behavioral Health Regional Meeting	Houston
6/6/14	Region 2 1115 Waiver Meeting	League City
6/10/14	Montgomery County CARES Meeting	Conroe
6/10/14	Montgomery County Managed Assigned Counsel Board Meeting	Conroe
6/11/14	Roots of Change Coalition	Conroe
6/12/14	Montgomery County Homeless Coalition Meeting	Conroe
6/17/14	Walker County Child Fatality Review Team Meeting	Huntsville
6/17/14	Liberty County Child Fatality Review Team Meeting	Liberty
6/17/14	Montgomery County Community Resource Coordination Group	Conroe
6/19/14	Up2You Coalition	Huntsville
7/3/14	Walker County Community Resource Coordination Group	Huntsville
7/3/14	Cleveland Chamber of Commerce Luncheon	Cleveland
7/7/14	Montgomery County Homeless Coalition Meeting	Conroe
7/8/14	Walker County Budget Hearing	Huntsville
7/9/14	Roots of Change Coalition	Conroe
7/11/14	Region 2 1115 Waiver Behavioral Health Summit	Galveston
7/15/14	Montgomery County Community Resource Coordination Group	Conroe
7/17/14	Walker County Child Fatality Review Team Meeting	Huntsville
7/17/14	Up2You Coalition	Huntsville

UPCOMING ACTIVITIES:

8/1-8/3/14	Burnham Classic Golf Tournament	Liberty
8/4/14	Montgomery Homeless Coalition Meeting	Conroe
8/7/14	Cleveland Chamber of Commerce Luncheon	Cleveland
8/14/14	Huntsville Chamber of Commerce Breakfast	Huntsville
8/18/14	Youth Mental Health First Aid Training – San Jacinto Elementary	Conroe
8/26/14	Disaster Response Training	Houston

Agenda Item: Consumer Services Reports for May and June 2014 Committee: Program	Board Meeting Date July 24, 2014
Background Information: None	
Supporting Documentation: Consumer Services Reports for May and June 2014	
Recommended Action: For Information Only	

Consumer Services Report May 2014

Consumer Services	Montgomery County	Cleveland	Liberty	Walker County	Total
Crisis Services, MH Adults/Children					
Persons Screened, Intakes, Other Crisis Services	447	31	37	52	567
Crisis and Transitional Services (LOC 0, LOC 5)	45	3	5	1	54
Psychiatric Emergency Treatment Center (PETC) Served	54	4	0	3	61
Psychiatric Emergency Treatment Center (PETC) Bed Days	297	21	0	14	332
Contract Hospital Admissions	6	0	1	1	8
Diversion Admits	13	1	1	4	19
Total State Hospital Admissions	2	0	0	1	3
Routine Services, MH Adults/Children					
Adult Service Packages (LOC 1m,1s,2,3,4)	965	119	92	131	1307
Adult Medication Services	624	57	68	88	837
Child Service Packages (LOC 1-4 and YC)	331	30	11	40	412
Child Medication Services	145	12	6	10	173
TCOOMMI (Adult Only)	99	8	5	10	122
Adult Jail Diversions	8	0	0	0	8
Persons Served by Program, IDD					
Number of New Enrollments for IDD Services	6	0	0	0	6
Service Coordination	470	22	48	59	599
Persons Enrolled in Programs, IDD					
Center Waiver Services (HCS, Supervised Living, TxHmL)	38	7	18	22	102
Contractor Provided ICF-MR	18	12	11	6	47
Substance Abuse Services					
Children and Youth Prevention Services	119	156	0	13	288
Youth Substance Abuse Treatment Services/COPSD	17	0	0	1	18
Adult Substance Abuse Treatment Services/COPSD	24	0	0	0	24
Waiting/Interest Lists as of Month End					
Department of State Health Services-Adults	0	0	1	0	1
Department of State Health Services-Children	0	0	0	0	0
Home and Community Based Services Interest List	1395	112	126	131	1764
May Served by County					
Adult Mental Health Services	1271	128	123	171	1693
Child Mental Health Services	353	32	12	49	446
Intellectual and Developmental Disabilities Services	543	42	62	66	713
Total Served by County	2167	202	197	286	2852
April Served by County					
Adult Mental Health Services	1332	130	116	181	1759
Child Mental Health Services	346	26	11	40	423
Intellectual and Developmental Disabilities Services	523	43	63	66	695
Total Served by County	2201	199	190	287	2877
March Served by County					
Adult Mental Health Services	1221	134	124	173	1652
Child Mental Health Services	323	22	14	39	398
Intellectual and Developmental Disabilities Services	516	44	62	64	686
Total Served by County	2060	200	200	276	2736

Consumer Services Report

June 2014

Consumer Services	Montgomery County	Cleveland	Liberty	Walker County	Total
Crisis Services, MH Adults/Children					
Persons Screened, Intakes, Other Crisis Services	435	37	39	47	558
Crisis and Transitional Services (LOC 0, LOC 5)	45	0	2	0	47
Psychiatric Emergency Treatment Center (PETC) Served	60	3	2	3	68
Psychiatric Emergency Treatment Center (PETC) Bed Days	354	16	9	16	395
Contract Hospital Admissions	15	0	1	2	18
Diversion Admits	13	0	0	3	16
Total State Hospital Admissions	9	0	0	1	10
Routine Services, MH Adults/Children					
Adult Service Packages (LOC 1m,1s,2,3,4)	1000	125	99	133	1357
Adult Medication Services	667	62	57	64	850
Child Service Packages (LOC 1-4 and YC)	334	34	11	38	417
Child Medication Services	171	18	2	14	205
TCOOMMI (Adult Only)	100	8	5	13	126
Adult Jail Diversions	7	0	0	0	7
Persons Served by Program, IDD					
Number of New Enrollments for IDD Services	10	0	0	0	10
Service Coordination	485	26	48	66	625
Persons Enrolled in Programs, IDD					
Center Waiver Services (HCS, Supervised Living, TxHmL)	46	5	23	28	102
Contractor Provided ICF-MR	17	12	11	6	46
Substance Abuse Services					
Children and Youth Prevention Services	119	156	0	13	288
Youth Substance Abuse Treatment Services/COPSD	17	0	0	0	17
Adult Substance Abuse Treatment Services/COPSD	25	0	0	2	27
Waiting/Interest Lists as of Month End					
Department of State Health Services-Adults	0	0	0	0	0
Department of State Health Services-Children	0	0	0	0	0
Home and Community Based Services Interest List	1414	114	127	131	1786
June Served by County					
Adult Mental Health Services	1309	132	119	175	1735
Child Mental Health Services	334	34	14	42	424
Intellectual and Developmental Disabilities Services	555	49	63	70	737
Total Served by County	2198	215	196	287	2896
May Served by County					
Adult Mental Health Services	1271	128	123	171	1693
Child Mental Health Services	353	32	12	49	446
Intellectual and Developmental Disabilities Services	543	42	62	66	713
Total Served by County	2167	202	197	286	2852
April Served by County					
Adult Mental Health Services	1332	130	116	181	1759
Child Mental Health Services	346	26	11	40	423
Intellectual and Developmental Disabilities Services	523	43	63	66	695
Total Served by County	2201	199	190	287	2877

Agenda Item: Program Updates Committee: Program	Board Meeting Date July 24, 2014
Background Information: None	
Supporting Documentation: Program Updates	
Recommended Action: For Information Only	

Program Updates

May 23, 2014 – July 24, 2014

MH Crisis Services

1. Substance abuse education activities have been added to the PETC day program.
2. Position descriptions were written for the Intensive Evaluation and Diversion program. The positions have been posted and we will begin interviewing prospective candidates soon. This program's anticipated start date is September 1st.
3. Our Mobile Crisis Outreach Team currently has two vacancies.
4. Judge Thomas Chambers of Liberty County called a meeting to discuss issues regarding the crisis service system in Liberty County. The Judge invited staff from the Mental Health Division of the Harris County Constable's Office and representatives of their Mental Health Court. An executive workgroup will be formed to address the crisis service issues in Liberty County.

MH Adult Services

1. The mental health waiting list for adults and children was officially dissolved.
2. One of our mental health outpatient psychiatrists resigned and her last day was July 15th; however, she has agreed to contract for on-call work. A Locum Tenens prescriber has been contracted with for coverage at the medication clinic.
3. A prescriber contracted through ETBHN has agreed to add an extra day for intake visits on Friday via televideo.
4. The 1115-Integrated Healthcare program is up and running. We have over 200 clients waiting for a scheduled appointment. Currently, prescriber services are being provided by an Advanced Practitioner RN who also works at the PETC. We are still seeking a part-time physician for the program.

MH Child Services

1. We are in the midst of our S.O.A.R. summer day camp for eligible children on our mental health caseload. This year, we have two 20-day sessions that provide the campers with the opportunity to participate in daily groups and skills training.
2. Our C&A rehab staff and licensed clinicians have thus far been better able to keep the children and youth engaged in services during the summer months.

Criminal Justice Services

1. TCOOMMI caseloads remain above the contracted minimum of 110.
2. The Outpatient Competency Restoration (OCR) program had a site visit from DSHS Courtney Heard, which went very well.
3. Jail diversion efforts have intensified to increase the amount of diversions granted and decrease jail population.
4. There was one individual admitted to OCR in June to make a total of ten served for FY 2014. The annual OCR target is 15.

Substance Abuse Services

1. The Adult Substance Abuse Treatment programs have started two new marketing campaigns to generate increased referrals. We have been asked to speak at agency in-service meetings with Montgomery County Emergency Assistance and Montgomery County Women's Center.
2. The Youth Substance Abuse Treatment program is receiving a large number of internal referrals from child mental health services.
3. The Youth Substance Abuse Prevention program is busy with summer programming. We have prevention skills groups at the Boys and Girls Club in Huntsville and at our own S.O.A.R. summer day camp. We have also formed two groups that meet weekly at our RP location.

IDD Services

1. The local authority received 84 Texas Home Living slots and ten HCS slots.
2. The IDD Accelerated Community Treatment (ACT) program is currently working with ten individuals.
3. Individuals are experiencing issues with maintaining their Medicaid eligibility. It appears to be due to the increase in paperwork requirements. One individual can receive up to four different packets each year that can be overwhelming to complete.
4. Individuals have started to receive their packets to select Managed Care Company to go into effect September 1, 2014.

Support Information

1. **Veteran Affairs:** Our Veteran Services Liaison has resigned and interviews for a replacement are currently underway.
2. **Planning Network Advisory Committees (PNACs):** The MHPNAC met on May 21st and the IDDPNAC on June 4th to discuss a date to schedule Youth Mental Health First Aid Training (YMHFA). Staff will be providing the training on two Saturdays in August for those PNAC members who are interested in learning more about how adults can assist youth in our community who may be in the early stages of developing a mental health problem or who may be experiencing a mental health crisis.

Agenda Item: FY 2014 Goals and Objectives Progress Report Committee: Program	Board Meeting Date July 24, 2014
Background Information: <p>The Board of Trustees and Management Team met on July 13, 2013 for the annual strategic planning retreat and to develop the goals for FY 2014. Goals were discussed and a consensus was reached. Subsequently, the Management Team developed objectives for each of the goals. These goals are in addition to the contractual requirements of the Center's contracts with the Department of State Health Services and the Department of Aging and Disability Services.</p> <p>The Board also requested that quarterly progress reports be presented as a "year-to-date summary."</p> <p>This report shows progress through the 3rd Quarter of FY 2014.</p>	
Supporting Documentation: FY 2014 Goals and Objectives Progress Report	
Recommended Action: For Information Only	

Year-to-Date Progress Report

September 1, 2013 – May 31, 2014

Goal #1 – Community Awareness

Objective #1

Form a committee, which includes staff and one Board liaison, to identify three/four options for a new organizational name and logo for Tri-County Services by January 31, 2014.

- After a review of names used by community centers around the nation and a survey taken by staff and stakeholders, staff recommended 'Tri-County Behavioral Healthcare' as the new name for the Center.
- Logos for the 39 community centers were evaluated by the Management Team. The committee has contacted two of the four organizations which developed the logos that the Management Team liked most.
- The committee has reviewed basic questions like logo color and design features that we would like to include.
- With the departure of Sandy Kelly, Public Information Coordinator, who was spearheading this activity, there has been some delay in interviewing the other two organizations. After interviewing these organizations, one will be selected to begin logo development.

Objective #2

Present options for a new organizational name and logo to the Board of Trustees for approval by February 28, 2014.

- Staff requested potential organizational names from Tri-County staff and compiled a list of five names for the Board to review.
- On April 24, 2014, the Board approved the recommendation to select 'Tri-County Behavioral Healthcare/Health Care' as the DBA name for Tri-County MHMR Services contingent upon approval and further investigation conducted by the Executive Director.
- Center attorneys have suggested that Tri-County should officially change their name to 'Tri-County Behavioral Healthcare' rather than file another doing-business-as name. This would require approval by the three Commissioners' Courts.

Objective #3

Develop marketing materials related to the new organizational name and logo by April 30, 2014.

- There have been a series of discussions about marketing materials that will be used when the name and logo is changed. This will be an activity for the Public Information Coordinator that will be hired to replace Sandy Kelly.

Objective #4

Market the new organizational name to area stakeholders during the fourth quarter of FY 2014.

- Without the name and logo finalized, we were not able to work on this Objective during the third quarter. However, we have been planning marketing activities.

Objective #5

During Tri-County's Intellectual and Developmental Disabilities (IDD) Local Planning, distribute information and answer questions about Senate Bill 7 and the impact on IDD Services.

- There were guests at the IDD Planning Network Advisory Committee to discuss Senate Bill 7 and the impact on the community.
- Staff attended state meetings to learn more about Managed Care for persons with IDD under Senate Bill 7.
- A total of nine meetings were held during the IDD Local Planning process between April 15th and May 1st. The IDD Local Plan for FY 2015-2016 was drafted for approval by the Board.

Goal #2 – Technology

Objective #1

Develop a technology improvement plan by January 31, 2014.

- A consultant, Jerry Carnley, was hired and will develop a technology improvement plan with the assistance of Tri-County's IT Director.
- Jerry has reviewed the IT Department's staffing pattern and hardware and is preparing a set of recommendations for the Management Team.

Objective #2

Identify two technological improvements from the improvement plan which can be implemented by the end of FY 2014.

- A series of potential priorities were discussed by IT staff and the Management Team members, but we have delayed implementation as we await the consultant's report.

Goal #3 – Funding

Objective #1

Hire a consultant to advise the Management Team about fundraising activities which will generate revenue for the Center by January 31, 2014.

- Four fundraising consultants were interviewed by Sandy Kelly.
- The consultants felt that it would be better to start off with smaller fundraising activities before attempting a gala or other major event.

Objective #2

Present options for fundraisers to the Board of Trustees for input and approval by June 1, 2014.

- Several of the Management Team members have been involved in discussing public relations events which would target certain populations (e.g. parents of IDD consumers, families and friends of persons who committed suicide, etc.). The plan would be to seek sponsors/underwriters who would provide funding for these events. We would hope to cover costs initially but eventually plan to develop these types of events into bigger fundraising opportunities.

Objective #3

Develop new relationships with at least two new businesses in our service area and seek their involvement in fundraising activities.

- No activity on this Objective in the third quarter.

Goal #4 – Staffing

Objective #1

Identify key positions by agency department for additional training and leadership opportunities by November 30, 2013.

- Key positions were identified by management and several training opportunities were offered to these individuals.

Objective #2

Establish at least four training opportunities for these staff by August 31, 2014.

- National Council Leadership Development Training
- Mental Health First Aid Training
- Texas Council Risk Management Fund Supervisor Training
- Peer Support Training

Goal #5 – Facilities

Objective #1

Hire a consultant to assist a committee, which includes one staff and one Board liaison, in the development of a plan to move toward the creation of a consolidated service location for Montgomery County and the City of Liberty by February 28, 2014.

- Staff identified potential consultants in the first quarter.
- Brad Browder was appointed to the staff/Board committee that will be reviewing the consultant's recommendations.
- A consultant, Mike Duncum, was hired. Mr. Duncum has reviewed Center properties and he presented his initial findings to the Board of Trustees at the annual Board and Management Team Strategic Planning meeting on July 19th.

Objective #2

Create a strategy for the disposition of property currently owned by the Center by February 28, 2014.

- Mr. Duncum is reviewing property and has developed a strategy for disposition of property that is currently owned by the Center. This strategy was reviewed at the annual Board and Management Team Strategic Planning meeting on July 19th.

Agenda Item: 3 rd Quarter FY 2014 Corporate Compliance and Quality Management Report Committee: Program	Board Meeting Date July 24, 2014
Background Information: The Department of State Health Services' Performance Contract has a requirement that the Quality Management Department provide "routine" reports to the Board of Trustees about "Quality Management Program activities." Although Quality Management Program activities have been included in the program updates, it was determined that it might be appropriate, in light of this contract requirement, to provide more details regarding these activities. Since the Corporate Compliance Program and Quality Management Program activities are similar in nature, the decision was made to incorporate the Quality Management Program activities into the Quarterly Corporate Compliance Report to the Board and to format this item similar to the program updates. The Corporate Compliance and Quality Management Report for the 3 rd quarter of FY 2014 are included in this Board packet.	
Supporting Documentation: 3 rd Quarter FY 2014 Corporate Compliance and Quality Management Report	
Recommended Action: For Information Only	

Corporate Compliance and Quality Management Report

3rd Quarter, FY 2014

Corporate Compliance Activities

A. Key Statistics:

1. There was one (1) Corporate Compliance investigation in the 3rd quarter of FY 2014. This review was initiated after a supervisor noticed a steep increase in staff's productivity that was inconsistent with previous performance. This case is currently pending final review.
2. Daily Compliance Reviews of documentation, based upon a random sample selection process, continue to be completed by the Quality Management Department in order to identify and address any compliance concerns prior to billing.

B. Committee Activities:

1. The Corporate Compliance Committee met on May 7, 2014 and reviewed the following:
 - a. A summary of 2nd quarter Corporate Compliance investigations.
 - b. A review of audits that were requested by various funding sources; and
 - c. Legal updates on compliance issues including the Top Compliance Risk Areas for 2014 with regard to Community Behavioral Health Organizations (CBHO's). These areas include:
 - i. HIPAA
 - ii. Fraud
 - iii. Employee and Contractor Screening; and
 - iv. Federal Grants Management

Quality Management Initiatives

A. Key Statistics:

1. Staff responded to (1) DSHS Initiative.
2. Staff responded to three (3) record requests.

B. Reviews/Audits:

1. Staff reviewed, prepared, and submitted records requested from DSHS in preparation for a Statewide Comprehensive Mental Health and Substance Abuse review which took place on-site the week of April 7 – 11.
2. Staff collected, reviewed, and submitted seven (7) records requested by Aetna.
3. Staff collected, reviewed, and submitted twenty (20) records to MCHD related to an Office of the Inspector General Review.
4. Staff collected, reviewed, and submitted eight (8) records requested by Medicaid.

C. Internal Programs Reviewed by Quality Management:

1. Staff completed the Crisis Services Program Review.
2. Staff completed the Intake and LOC 2 (therapy) Program Review.

Agenda Item: 4 th Quarter FY 2014 Corporate Compliance Training Committee: Program	Board Meeting Date July 24, 2014
Background Information: As part of the Center's Corporate Compliance Program, training is developed each quarter for distribution to staff by their supervisors. This training is included in the packet for ongoing education of the Tri-County Board of Trustees on Corporate Compliance issues.	
Supporting Documentation: 4 th Quarter FY 2014 Corporate Compliance Training	
Recommended Action: For Information Only	

**The Federal Anti-kickback Statute:
How it relates to you as an employee of a Community Behavioral Health
Organization (CBHO)
4th Quarter, FY 2014 Corporate Compliance Training**

INTRODUCTION:

The Anti-kickback Statute is a criminal prohibition against direct and indirect payments made with the purpose of inducing or rewarding the referral or generation of federal healthcare business. The statute extends equally to the solicitation or acceptance of payment for referrals. In addition to criminal penalties, violators may be subject to hefty fines and exclusion from federal healthcare programs.

Although liability under the Anti-kickback Statute ultimately hinges on an individual's intent, it is important to identify practices that may present significant potential for abuse. As a CBHO that is financed with federal healthcare dollars, Tri-County employees should examine remunerative relationships and understand when any aspect of such relationships may be violating the Anti-kickback Statute. (Many health care funding mechanisms may include federal dollars even if they appear to be coming from another source (e.g. state Substance Abuse Treatment funding). As a result, all health care funding at the Center should be considered federal for purposes of this Policy.) Any single component of an arrangement that induces or rewards referrals or recommendations of federal healthcare business is enough to violate the Anti-kickback law. Employees and agents should be aware that the anti-kickback statute prohibits in the health care industry some practices that are common in other business sectors. In short, practices that may be common or longstanding in other businesses are not necessarily acceptable or lawful when soliciting federal health care program business.

Questions to ask when determining remunerative relationships:

- Are free products and services offered/accepted to encourage their use?
- Are free products and services offered/accepted to encourage a business arrangement with a federal healthcare business such as a CBHO?
- Does the arrangement or practice have a potential to interfere with clinical decision-making?
- Has anything of value been offered to any individual in a position to make decisions about product selection or business affiliation related to the federal healthcare business? (this could include physicians or any other agency role charged with decision making surrounding business relationships)
- Would acceptance of the remuneration diminish, or appear to diminish, the objectivity of professional judgment?

Examples of Federal Anti-kickback Statute Violations in CBHOs:

- A mental health caseworker is contacted by a Private Psychiatric Hospital who tells them that they will be paid for referral of clients to their hospital with Medicaid.
- An IDD Service Coordinator or HCS service provider owns a portion of a durable medical goods company and refers their clients to this company to purchase supplies with Medicaid benefits.

For more information on this topic go to:

* <http://www.socialmedicine.org/2009/01/16/big-pharma/no-more-drug-company-pens-a-trojan-horse/>
<http://oig.hhs.gov/fraud/docs/complianceguidance/042803pharmacymfgnonfr.pdf>
<http://oig.hhs.gov/>

- A financial staff working at a CBHO is gifted tickets to a sporting event from a bank to entice them to come in and discuss a potential business arrangement.
- A drug company comes on site to educate a small group of doctors and nurses about a new drug and while there provides branded pens and food to the rest of the staff who were not a part of the educational session
("As of January 1, 2009 - Providing items for healthcare professionals' use that do not advance disease or treatment education — even if they are practice-related items of minimal value (such as pens, note pads, mugs and similar "reminder" items with company or product logos) — may foster misperceptions that company interactions with healthcare professionals are not based on informing them about medical and scientific issues. Such non-educational items should not be offered to healthcare professionals or members of their staff, even if they are accompanied by patient or physician educational materials.")

Remember, if the remuneration is intended to generate any federal health care business, it potentially violates the anti-kickback statute. It is important that we encourage those we do business with to comply with the best practice guidelines to avoid any risk related to being found in violation of the Anti-kickback Statute.

If you have questions or concerns about Corporate Compliance, talk with your supervisor or contact the Corporate Compliance Officer, Tanya Bryant, at: tanyab@tricityservices.org or by phone at 936 521-6115.

Agenda Item: Appoint Nominating Committee for FY 2015 Board Officers Committee: Executive	Board Meeting Date July 24, 2014
Background Information: The Board Chair will select representatives for the Nominating Committee for FY 2015 Board Officers. Typically, the committee is made up of three members and includes a representative from each county. One of the members will also be designated to serve at the chair of the committee. The annual election of officers will occur at the August Board meeting.	
Supporting Documentation: None	
Recommended Action: Appoint Nominating Committee for FY 2015 Board Officers	

Agenda Item: Appoint Executive Director Evaluation Committee Committee: Executive	Board Meeting Date July 24, 2014
Background Information: The Board Chairman will select representatives for the FY 2014 Executive Director Evaluation Committee. Typically, the committee has been made up of three members and includes a representative from each county. One of the members will also be designated to serve at the chair of the committee. The results of the Executive Director Evaluation will be reviewed at the August Board meeting.	
Supporting Documentation: None	
Recommended Action: Appoint Executive Director Evaluation Committee	

Agenda Item: Board of Trustees Oath of Office Committee: Executive	Board Meeting Date July 24, 2014
Background Information: The Walker County Commissioner's Court appointed Mr. Jacob Paschal to fill the unexpired term of Mr. Len George which will expire on August 31, 2014. Mr. Paschal will recite his oath of office at the Board meeting.	
Supporting Documentation: Oath of Office Recitation	
Recommended Action: Recite Oath of Office	

OFFICE OF THE COUNTY JUDGE

DANNY PIERCE
Walker County Judge
(936) 436-4910
(936) 436-4914 FAX

Walker County Courthouse
1100 University Avenue
Huntsville, Texas 77340

May 30, 2014

Tri-County MHMR
P.O. Box 3067
Conroe, TX 77305

Dear Evan:

The Walker County Commissioners' Court met during regular session on May 27, 2014. During this session it was unanimously approved to appoint Mr. Paul "Jacob" Paschal to the Tri-County MHMR Board of Trustees to finish the term vacated by Mr. Len George. I would like to take this opportunity to give thanks to those who work so diligently for the betterment of Tri-County MHMR's clients. If I can be of further service please let me know.

Sincerely,



Danny Pierce
County Judge
Walker County

DP/sp

OATH OF OFFICE

I, _____,
do solemnly swear,
that I will faithfully execute
the duties of the office of Trustee
of Tri-County Services,
and will, to the best of my ability
preserve, protect, and defend the Constitution
and laws of the United States and of this State;
and I furthermore solemnly swear
that I have not directly nor indirectly,
paid, offered, or promised to pay,
contributed, nor promised to contribute
any money, or valuable thing,
or promised any public office or employment,
as a reward for the giving or withholding a vote
to secure my appointment,
and further affirm that I,
nor any company, association, or corporation
of which I am an officer or principal
will act as supplier of services or goods,
nor bid or negotiate to supply
such goods or services, for this Center,
so help me God.

Agenda Item: Personnel Reports for May and June 2014 Committee: Executive	Board Meeting Date July 24, 2014
Background Information: None	
Supporting Documentation: Personnel Reports for May and June 2014	
Recommended Action: For Information Only	

TRI-COUNTY SERVICES PERSONNEL BOARD REPORT MAY 2014

STAFF CLASSIFICATIONS	NEW HIRES		SEPARATED		VOLUNTARY SEPARATION		INVOLUNTARY SEPARATION		BUDGETED POSITIONS	FILLED POSITIONS	MONTHLY TURNOVER PERCENT	YEARLY TURNOVER PERCENT
	MO.	YTD.	MO.	YTD.	MO.	YTD.	MO.	YTD.				
Bachelor's												
Qualified Mental Health Professionals	5	30	1	18	1	15		3	95	87	1%	19%
Qualified Developmental Disability Professionals (State Title)	1	5		1		1			21	20	0%	5%
Licensed Staff		6		1		1			17	17	0%	6%
Medical												
Physicians		1		1		1			9	6	0%	11%
Advanced Practice Nurses		3		1				1	4	3	0%	25%
RN's		3		1		1			14	13	0%	7%
LVN's		2							13	10	0%	0%
Techs/Aides												
MH	3	4		1		1			20	17	0%	5%
IDD	1	5	4	6	4	4		2	31	28	13%	19%
Supervisor/Manager												
MH		1		3		3			16	16	0%	19%
IDD									8	8	0%	0%
Program Support		12		7		4		3	44	40	0%	16%
Central Administration		2	1	3	1	2		1	21	19	5%	14%
Business Services									14	14	0%	0%
Maintenance/Janitorial/Lawn	1	2	1	2	1	1		1	23	20	4%	9%
GRAND TOTALS	11	76	7	45	7	34	0	11	350	318	2%	13%

TRI-COUNTY SERVICES PERSONNEL BOARD REPORT JUNE 2014

STAFF CLASSIFICATIONS	NEW HIRES		SEPARATED		VOLUNTARY SEPARATION		INVOLUNTARY SEPARATION		BUDGETED POSITIONS	FILLED POSITIONS	MONTHLY TURNOVER PERCENT	YEARLY TURNOVER PERCENT
	MO.	YTD.	MO.	YTD.	MO.	YTD.	MO.	YTD.				
Bachelor's												
Qualified Mental Health Professionals	3	33	2	20	1	16	1	4	96	87	2%	21%
Qualified Developmental Disability Professionals (State Title)		5		1		1			22	20	0%	5%
Licensed Staff		6		1		1			17	17	0%	6%
Medical												
Physicians		1		1		1			9	6	0%	11%
Advanced Practice Nurses		3		1			1		4	3	0%	25%
RN's		3		1		1			14	13	0%	7%
LVN's	1	3							14	11	0%	0%
Techs/Aides												
MH		4		1		1			20	17	0%	5%
IDD		5		6		4		2	30	27	0%	20%
Supervisor/Manager												
MH		1		3		3			15	15	0%	20%
IDD									8	8	0%	0%
Program Support	1	13	3	10	1	5	2	5	43	40	7%	23%
Central Administration	1	3		3		2		1	21	19	0%	14%
Business Services			1	1	1	1			14	13	7%	7%
Maintenance/Janitorial/Lawn	1	3	2	4	1	2	1	2	23	20	9%	17%
GRAND TOTALS	7	83	8	53	4	38	4	15	350	316	2%	15%

Agenda Item: Approve May 2014 Financial Statements Committee: Business	Board Meeting Date July 24, 2014
Background Information: None	
Supporting Documentation: May 2014 Financial Statements	
Recommended Action: Approve May 2014 Financial Statements	

May 2014 Financial Summary

Revenues for May 2014 were \$2,178,424 and operating expenses were \$2,161,453 resulting in a gain in operation of \$16,971. Capital Expenditures and Extraordinary Expenses for May were \$3,709 resulting in a gain of \$13,263. Total revenues were 122.33% of the monthly budgeted revenues and total expenses were 132.35% of the monthly budgeted expenses.

Year to date revenues are \$18,830,919 and operating expenses are \$18,393,723 leaving excess operating revenues of \$437,196. YTD Capital Expenditures and Extraordinary Expenses are \$152,392 resulting in a gain YTD of \$284,804. Total revenues are 98.26% of the YTD budgeted revenues and total expenses are 97.88% of the YTD budgeted expenses

REVENUES

YTD Revenue items that are below the budget by more than \$10,000:

Revenue Source	YTD Revenue	YTD Budget	% of Budget	\$ Variance
DSHS – Gen Rev - NGM	491,020	529,418	92.74%	38,398

DSHS – Gen Rev – NGM – This line item is under budget due to positions that are funded by NGM that had been vacant for the entire year. We anticipate using the lapsed funds for the Children's Summer Camp program as we have done in previous years. We have hired all the staff for the summer camp and camp is being provided as we speak.

EXPENSES

YTD Individual line expense items that exceed the YTD budget by more than \$10,000:

Expense Source	YTD Expenses	YTD Budget	% of Budget	\$ Variance
No items to report				

TRI-COUNTY SERVICES
CONSOLIDATED BALANCE SHEET
As of May 31, 2014

	TOTALS COMBINED FUNDS May 2014	TOTALS COMBINED FUNDS April 2014	Increase (Decrease)
ASSETS			
CURRENT ASSETS			
Imprest Cash Funds	4,550	4,550	-
Cash on Deposit-General Fund	8,676,409	9,370,950	(694,541)
Cash on Deposit-Debt Fund	-	3,274	(3,274)
Accounts Receivable	1,594,981	1,902,178	(307,198)
Inventory	9,093	9,246	(153)
TOTAL CURRENT ASSETS	10,285,033	11,290,199	(1,005,167)
FIXED ASSETS	5,730,985	5,730,985	-
OTHER ASSETS	43,792	37,016	6,776
TOTAL ASSETS	16,059,810	17,058,201	(998,391)
LIABILITIES, DEFERRED REVENUE, FUND BALANCE:			
CURRENT LIABILITIES	837,119	875,522	(38,403)
NOTES PAYABLE	473,777	473,777	-
DEFERRED REVENUE	1,043,014	2,022,432	(979,418)
LONG-TERM LIABILITIES FOR			
Line of Credit - Tradition Bank	963,631	982,908	(19,278)
Bond Series 2004	-	-	-
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES FOR			
General Fund	284,804	271,541	13,263
Debt Service Fund	-	-	-
FUND EQUITY			
RESTRICTED			
Net Assets Reserved for Debt Service	(963,631)	(1,456,686)	493,055
Reserved for Debt Retirement	963,631	1,230,000	(266,369)
COMMITTED			
Net Assets-Property and Equipment	5,730,985	5,730,985	-
Reserved for Vehicles & Equipment Replacement	387,871		
Reserved for Facility Improvement & Acquisitions	2,426,254		
Reserved for Board Initiatives	1,500,000		
Reserved for 1115 Waiver Programs	516,833		
Reserved for Board Policy Requirements	-	879,405	(879,405)
Reserved for Equipment Reserve	-	354,290	(354,290)
Reserved for Inventory Reserve	-	32,973	(32,973)
Reserved for Operations and Programs	-	2,046,849	(2,046,849)
ASSIGNED			
Reserved for Workers' Compensation	274,409	274,409	-
Reserved for Current Year Budgeted Reserve	55,499	49,332	6,167
Reserved for Insurance Deductibles	100,000	100,000	-
Reserved for Accrued Paid Time Off	(473,777)		
UNASSIGNED			
Unrestricted and Undesignated	1,939,391	3,190,463	(1,251,072)
TOTAL LIABILITIES/FUND BALANCE	16,059,810	17,058,201	(5,355,572)

TRI-COUNTY SERVICES
CONSOLIDATED BALANCE SHEET
As of May 31, 2014

TOTALS
Memorandum Only

	General Operating Funds	May 2014	Final August 2013
ASSETS			
CURRENT ASSETS			
Imprest Cash Funds	4,550	4,550	5,325
Cash on Deposit-General Fund	8,676,409	8,676,409	7,747,392
Cash on Deposit-Debt Fund	-	-	421,561
Accounts Receivable	1,594,981	1,594,981	1,657,784
Inventory	9,093	9,093	6,661
TOTAL CURRENT ASSETS	10,285,033	10,285,033	9,838,723
FIXED ASSETS	5,730,985	5,730,985	5,730,985
OTHER ASSETS	43,792	43,792	36,317
	16,059,810	16,059,810	15,606,026
LIABILITIES, DEFERRED REVENUE, FUND BALANCE			
CURRENT LIABILITIES	837,119	837,119	1,340,397
NOTES PAYABLE	473,777	473,777	473,777
DEFERRED REVENUE	1,043,014	1,043,014	426,256
LONG-TERM LIABILITIES FOR			
Line of Credit - Tradition Bank	963,631	963,631	1,135,612
Bond Series 2004	-	-	410,000
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES FOR			
General Fund	284,804	284,804	1,108,422
Debt Service Fund	-	-	-
FUND EQUITY			
RESTRICTED			
Net Assets Reserved for Debt service-Restricted	(963,631)	(963,631)	(2,019,389)
Reserved for Debt Retirement	963,631	963,631	1,230,000
COMMITTED			
Net Assets-Property and Equipment-Committed	5,730,985	5,730,985	5,730,985
Reserved for Vehicles & Equipment Replacement	387,871	387,871	-
Reserved for Facility Improvement & Acquisitions	2,426,254	2,426,254	-
Reserved for Board Initiatives	1,500,000	1,500,000	-
Reserved for 1115 Waiver Programs	516,833	516,833	-
Reserved for Board Policy Requirements-Committed	-	-	879,405
Reserved for Equipment Reserve-Committed	-	-	354,290
Reserved for Inventory Reserve-Committed	-	-	32,973
Reserved for Operations and Programs -Committed	-	-	2,046,849
ASSIGNED			
Reserved for Workers' Compensation-Assigned	274,409	274,409	274,409
Reserved for Current Year Budgeted Reserve -Assigned	55,499	55,499	-
Reserved for Insurance Deductibles-Assigned	100,000	100,000	100,000
Reserved for Accrued Paid Time Off	(473,777)	(473,777)	-
UNASSIGNED			
Unrestricted and Undesignated	1,939,391	1,939,391	2,082,041
TOTAL LIABILITIES/FUND BALANCE	16,059,810	16,059,810	15,606,026

TRI-COUNTY SERVICES
Revenue and Expense Summary
For the Month Ended May 2014
and YTD as of May 2014

INCOME:	MONTH OF May 2014	YTD May 2014
Local Revenue Sources	111,424	1,077,833
Earned Income	861,221	7,003,765
General Revenue-Contract	1,205,780	10,749,321
TOTAL INCOME	2,178,424	18,830,919
EXPENSES:		
Salaries	1,136,708	9,615,844
Employee Benefits	222,027	1,872,053
Medication Expense	40,321	299,376
Travel-Board/Staff	35,076	302,425
Building Rent/Maintenance	23,246	264,236
Consultants/Contracts	482,785	4,107,478
Other Operating Expenses	221,289	1,932,311
TOTAL EXPENSES	2,161,453	18,393,723
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	16,971	437,196
CAPITAL EXPENDITURES		
Capital Outlay-FF&E, Automobiles, Building	3,709	152,392
Capital Outlay-Debt Service Bonds	-	
TOTAL CAPITAL EXPENDITURES	3,709	152,392
GRAND TOTAL EXPENDITURES	2,165,162	18,546,115
Excess (Deficiency) of Revenues and Expenses	13,263	284,804

TRI-COUNTY SERVICES
Revenue and Expense Summary
Compared to Budgeted
Year to Date as of May 2014

	YTD May 2014	APPROVED BUDGET	Increase (Decrease)
INCOME:			
Local Revenue Sources	1,077,833	1,355,535	(277,702)
Earned Income	7,003,765	7,009,704	(5,939)
General Revenue-Contract	10,749,321	10,798,359	(49,038)
TOTAL INCOME	18,830,919	19,163,598	(332,679)
EXPENSES:			
Salaries	9,615,844	9,635,750	(19,906)
Employee Benefits	1,872,053	1,887,243	(15,190)
Medication Expense	299,376	294,118	5,258
Travel-Board/Staff	302,425	323,542	(21,117)
Building Rent/Maintenance	264,236	281,813	(17,577)
Consultants/Contracts	4,107,478	4,186,268	(78,790)
Other Operating Expenses	1,932,311	2,001,256	(68,945)
TOTAL EXPENSES	18,393,723	18,609,990	(216,267)
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	437,196	553,608	(116,412)
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	152,392	338,012	(185,620)
Capital Outlay-Debt Service Bonds			-
TOTAL CAPITAL EXPENDITURES	152,392	338,012	(185,620)
GRAND TOTAL EXPENDITURES	18,546,115	18,948,002	(401,887)
Excess (Deficiency) of Revenues and Expenses	284,804	215,596	69,208

Debt Service and Fixed Asset Fund:

Bond Payments Receipts	-	-	-
Bond Payments Disbursements		-	-
Interest Income			
Excess(Deficiency) of revenues over Expense:	-	-	-

TRI-COUNTY SERVICES
Revenue and Expense Summary
Compared to Budget
For the Month Ended May 2014

INCOME:	MONTH OF May 2014	APPROVED BUDGET	Increase (Decrease)
Local Revenue Sources	111,424	90,555	20,869
Earned Income	861,221	498,977	362,244
General Revenue-Contract	1,205,780	1,191,212	14,568
TOTAL INCOME	2,178,424	1,780,744	397,680
EXPENSES:			
Salaries	1,136,708	749,630	387,078
Employee Benefits	222,027	188,756	33,271
Medication Expense	40,321	63,320	(22,999)
Travel-Board/Staff	35,076	30,202	4,874
Building Rent/Maintenance	23,246	33,040	(9,794)
Consultants/Contracts	482,785	306,377	176,408
Other Operating Expenses	221,289	224,377	(3,088)
TOTAL EXPENSES	2,161,453	1,595,702	565,751
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	16,971	185,042	(168,071)
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	3,709	40,223	(36,514)
Capital Outlay-Debt Service Bonds	-	-	-
TOTAL CAPITAL EXPENDITURES	3,709	40,223	(36,514)
GRAND TOTAL EXPENDITURES	2,165,162	1,635,925	529,237
Excess (Deficiency) of Revenues and Expenses	13,263	144,819	(131,556)

Debt Service and Fixed Asset Fund:

Bond Payments Receipts	-	-	-
Bond Payments Disbursements	-	-	-
Interest Income	-	-	-
Excess(Deficiency) of revenues over Expenses	-	-	-

TRI-COUNTY SERVICES
Revenue and Expense Summary
With May 2013 Comparative Data
Year to Date as of May 2014

INCOME:	YTD May 2014	YTD May 2013	Increase (Decrease)
Local Revenue Sources	1,077,833	1,372,091	(294,258)
Earned Income	7,003,765	7,820,675	(816,910)
General Revenue-Contract	10,749,321	9,419,007	1,330,314
TOTAL INCOME	18,830,919	18,611,773	219,146
EXPENSES:			
Salaries	9,615,844	8,931,677	684,167
Employee Benefits	1,872,053	1,655,816	216,237
Medication Expense	299,376	230,037	69,339
Travel-Board/Staff	302,425	294,896	7,529
Building Rent/Maintenance	264,236	213,992	50,244
Consultants/Contracts	4,107,478	4,182,889	(75,411)
Other Operating Expenses	1,932,311	1,756,281	176,030
TOTAL EXPENSES	18,393,723	17,265,588	1,128,135
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	437,196	1,346,185	(908,989)
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	152,392	119,663	32,729
Capital Outlay-Debt Service Bonds		319,339	(319,339)
TOTAL CAPITAL EXPENDITURES	152,392	439,002	(286,610)
GRAND TOTAL EXPENDITURES	18,546,115	17,704,590	841,525
Excess (Deficiency) of Revenues and Expenses	284,804	907,183	(622,379)

Debt Service and Fixed Asset Fund:

Bond Payments Receipts	-	319,339	(319,339)
Bond Payments Disbursements			-
Interest Income			-
Excess(Deficiency) of revenues over Expenses	-	319,339	(319,339)

TRI-COUNTY SERVICES
Revenue and Expense Summary
With May 2013 Comparative Data
Year to Date as of May 2014

INCOME:	MONTH OF May 2014	MONTH OF May 2013	Increase (Decrease)
Local Revenue Sources	111,424	158,716	(47,292)
Earned Income	861,221	824,464	36,757
General Revenue-Contract	1,205,780	1,039,683	166,097
TOTAL INCOME	2,178,424	2,022,863	155,561
EXPENSES:			
Salaries	1,136,708	1,014,692	122,016
Employee Benefits	222,027	182,134	39,893
Medication Expense	40,321	37,486	2,835
Travel-Board/Staff	35,076	30,773	4,303
Building Rent/Maintenance	23,246	36,790	(13,544)
Consultants/Contracts	482,785	562,015	(79,230)
Other Operating Expenses	221,289	194,730	26,559
TOTAL EXPENSES	2,161,453	2,058,620	102,833
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	16,971	(35,757)	52,728
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	3,709	5,670	(1,961)
Capital Outlay-Debt Service Bonds	-	35,482	(35,482)
TOTAL CAPITAL EXPENDITURES	3,709	41,152	(37,443)
GRAND TOTAL EXPENDITURES	2,165,162	2,099,772	65,390
Excess (Deficiency) of Revenues and Expenses	13,263	(76,909)	90,172

Debt Service and Fixed Asset Fund:

Bond Payments Receipts	-	35,482	(35,482)
Bond Payments Disbursements	-	-	-
Interest Income	-	-	-
Excess(Deficiency) of revenues over Expenses	-	35,482	(35,482)

TRI-COUNTY SERVICES
Revenue and Expense Summary
With April 2014 Comparative Data
As of May 2014

INCOME:	MONTH OF May 2014	MONTH OF April 2014	Increase (Decrease)
Local Revenue Sources	111,424	114,960	(3,536)
Earned Income	861,221	834,067	27,154
General Revenue-Contract	1,205,780	1,335,431	(129,651)
TOTAL INCOME	2,178,424	2,284,457	(106,033)
EXPENSES:			
Salaries	1,136,708	1,210,094	(73,386)
Employee Benefits	222,027	276,661	(54,633)
Medication Expense	40,321	32,250	8,071
Travel-Board/Staff	35,076	38,008	(2,933)
Building Rent/Maintenance	23,246	45,980	(22,733)
Consultants/Contracts	482,785	477,068	5,717
Other Operating Expenses	221,289	230,395	(9,106)
TOTAL EXPENSES	2,161,453	2,310,456	(149,003)
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	16,971	(25,999)	42,970
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	3,709	15,018	(11,310)
Capital Outlay-Debt Service Bonds	-	-	-
TOTAL CAPITAL EXPENDITURES	3,709	15,018	(11,310)
GRAND TOTAL EXPENDITURES	2,165,162	2,325,474	(160,312)
Excess (Deficiency) of Revenues and Expenses	13,263	(41,017)	54,280

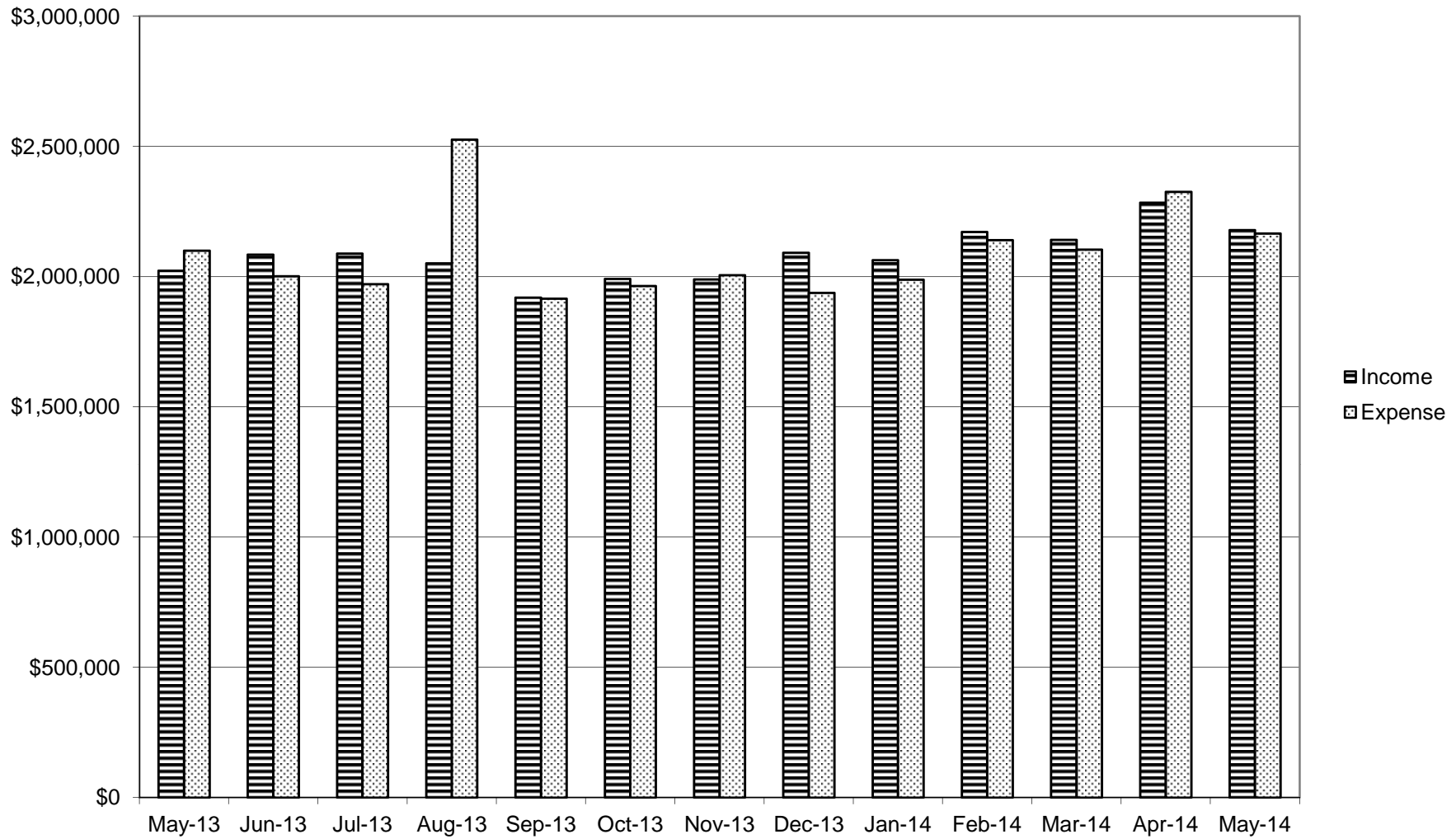
Debt Service and Fixed Asset Fund:			
Bond Payments Receipts	-	-	-
Bond Payments Disbursements			-
Interest Income			
Excess(Deficiency) of revenues over Expenses	-	-	-

TRI-COUNTY SERVICES
Revenue and Expense Summary by Service Type
Compared to Budget
As of YTD Ended May 2014

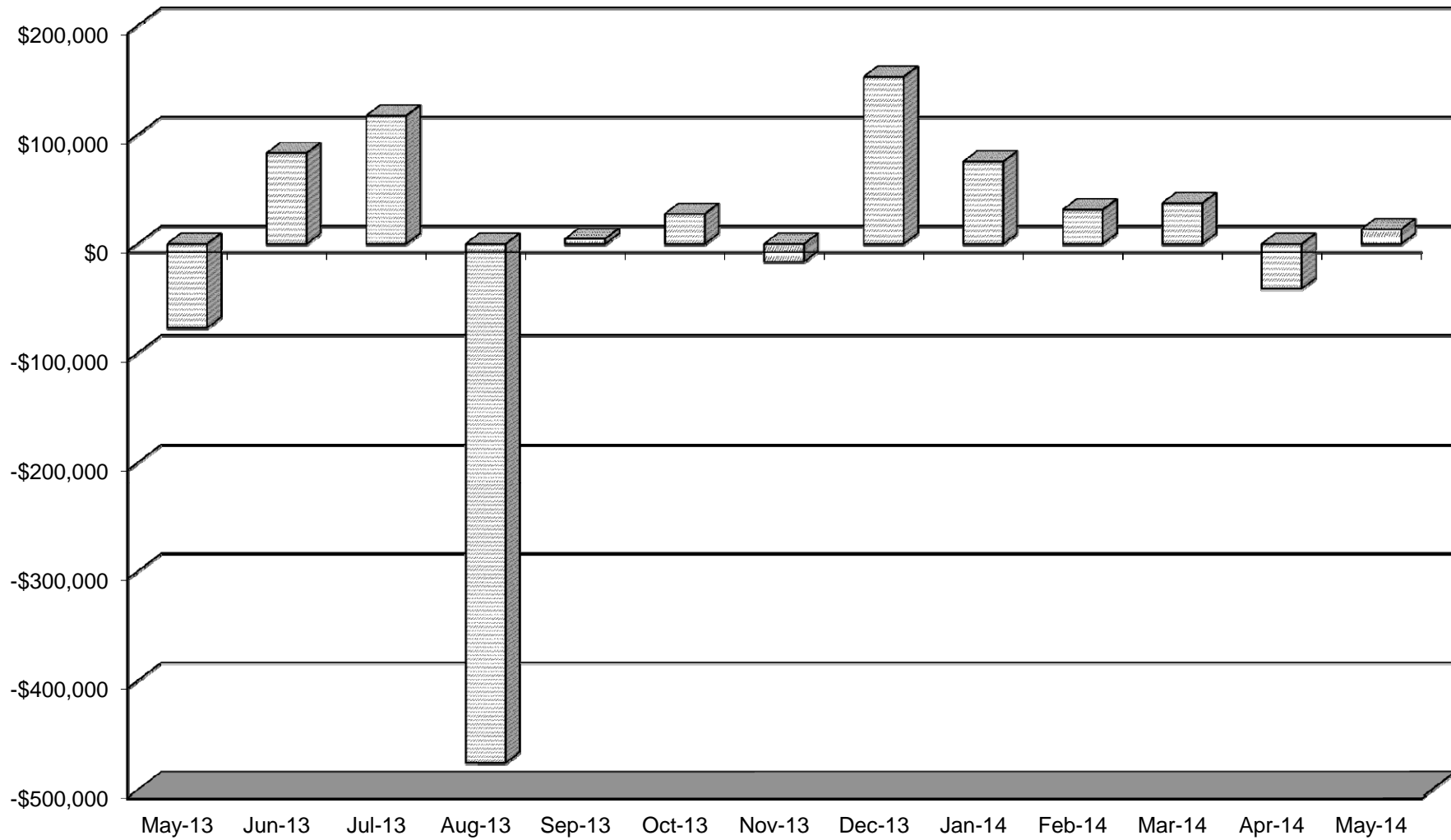
	YTD Mental Health May 2014	YTD IDD May 2014	YTD Other Services May 2014	YTD Agency Total May 2014	YTD Approved Budget May 2014	Increase (Decrease)
INCOME:						
Local Revenue Sources	801,653	112,193	163,989	1,077,833	1,355,535	(277,702)
Earned Income	1,563,326	4,288,835	1,151,603	7,003,765	7,009,704	(5,939)
General Revenue-Contract	9,583,230	1,166,092		10,749,321	10,798,359	(49,038)
TOTAL INCOME	11,948,209	5,567,120	1,315,592	18,830,919	19,163,598	(332,679)
EXPENSES:						
Salaries	6,721,980	1,980,432	913,433	9,615,844	9,635,750	(19,906)
Employee Benefits	1,275,011	415,998	181,045	1,872,053	1,887,243	(15,190)
Medication Expense	281,118		18,257	299,376	294,118	5,258
Travel-Board/Staff	183,040	80,181	39,205	302,425	323,542	(21,117)
Building Rent/Maintenance	171,428	76,843	15,964	264,236	281,813	(17,577)
Consultants/Contracts	1,433,573	2,603,601	70,304	4,107,478	4,186,268	(78,790)
Other Operating Expenses	1,266,583	452,655	213,073	1,932,311	2,001,256	(68,945)
TOTAL EXPENSES	11,332,733	5,609,710	1,451,281	18,393,723	18,609,990	(216,267)
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	615,476	(42,590)	(135,689)	437,196	553,608	(116,412)
CAPITAL EXPENDITURES						
Capital Outlay-FF&E, Automobiles	90,669	10,890	50,832	152,392	338,012	(185,620)
Capital Outlay-Debt Service Bonds				-		-
TOTAL CAPITAL EXPENDITURES	90,669	10,890	50,832	152,392	338,012	(185,620)
GRAND TOTAL EXPENDITURES	11,423,402	5,620,600	1,502,113	18,546,115	18,948,002	(401,887)
Excess (Deficiency) of Revenues and Expenses	524,807	(53,480)	(186,521)	284,804	215,596	69,208

Debt Service and Fixed Asset Fund:						
Bond Payments Receipts	-	-	-	-	-	-
Bond Payments Disbursements		-	-	-	-	-
Interest Income		-	-	-	-	-
Excess(Deficiency) of revenues over Expenses	-	-	-	-	-	-

TRI-COUNTY SERVICES Income and Expense



TRI-COUNTY SERVICES
Income after Expense



Agenda Item: Approve June 2014 Financial Statements Committee: Business	Board Meeting Date July 24, 2014
Background Information: None	
Supporting Documentation: June 2014 Financial Statements	
Recommended Action: Approve June 2014 Financial Statements	

June 2014 Financial Summary

Revenues for June 2014 were \$2,276,462 and operating expenses were \$2,174,574 resulting in a gain in operation of \$101,888. Capital Expenditures and Extraordinary Expenses for June were \$4,948 resulting in a gain of \$96,940. Total revenues were 101.82% of the monthly budgeted revenues and total expenses were 97.64% of the monthly budgeted expenses.

Year to date revenues are \$21,107,381 and operating expenses are \$20,568,297 leaving excess operating revenues of \$539,084. YTD Capital Expenditures and Extraordinary Expenses are \$157,340 resulting in a gain YTD of \$381,744. Total revenues are 98.64% of the YTD budgeted revenues and total expenses are 97.85% of the YTD budgeted expenses

REVENUES

YTD Revenue items that are below the budget by more than \$10,000:

Revenue Source	YTD Revenue	YTD Budget	% of Budget	\$ Variance
ICF Program – Title XIX	1,954,682	1,976,621	98.89%	21,939
DSHS – Gen Rev – NGM	576,882	603,190	95.63%	26,308

ICF Program – Title XIX – As we have talked about this entire fiscal year, we have a number of consumers that we are unable to bill for ICF services until they receive approval for ICF Medicaid coverage. We anticipate being able to back bill for approximately \$30,000 within the next week. We also have an additional amount pending approval that may bill after the close of this fiscal year.

DSHS – Gen Rev – NGM – This line item is under budget due to positions that are funded by NGM that had been vacant for the entire year. We anticipated using the lapsed funds for the Children's Summer Camp program as we have done in previous years. Camp is now underway and we have begun recording NGM revenue to this cost center to cover camp expenses. We expect to use nearly all the NGM funds by year end.

EXPENSES

YTD Individual line expense items that exceed the YTD budget by more than \$10,000:

Expense Source	YTD Expenses	YTD Budget	% of Budget	\$ Variance
Contract Hospital - Child	117,725	100,000	117.72%	17,725

Contract Hospital – Child – This line item is been trending higher than we initially budgeted all year. We have adjusted this line during both budget revisions but continue to have children admitted to the hospital. Children tend to have longer lengths of stay which contributes to this increase.

TRI-COUNTY SERVICES
CONSOLIDATED BALANCE SHEET
As of June 30, 2014

	TOTALS COMBINED FUNDS June 2014	TOTALS COMBINED FUNDS May 2014	Increase (Decrease)
ASSETS			
CURRENT ASSETS			
Imprest Cash Funds	4,400	4,550	(150)
Cash on Deposit-General Fund	9,665,056	8,676,409	988,647
Cash on Deposit-Debt Fund	-	-	-
Accounts Receivable	1,512,693	1,594,981	(82,288)
Inventory	9,452	9,093	358
TOTAL CURRENT ASSETS	11,191,600	10,285,033	906,567
FIXED ASSETS	5,730,985	5,730,985	-
OTHER ASSETS	30,487	43,792	(13,305)
TOTAL ASSETS	16,953,072	16,059,810	893,262
LIABILITIES, DEFERRED REVENUE, FUND BALANCE:			
CURRENT LIABILITIES	1,030,275	837,119	193,156
NOTES PAYABLE	473,777	473,777	-
DEFERRED REVENUE	1,640,014	1,043,014	597,000
LONG-TERM LIABILITIES FOR			
Line of Credit - Tradition Bank	944,383	963,631	(19,248)
Bond Series 2004	-	-	-
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES FOR			
General Fund	381,744	284,804	96,940
Debt Service Fund	-	-	-
FUND EQUITY			
RESTRICTED			
Net Assets Reserved for Debt Service	(944,383)	(963,631)	19,248
Reserved for Debt Retirement	963,631	963,631	-
COMMITTED			
Net Assets-Property and Equipment	5,730,985	5,730,985	-
Reserved for Vehicles & Equipment Replacement	387,871	387,871	-
Reserved for Facility Improvement & Acquisitions	2,426,254	2,426,254	-
Reserved for Board Initiatives	1,500,000	1,500,000	-
Reserved for 1115 Waiver Programs	516,833	516,833	-
Reserved for Board Policy Requirements	-	-	-
Reserved for Equipment Reserve	-	-	-
Reserved for Inventory Reserve	-	-	-
Reserved for Operations and Programs	-	-	-
ASSIGNED			
Reserved for Workers' Compensation	274,409	274,409	-
Reserved for Current Year Budgeted Reserve	61,666	55,499	6,167
Reserved for Insurance Deductibles	100,000	100,000	-
Reserved for Accrued Paid Time Off	(473,777)	(473,777)	-
UNASSIGNED			
Unrestricted and Undesignated	1,939,391	1,939,391	-
TOTAL LIABILITIES/FUND BALANCE	16,953,072	16,059,810	893,263

TRI-COUNTY SERVICES
CONSOLIDATED BALANCE SHEET
As of June 30, 2014

TOTALS
Memorandum Only

	General Operating Funds	June 2014	Final August 2013
ASSETS			
CURRENT ASSETS			
Imprest Cash Funds	4,400	4,400	5,325
Cash on Deposit-General Fund	9,665,056	9,665,056	7,747,392
Cash on Deposit-Debt Fund	-	-	421,561
Accounts Receivable	1,512,693	1,512,693	1,657,784
Inventory	9,452	9,452	6,661
TOTAL CURRENT ASSETS	11,191,600	11,191,600	9,838,723
FIXED ASSETS	5,730,985	5,730,985	5,730,985
OTHER ASSETS	30,487	30,487	36,317
	16,953,072	16,953,072	15,606,026
LIABILITIES, DEFERRED REVENUE, FUND BALANCE			
CURRENT LIABILITIES	1,030,275	1,030,275	1,340,397
NOTES PAYABLE	473,777	473,777	473,777
DEFERRED REVENUE	1,640,014	1,640,014	426,256
LONG-TERM LIABILITIES FOR			
Line of Credit - Tradition Bank	944,383	944,383	1,135,612
Bond Series 2004	-	-	410,000
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES FOR			
General Fund	381,744	381,744	1,108,422
Debt Service Fund	-	-	-
FUND EQUITY			
RESTRICTED			
Net Assets Reserved for Debt service-Restricted	(944,383)	(944,383)	(2,019,389)
Reserved for Debt Retirement	963,631	963,631	1,230,000
COMMITTED			
Net Assets-Property and Equipment-Committed	5,730,985	5,730,985	5,730,985
Reserved for Vehicles & Equipment Replacement	387,871	387,871	-
Reserved for Facility Improvement & Acquisitions	2,426,254	2,426,254	-
Reserved for Board Initiatives	1,500,000	1,500,000	-
Reserved for 1115 Waiver Programs	516,833	516,833	-
Reserved for Board Policy Requirements-Committed	-	-	879,405
Reserved for Equipment Reserve-Committed	-	-	354,290
Reserved for Inventory Reserve-Committed	-	-	32,973
Reserved for Operations and Programs -Committed	-	-	2,046,849
ASSIGNED			
Reserved for Workers' Compensation-Assigned	274,409	274,409	274,409
Reserved for Current Year Budgeted Reserve -Assigned	61,666	61,666	-
Reserved for Insurance Deductibles-Assigned	100,000	100,000	100,000
Reserved for Accrued Paid Time Off	(473,777)	(473,777)	-
UNASSIGNED			
Unrestricted and Undesignated	1,939,391	1,939,391	2,082,041
TOTAL LIABILITIES/FUND BALANCE	16,953,072	16,953,072	15,606,026

TRI-COUNTY SERVICES
Revenue and Expense Summary
For the Month Ended June 2014
and YTD as of June 2014

INCOME:	MONTH OF June 2014	YTD June 2014
Local Revenue Sources	103,853	1,181,685
Earned Income	823,955	7,827,720
General Revenue-Contract	1,348,655	12,097,976
TOTAL INCOME	2,276,462	21,107,381
EXPENSES:		
Salaries	1,113,691	10,729,535
Employee Benefits	220,947	2,093,000
Medication Expense	35,676	335,052
Travel-Board/Staff	43,438	345,863
Building Rent/Maintenance	47,458	311,694
Consultants/Contracts	479,021	4,586,499
Other Operating Expenses	234,344	2,166,654
TOTAL EXPENSES	2,174,574	20,568,297
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	101,888	539,084
CAPITAL EXPENDITURES		
Capital Outlay-FF&E, Automobiles, Building	4,948	157,340
Capital Outlay-Debt Service Bonds	-	
TOTAL CAPITAL EXPENDITURES	4,948	157,340
GRAND TOTAL EXPENDITURES	2,179,522	20,725,637
Excess (Deficiency) of Revenues and Expenses	96,940	381,744

TRI-COUNTY SERVICES
Revenue and Expense Summary
Compared to Budgeted
Year to Date as of June 2014

	YTD June 2014	APPROVED BUDGET	Increase (Decrease)
INCOME:			
Local Revenue Sources	1,181,685	1,418,612	(236,927)
Earned Income	7,827,720	7,852,291	(24,571)
General Revenue-Contract	12,097,976	12,128,494	(30,518)
TOTAL INCOME	21,107,381	21,399,397	(292,016)
EXPENSES:			
Salaries	10,729,535	10,788,664	(59,129)
Employee Benefits	2,093,000	2,126,225	(33,225)
Medication Expense	335,052	335,995	(943)
Travel-Board/Staff	345,863	355,926	(10,063)
Building Rent/Maintenance	311,694	304,753	6,941
Consultants/Contracts	4,586,499	4,676,638	(90,139)
Other Operating Expenses	2,166,654	2,249,532	(82,878)
TOTAL EXPENSES	20,568,297	20,837,733	(269,436)
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	539,084	561,664	(22,580)
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	157,340	342,568	(185,228)
Capital Outlay-Debt Service Bonds			-
TOTAL CAPITAL EXPENDITURES	157,340	342,568	(185,228)
GRAND TOTAL EXPENDITURES	20,725,637	21,180,301	(454,664)
Excess (Deficiency) of Revenues and Expenses	381,744	219,096	162,648

Debt Service and Fixed Asset Fund:

Bond Payments Receipts	-	-	-
Bond Payments Disbursements		-	-
Interest Income			
Excess(Deficiency) of revenues over Expense:	-	-	-

TRI-COUNTY SERVICES
Revenue and Expense Summary
Compared to Budget
For the Month Ended June 2014

INCOME:	MONTH OF June 2014	APPROVED BUDGET	Increase (Decrease)
Local Revenue Sources	103,853	63,077	40,776
Earned Income	823,955	842,587	(18,632)
General Revenue-Contract	1,348,655	1,330,135	18,520
TOTAL INCOME	2,276,462	2,235,799	40,663
EXPENSES:			
Salaries	1,113,691	1,152,914	(39,223)
Employee Benefits	220,947	238,982	(18,035)
Medication Expense	35,676	41,877	(6,201)
Travel-Board/Staff	43,438	32,384	11,054
Building Rent/Maintenance	47,458	22,940	24,518
Consultants/Contracts	479,021	490,370	(11,349)
Other Operating Expenses	234,344	248,276	(13,932)
TOTAL EXPENSES	2,174,574	2,227,743	(53,169)
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	101,888	8,056	93,832
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	4,948	4,556	392
Capital Outlay-Debt Service Bonds	-	-	-
TOTAL CAPITAL EXPENDITURES	4,948	4,556	392
GRAND TOTAL EXPENDITURES	2,179,522	2,232,299	(52,777)
Excess (Deficiency) of Revenues and Expenses	96,940	3,500	93,440

Debt Service and Fixed Asset Fund:

Bond Payments Receipts	-	-	-
Bond Payments Disbursements	-	-	-
Interest Income	-	-	-
Excess(Deficiency) of revenues over Expenses	-	-	-

TRI-COUNTY SERVICES
Revenue and Expense Summary
With June 2013 Comparative Data
Year to Date as of June 2014

INCOME:	YTD June 2014	YTD June 2013	Increase (Decrease)
Local Revenue Sources	1,181,685	1,480,062	(298,377)
Earned Income	7,827,720	8,681,378	(853,658)
General Revenue-Contract	12,097,976	10,534,655	1,563,321
TOTAL INCOME	21,107,381	20,696,095	411,286
EXPENSES:			
Salaries	10,729,535	9,943,135	786,400
Employee Benefits	2,093,000	1,836,392	256,608
Medication Expense	335,052	258,644	76,408
Travel-Board/Staff	345,863	328,797	17,066
Building Rent/Maintenance	311,694	238,256	73,438
Consultants/Contracts	4,586,499	4,660,516	(74,017)
Other Operating Expenses	2,166,654	1,963,563	203,091
TOTAL EXPENSES	20,568,297	19,229,303	1,338,994
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	539,084	1,466,792	(927,708)
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	157,340	121,559	35,781
Capital Outlay-Debt Service Bonds		354,821	(354,821)
TOTAL CAPITAL EXPENDITURES	157,340	476,380	(319,040)
GRAND TOTAL EXPENDITURES	20,725,637	19,705,683	1,019,954
Excess (Deficiency) of Revenues and Expenses	381,744	990,412	(608,668)

Debt Service and Fixed Asset Fund:

Bond Payments Receipts	-	354,821	(354,821)
Bond Payments Disbursements			-
Interest Income			-
Excess(Deficiency) of revenues over Expenses	-	354,821	(354,821)

TRI-COUNTY SERVICES
Revenue and Expense Summary
With June 2013 Comparative Data
Year to Date as of June 2014

INCOME:	MONTH OF June 2014	MONTH OF June 2013	Increase (Decrease)
Local Revenue Sources	103,853	107,971	(4,118)
Earned Income	823,955	860,703	(36,748)
General Revenue-Contract	1,348,655	1,115,648	233,007
TOTAL INCOME	2,276,462	2,084,322	192,140
EXPENSES:			
Salaries	1,113,691	1,011,458	102,233
Employee Benefits	220,947	180,575	40,372
Medication Expense	35,676	28,607	7,069
Travel-Board/Staff	43,438	33,901	9,537
Building Rent/Maintenance	47,458	24,264	23,194
Consultants/Contracts	479,021	477,627	1,394
Other Operating Expenses	234,344	207,282	27,062
TOTAL EXPENSES	2,174,574	1,963,714	210,860
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	101,888	120,608	(18,720)
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	4,948	1,896	3,052
Capital Outlay-Debt Service Bonds	-	35,482	(35,482)
TOTAL CAPITAL EXPENDITURES	4,948	37,378	(32,430)
GRAND TOTAL EXPENDITURES	2,179,522	2,001,092	178,430
Excess (Deficiency) of Revenues and Expenses	96,940	83,230	13,710

Debt Service and Fixed Asset Fund:

Bond Payments Receipts	-	35,482	(35,482)
Bond Payments Disbursements			-
Interest Income			-
Excess(Deficiency) of revenues over Expenses	-	35,482	(35,482)

TRI-COUNTY SERVICES
Revenue and Expense Summary
With May 2014 Comparative Data
As of June 2014

INCOME:	MONTH OF June 2014	MONTH OF May 2014	Increase (Decrease)
Local Revenue Sources	103,853	111,424	(7,571)
Earned Income	823,955	861,221	(37,266)
General Revenue-Contract	1,348,655	1,205,780	142,875
TOTAL INCOME	2,276,462	2,178,424	98,038
EXPENSES:			
Salaries	1,113,691	1,136,708	(23,018)
Employee Benefits	220,947	222,027	(1,081)
Medication Expense	35,676	40,321	(4,645)
Travel-Board/Staff	43,438	35,076	8,362
Building Rent/Maintenance	47,458	23,246	24,212
Consultants/Contracts	479,021	482,785	(3,764)
Other Operating Expenses	234,344	221,289	13,055
TOTAL EXPENSES	2,174,574	2,161,453	13,121
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	101,888	16,971	84,917
CAPITAL EXPENDITURES			
Capital Outlay-FF&E, Automobiles	4,948	3,709	1,240
Capital Outlay-Debt Service Bonds	-	-	-
TOTAL CAPITAL EXPENDITURES	4,948	3,709	1,240
GRAND TOTAL EXPENDITURES	2,179,522	2,165,162	14,361
Excess (Deficiency) of Revenues and Expenses	96,940	13,263	83,677

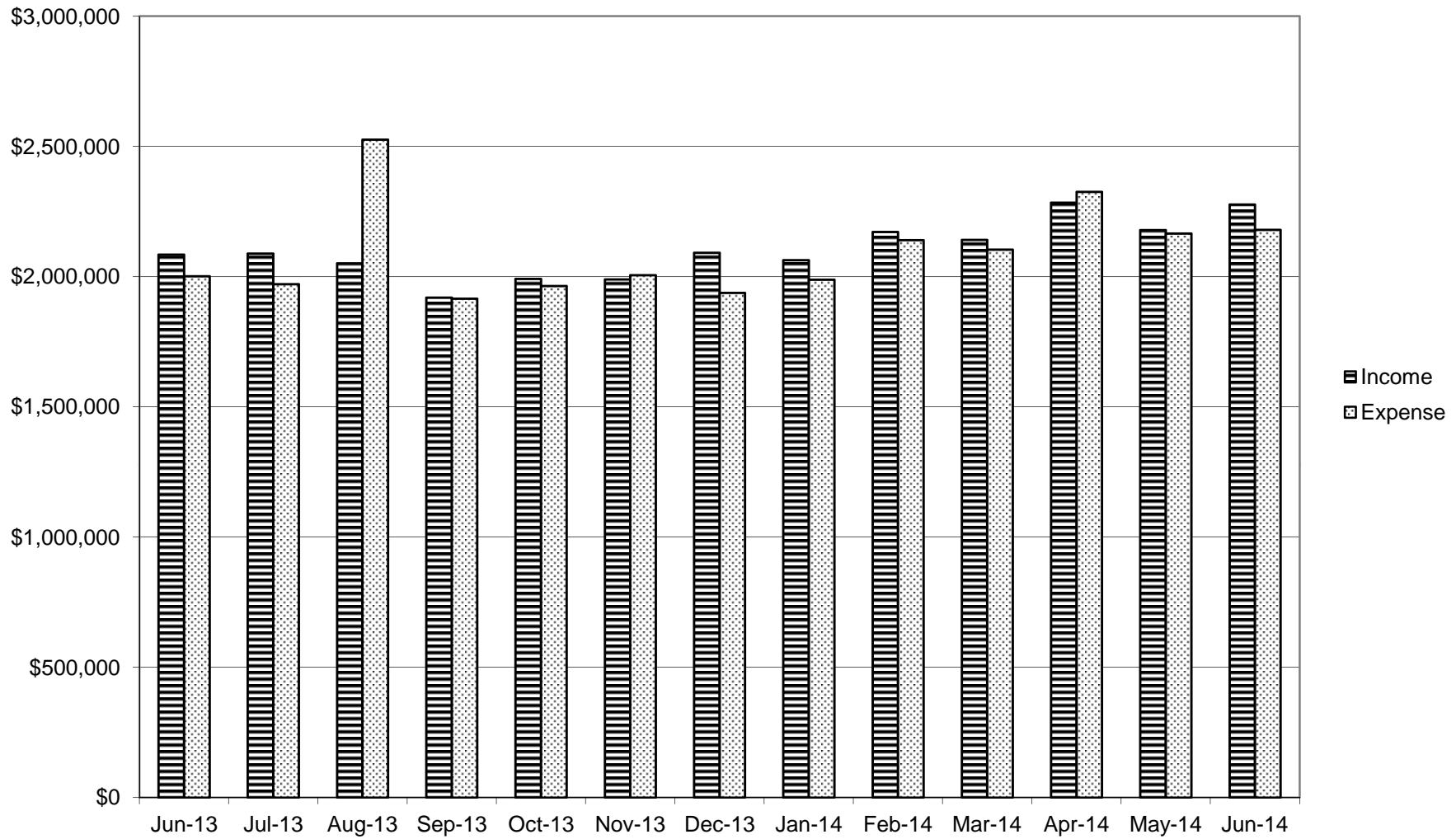
Debt Service and Fixed Asset Fund:			
Bond Payments Receipts	-	-	-
Bond Payments Disbursements			-
Interest Income			
Excess(Deficiency) of revenues over Expenses	-	-	-

TRI-COUNTY SERVICES
Revenue and Expense Summary by Service Type
Compared to Budget
As of YTD Ended June 2014

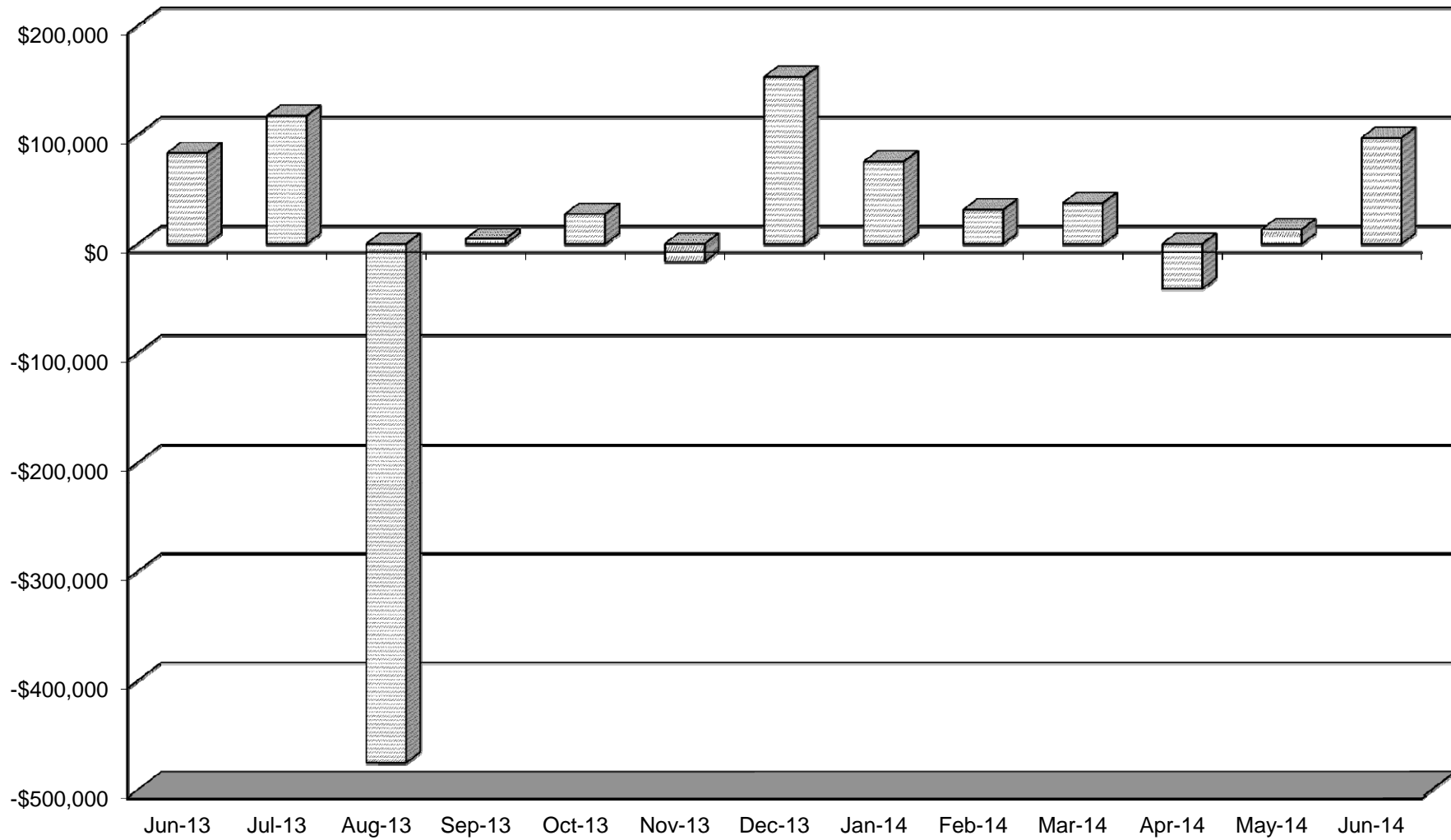
	YTD Mental Health June 2014	YTD IDD June 2014	YTD Other Services June 2014	YTD Agency Total June 2014	YTD Approved Budget June 2014	Increase (Decrease)
INCOME:						
Local Revenue Sources	839,786	90,399	251,499	1,181,685	1,418,612	(236,927)
Earned Income	1,790,433	4,742,931	1,294,355	7,827,720	7,852,291	(24,571)
General Revenue-Contract	10,829,367	1,268,609		12,097,976	12,128,494	(30,518)
TOTAL INCOME	13,459,586	6,101,939	1,545,854	21,107,381	21,399,397	(292,016)
EXPENSES:						
Salaries	7,496,477	2,197,265	1,035,796	10,729,535	10,788,664	(59,129)
Employee Benefits	1,424,911	461,607	206,482	2,093,000	2,126,225	(33,225)
Medication Expense	314,864		20,188	335,052	335,995	(943)
Travel-Board/Staff	211,041	91,282	43,540	345,863	355,926	(10,063)
Building Rent/Maintenance	199,582	92,822	19,290	311,694	304,753	6,941
Consultants/Contracts	1,660,736	2,877,271	48,493	4,586,499	4,676,638	(90,139)
Other Operating Expenses	1,430,407	503,045	233,201	2,166,654	2,249,532	(82,878)
TOTAL EXPENSES	12,738,018	6,223,292	1,606,990	20,568,297	20,837,733	(269,436)
Excess(Deficiency) of Revenues over Expenses before Capital Expenditures	721,568	(121,353)	(61,136)	539,084	561,664	(22,580)
CAPITAL EXPENDITURES						
Capital Outlay-FF&E, Automobiles	91,291	12,281	53,767	157,340	342,568	(185,228)
Capital Outlay-Debt Service Bonds				-		-
TOTAL CAPITAL EXPENDITURES	91,291	12,281	53,767	157,340	342,568	(185,228)
GRAND TOTAL EXPENDITURES	12,829,309	6,235,573	1,660,757	20,725,637	21,180,301	(454,664)
Excess (Deficiency) of Revenues and Expenses	630,277	(133,634)	(114,903)	381,744	219,096	162,648

Debt Service and Fixed Asset Fund:						
Bond Payments Receipts	-	-	-	-	-	-
Bond Payments Disbursements		-	-	-	-	-
Interest Income		-	-	-	-	-
Excess(Deficiency) of revenues over Expenses	-	-	-	-	-	-

TRI-COUNTY SERVICES Income and Expense



TRI-COUNTY SERVICES
Income after Expense



Agenda Item: Approve FY 2014 Auditor Engagement Letter Committee: Business	Board Meeting Date July 24, 2014
Background Information: At the April 24 th Board meeting, the Board authorized staff to solicit the Annual Financial Audit Engagement Letter from Scott, Singleton, Fincher and Company, P.C. for the FY 2014 Independent Financial Audit.	
Supporting Documentation: Copy of Engagement Letter from Scott, Singleton, Fincher and Company, P.C.	
Recommended Action: Approve the Engagement Letter from Scott, Singleton, Fincher and Company, P.C. for the FY 2014 Independent Financial Audit	

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Members of:
American Institute of
Certified Public Accountants
Texas Society of
Certified Public Accountants

May 23, 2014

To the Board of Trustees and Management
Tri-County Services
P. O. Box 3067
Conroe, Texas 77305

We are pleased to confirm our understanding of the services we are to provide Tri-County Mental Health Mental Retardation Services dba Tri-County Services for the year ended August 31, 2014. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of Tri-County Services as of and for the year ended August 31, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Tri-County Services basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Tri-County Services RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedule – General Fund

We have also been engaged to report on supplementary information other than RSI that accompanies Tri-County Services financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of expenditures of federal and state awards.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance.

1) Supplementary schedules required by the Texas Health and Human Services Commission Audit Guidelines

Our responsibility for this other information included in the documents containing the entity's audited financial statements and auditor's report does not extend beyond the financial information included in the report. In addition, as auditor's we have no responsibility for determining whether such other information is properly stated.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas *Single Audit Circular* (TSAC).

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 and TSAC in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of OMB Circular A-133, the State of Texas *Single Audit Circular* (TSAC), and the current *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* provided by the Texas Health and Human Services Commission (THHSC). Our audit will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and TSAC, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We will make reference to Taboada and Company's audit of the aggregate component units in our report on your financial statements. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal and state awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal and state awards in accordance with the requirements of OMB Circular A-133 and TSAC. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal and state awards, and related notes. You will be required to acknowledge in the written management representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal and state awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferable from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133 and TSAC, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings, if applicable, should be available for our review on the date we begin our field work.

You are responsible for preparation of the schedule of expenditures of federal and state awards in conformity with OMB Circular A-133 and TSAC. You agree to include our report on the schedule of expenditures of federal and state awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal and state awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon or make the audited financial statements readily available to users of the schedule of expenditures of federal and state awards no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal and state awards in accordance with OMB Circular A-133 and TSAC; (2) that you believe the schedule of expenditures of federal and state awards, including its form and content, is fairly presented in accordance with OMB Circular A-133 and TSAC; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133 and TSAC, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133 and TSAC.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, OMB Circular A-133 and TSAC.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Tri-County Services compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 and TSAC require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*, for the types of compliance requirements that could have a direct and material effect on each of Tri-County Services major programs. The purpose of these procedures will be to express an opinion on Tri-County Services compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133 and TSAC.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits. Management is responsible for providing the report to the Texas Health and Human Services Commission by February 1 of the following year. Management is also responsible for providing any other appropriate governmental agencies with copies of the audit report according to the instructions in the current edition of the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*.

The audit documentation for this engagement is the property of Scott, Singleton, Fincher and Company P.C. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Texas Health and Human Services Commission Office of Inspector General (OIG) or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Scott, Singleton, Fincher and Company, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by the Texas Health and Human Service Commission Office of Inspector General, federal awarding agency, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on mutually agreed upon dates and to issue our reports on in accordance with the dates specified in your request for proposal. Tommy Nelson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). We estimate that our gross fee, including expenses, will not exceed \$25,700. Our standard hourly rates vary according to the degree of responsibility involved and the

experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2012 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Tri-County Services and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Scott, Singleton, Fincher and Company, P.C.

Scott, Singleton, Fincher and Company, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Tri-County Services.

Board Signature:

By: _____

Title: David Walker, Board Chair

Date: July 24, 2014

Management Signature:

By: _____

Title: Evan Roberson, Executive Director

Date: July 24, 2014

<p>Agenda Item: Approve Purchase of up to Three (3) Ford Focus Sedans</p> <p>Committee: Business</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>The Management Team has reviewed the status of existing vehicles and determined that there is a need for vehicles for use by staff to provide direct services out of the office as well as provide transportation of our clients. Staff recommends the purchase of three (3) Ford Focus Sedans to be purchased at the dealership chosen by the Board.</p> <p>Listed below are the bids received for the purchase of three (3) Ford Focus Sedans:</p> <ul style="list-style-type: none"> • Gullo Ford – Conroe, Texas \$14,320.20 each or \$42,960.60 (x3) • Anderson Ford – Cleveland, Texas \$14,745.00 each or \$44,235.00 (x3) • BJ Ford – Liberty, Texas \$14,879.81 each or \$44,639.43 (x3) • Bill Fick Ford – Huntsville, Texas \$15,539.92 each or \$46,619.76 (x3) 	
<p>Supporting Documentation:</p> <p>Bid Information</p>	
<p>Recommended Action:</p> <p>Approve the Purchase of Ford Focus Sedans as Recommended</p>	

Bid Date

==>

Dealer: F52166

2014 FOCUS

Page: 1 of 1

Order No: 0001 Priority: H1 Ord FIN: QL778 Order Type: 5B Price Level: 440

Ord Code: 100A Cust/Flt Name: TRI-CNTY SER PO Number:

RETAIL

RETAIL

P3E 4-DR SEDAN S \$16810

TOTAL BASE AND OPTIONS \$18730

YZ OXFORD WHITE

TOTAL 18730

E CLOTH STD BKT

THIS IS NOT AN INVOICE

W CHARCOAL BLACK

100A EQUIP GRP

992 .2.0L I4 GDI ENG NC

44W 6-SPD AUTO TRAN 1095

TNK .P195/65R15 NC

GASOLINE FFV

SP DLR ACCT ADJ

SP FLT ACCT CR

FUEL CHARGE

B4A NET INV FLT OPT NC

PRICED DORA NC

DEST AND DELIV 825

Sell Price Each \$14,320.²⁰
Factory order price!

NOTE: If sold out-of-stock please add \$600.⁰⁰ Each

or Sell Price of \$14,920.²⁰ Each

If we are awarded the bid on July 24th, the cars would be ordered and arrive here around the end of September.

Gullo Ford

925 I-45 South

Conroe, Texas 77301

MIKE Hamer Govt. Fleet Sales Manager



Anderson Ford 13872 US HY. 59 S. Cleveland, Texas 77328

2014 Ford Focus (P3E) 4dr Sdn S

Mechanical

Engine: 2.0L I-4 GDI Ti-VCT Flex Fuel (STD)

Transmission: Automatic Transmission

Additional standard equipment

Front-Wheel Drive

3.82 Axle Ratio

590CCA Maintenance-Free Battery w/Run Down Protection

3990# Gvwr 827# Maximum Payload

Gas-Pressurized Shock Absorbers

Front And Rear Anti-Roll Bars

Electric Power-Assist Steering

12.4 Gal. Fuel Tank

Single Stainless Steel Exhaust

Strut Front Suspension w/Coil Springs

Short And Long Arm Rear Suspension w/Coil Springs

Front Disc/Rear Drum Brakes w/4-Wheel ABS, Front Vented Discs and Brake Assist

Brake Actuated Limited Slip Differential

Wheels: 15" Steel w/Covers

Tires: P195/65R15

Steel Spare Wheel

Compact Spare Tire Mounted Inside Under Cargo

Clearcoat Paint Oxford White

Body-Colored Front Bumper

Body-Colored Rear Bumper

Black Side Windows Trim and Black Front Windshield Trim

Black Door Handles

Black Power Side Mirrors w/Convex Spotter and Manual Folding

Fixed Rear Window w/Defroster

Light Tinted Glass

Variable Intermittent Wipers

Fully Galvanized Steel Panels

Grille w/Chrome Bar

Trunk Rear Cargo Access

Aero-Composite Halogen Headlamps

Radio w/Seek-Scan, Clock and Radio Data System

Radio: AM/FM Single-CD/MP3-Capable -inc: 4 speakers, input jack and speed-sensitive volume control

Integrated Roof Antenna

Cloth Bucket Front Seats w/Cloth Back Material Black

6-Way Driver Seat -inc: Manual Recline, Height Adjustment and Fore/Aft Movement

4-Way Passenger Seat -inc: Manual Recline and Fore/Aft Movement

Full Folding Bench Front Facing Fold Forward Seatback Cloth Rear Seat

Manual Tilt/Telescoping Steering Column

Gauges -inc: Speedometer, Odometer, Engine Coolant Temp, Tachometer and Trip Odometer

Manual Rear Windows

Front Cupholder

Rear Cupholder

Remote Keyless Entry w/Integrated Key Transmitter and Panic Button

Manual Air Conditioning

Glove Box

Driver Foot Rest

Interior Trim -inc: Chrome Interior Accents

Full Cloth Headliner

Cloth Door Trim Insert

Urethane Gear Shift Knob

Day-Night Rearview Mirror

Driver And Passenger Visor Vanity Mirrors

Full Floor Console w/Covered Storage and 1 12V DC Power Outlet

Fade-To-Off Interior Lighting

Full Carpet Floor Covering

Carpet Floor Trim

Cargo Area Concealed Storage

Cargo Space Lights

FOB Controls -inc: Trunk/Hatch/Tailgate

Instrument Panel Bin, Driver / Passenger And Rear Door Bins

Power 1st Row Windows w/Driver 1-Touch Down

Delayed Accessory Power

Power Door Locks w/Autolock Feature

Systems Monitor

Analog Display

Manual w/Tilt Front Head Restraints and Manual Adjustable Rear Head Restraints

Securilock Anti-Theft Ignition (pats) Engine Immobilizer

1 12V DC Power Outlet

Air Filtration

Electronic Stability Control (ESC)

ABS And Driveline Traction Control

Side Impact Beams

Dual Stage Driver And Passenger Seat-Mounted Side Airbags

Low Tire Pressure Warning

Dual Stage Driver And Passenger Front Airbags

Curtain 1st And 2nd Row Airbags

Airbag Occupancy Sensor

Driver Knee Airbag

Rear Child Safety Locks

Outboard Front Lap And Shoulder Safety Belts -inc: Rear Center 3 Point, Height Adjusters and Pretensioners

Warranty

Basic Years	3
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Basic Miles/km	36,000
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Drivetrain Years	5
------------------	---

Drivetrain Miles/km	60,000
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Corrosion Years	5
-----------------	---

Corrosion Miles/km	Unlimited
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Roadside Assistance Years	5
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Roadside Assistance Miles/km	60,000
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281-592-2611 Dealership main number

3 total **\$44,235.00 delivered.** mikeweisinger@aol.com

281-592-1040 fax

Mike Weisinger 281-433-4762 cell



3560 Hwy 90 • P.O. Box 2080 • Liberty, Texas 77575
(936) 336-2215 • (800) 374-7646 • Fax: (936) 336-2503 • bjford.com

June 25, 2014

Tri-County MHMR Services
1506 Fm 2854 Road
Conroe, TX 77304

Attn: Stella Montemayor

Three (3) 2014 Ford Focus S 4 Door Sedans.

2.0L TI – VCT I-4 GDI Engine
6-Speed Automatic Transmission
Power Steering
Power Brakes with Front Disc / Rear Drum and Anti-Lock System
Air Conditioning
Power Door Locks
Power Front Windows
Tilt and Telescopic Steering Wheel
Power Mirrors
Remote Keyless Entry
AM/FM Stereo with Single CD
Rear Window Defroster
Cloth Front Bucket Seats
Cloth Folding Rear Seat
Oxford White Exterior Paint
Charcoal Black Cloth Seats

If ordered by July 31st, 2014, expected delivery is late September to early October.

\$14,879.81 Each

Roy W Poindexter
Fleet Services
B J Ford
3560 Highway 90
Liberty, TX 77575
(936) 336-2215

Tim Wells
Sales Manager



737 I-45 South
Huntsville, TX 7340
936-295-3784

Fleet Quote Tri-County Services

This is a quote for (3) Ford Focus 4 door sedans with the S trim level, and an automatic transmission.

The vehicles quoted are Oxford White in exterior color, with Charcoal Black cloth seats.

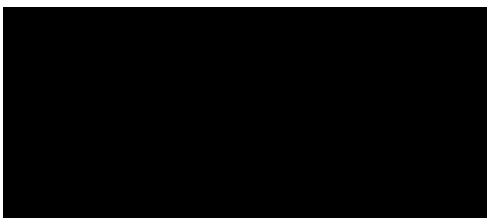
The vehicles quoted are equipped with everything that comes as standard equipment with the S trim level.
The only option added is to the vehicles quoted is an automatic transmission.

Sale price each: **\$15,479.34**
Total cost including all fees: **\$15,539.92**
License Plate and Fees each: **\$60.58**
Total Cost for all vehicles: **\$46,619.76**

The vehicles can be made available to you by 60 days after being awarded the contract.

****The last day I can order a 2014 Ford Focus is August 29, 2014. After this date, the price is subject to change due to availability, and different discounts/incentives for the 2015 year model Focus.**

Best Regards,



Adam Chernosky
Fleet Manager
Bill Fick Ford
936-295-3784

<p>Agenda Item: Disposition of 117 N. College Avenue in Cleveland, Texas</p> <p>Committee: Business</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>The 117 N. College Avenue property in Cleveland, Texas has been on the market since approximately August 2006. This facility is an office building that has a total of 2,460 square feet on approximately .1033 of an acre of land. It has unpaved parking in the rear which accommodates 3 to 4 vehicles while the street parking is not dedicated and includes only 2 spots directly in front.</p> <p>We have received an offer of \$105,000. We have requested an updated appraisal since the date of the last appraisal was April 16, 2012 and the appraised value at that time was \$120,000. The contract has been forwarded to Jackson Walker for their review.</p> <p>The Center's Board Goal from FY 2013 was and continues to be to "implement best strategies to sell vacant properties". This offer provides an opportunity to reduce the number of vacant buildings we own.</p> <p>Staff would like to discuss the possibility of moving forward with the sale of this facility.</p>	
<p>Supporting Documentation:</p> <p>Commercial Contract</p> <p>Appraisal Available for Review at the Board Meeting</p>	
<p>Recommended Action:</p> <p>Authorize Executive Director to Move Forward as Directed by the Board of Trustees</p>	



TEXAS ASSOCIATION OF REALTORS®
COMMERCIAL CONTRACT - IMPROVED PROPERTY

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED.
 ©Texas Association of REALTORS®, Inc. 2014

1. **PARTIES:** Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: Tri-County Mental Health Retardation Services

Address: P.O. Box 3067, Cleveland, TX 77327

Phone: (936) 521-6120

E-mail: _____

Fax: _____

Other: _____

Buyer: Raquel Lopez

Address: 209 W. Houston, Cleveland, Tx 77327

Phone: (832) 318-3345

E-mail: _____

Fax: _____

Other: _____

2. **PROPERTY:**

- A. "Property" means that real property situated in Liberty County, Texas at
117 N. College Ave, Cleveland, Texas, 77327
 (address) and that is legally described on the attached Exhibit _____ or as follows:
Cleveland City, Block 5, Lot Pt 1 2

- B. Seller will sell and convey the Property together with:

- (1) all buildings, improvements, and fixtures;
- (2) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
- (3) Seller's interest in all leases, rents, and security deposits for all or part of the Property;
- (4) Seller's interest in all licenses and permits related to the Property;
- (5) Seller's interest in all third party warranties or guaranties, if transferable, relating to the Property or any fixtures;
- (6) Seller's interest in any trade names, if transferable, used in connection with the Property; and
- (7) all Seller's tangible personal property located on the Property that is used in connection with the Property's operations except: _____

Any personal property not included in the sale must be removed by Seller prior to closing.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)

(If mineral rights are to be reserved an appropriate addendum should be attached.)

(If the Property is a condominium, attach Commercial Contract Condominium Addendum (TAR-1930).)

3. **SALES PRICE:** At or before closing, Buyer will pay the following sales price for the Property:

- A. Cash portion payable by Buyer at closing\$ 21,000.00
- B. Sum of all financing described in Paragraph 4\$ 84,000.00
- C. Sales price (sum of 3A and 3B).....\$ 105,000.00

(TAR-1801) 4-1-14

Initialed for Identification by Seller _____, _____ and Buyer RL, _____

Page 1 of 14

Cameron Real Estate, 2702 County Road 2285 Cleveland, TX 77327

Phone: 281.592.4442

Fax: 281-593-3159

Phillip Cameron

117 N. College Ave

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.ziplogix.com

4. FINANCING: Buyer will finance the portion of the sales price under Paragraph 3B as follows:

- ☒ A. Third Party Financing: One or more third party loans in the total amount of \$ 84,000.00. This contract:
- ☐ (1) is not contingent upon Buyer obtaining third party financing.
- ☒ (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum (TAR-1931).
- ☐ B. Assumption: In accordance with the attached Commercial Contract Financing Addendum (TAR-1931), Buyer will assume the existing promissory note secured by the Property, which balance at closing will be \$ _____.
- ☐ C. Seller Financing: The delivery of a promissory note and deed of trust from Buyer to Seller under the terms of the attached Commercial Contract Financing Addendum (TAR-1931) in the amount of \$ _____.

5. EARNEST MONEY:

- A. Not later than 3 days after the effective date, Buyer must deposit \$ 1,000.00 as earnest money with Tarver Abstract (title company) at 211 S Bonham Ave, Cleveland, Texas, 77327 (address) Angela DeDear (closer). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.
- B. Buyer will deposit an additional amount of \$ _____ with the title company to be made part of the earnest money on or before:
- ☐ (i) _____ days after Buyer's right to terminate under Paragraph 7B expires; or
- ☐ (ii) _____.
- Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.
- C. Buyer may instruct the title company to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

6. TITLE POLICY, SURVEY, AND UCC SEARCH:

A. Title Policy:

- (1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by any underwriter of the title company in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
- (a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
- (b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.
- (2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
- ☒ (a) will not be amended or deleted from the title policy.
- ☐ (b) will be amended to read "shortages in areas" at the expense of ☐ Buyer ☐ Seller.
- (3) Within 20 days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within 20 days after the effective date:

- ☐ (1) Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition. Seller will reimburse Buyer _____ (insert amount) of the cost of the survey at closing, if closing occurs.
- ☒ (2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.
- ☐ (3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, Seller, at Seller's expense, will obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to Buyer and the title company within 20 days after Seller receives notice that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for Seller to deliver an acceptable survey within the time required. Buyer will reimburse Seller _____ (insert amount) of the cost of the new or updated survey at closing, if closing occurs.

C. UCC Search:

- ☐ (1) Within _____ days after the effective date, Seller, at Seller's expense, will furnish Buyer a Uniform Commercial Code (UCC) search prepared by a reporting service and dated after the effective date. The search must identify documents that are on file with the Texas Secretary of State and the county where the Property is located that relate to all personal property on the Property and show, as debtor, Seller and all other owners of the personal property in the last 5 years.
- ☒ (2) Buyer does not require Seller to furnish a UCC search.

D. Buyer's Objections to the Commitment, Survey, and UCC Search:

- (1) Within 5 days after Buyer receives the commitment, copies of the documents evidencing the title exceptions, any required survey, and any required UCC search, Buyer may object to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title to the real or personal property described in Paragraph 2 other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If Paragraph 6B(1) applies, Buyer is deemed to receive the survey on the earlier of: (i) the date Buyer actually receives the survey; or (ii) the deadline specified in Paragraph 6B.
- (2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.
- (3) Buyer's failure to timely object or terminate under this Paragraph 6D is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: _____

B. Feasibility Period: Buyer may terminate this contract for any reason within 10 days after the effective date (feasibility period) by providing Seller written notice of termination. (Check only one box.)

☒ (1) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less \$ 100.00 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the title company. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

☐ (2) Not later than 3 days after the effective date, Buyer must pay Seller \$ _____ as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to timely pay the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

C. Inspections, Studies, or Assessments:

(1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.

(2) Seller, at Seller's expense, will turn on all utilities necessary for Buyer to make inspections, studies, or assessments.

(3) Buyer must:

- (a) employ only trained and qualified inspectors and assessors;
- (b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
- (c) abide by any reasonable entry rules or requirements of Seller;
- (d) not interfere with existing operations or occupants of the Property; and
- (e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

(4) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract.

D. Property Information:

(1) Delivery of Property Information: Within _____ days after the effective date, Seller will deliver to Buyer: (Check all that apply.)

- ☐ (a) a current rent roll of all leases affecting the Property certified by Seller as true and correct;
- ☐ (b) copies of all current leases pertaining to the Property, including any modifications, supplements, or amendments to the leases;
- ☐ (c) a current inventory of all personal property to be conveyed under this contract and copies of any leases for such personal property;
- ☐ (d) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;
- ☐ (e) copies of all current service, maintenance, and management agreements relating to the ownership and operation of the Property;
- ☐ (f) copies of current utility capacity letters from the Property's water and sewer service provider;
- ☐ (g) copies of all current warranties and guaranties relating to all or part of the Property;
- ☐ (h) copies of fire, hazard, liability, and other insurance policies that currently relate to the Property;
- ☐ (i) copies of all leasing or commission agreements that currently relate to the tenants of all or part of the Property;
- ☐ (j) a copy of the "as-built" plans and specifications and plat of the Property;
- ☐ (k) copies of all invoices for utilities and repairs incurred by Seller for the Property in the 24 months immediately preceding the effective date;
- ☐ (l) a copy of Seller's income and expense statement for the Property from _____ to _____;
- ☐ (m) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;
- ☐ (n) real & personal property tax statements for the Property for the previous 2 calendar years; and
- ☐ (o) Tenant reconciliation statements including, operating expenses, insurance and taxes for the Property from _____ to _____; and
- ☐ (p) _____

(2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: *(Check all that apply.)*

- ☐ (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer in other than an electronic format and all copies that Buyer made of those items;
- ☐ (b) delete or destroy all electronic versions of those items described in Paragraph 7D(1) that Seller delivered to Buyer or Buyer copied; and
- ☐ (c) deliver copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed.

This Paragraph 7D(2) survives termination of this contract.

E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

8. LEASES:

A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:

- (1) any failure by Seller to comply with Seller's obligations under the leases;

- (2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;
- (3) any non-occupancy of the leased premises by a tenant;
- (4) any advance sums paid by a tenant under any lease;
- (5) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and
- (6) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.

B. **Estoppel Certificates:** Within _____ days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than _____ by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version of TAR Form 1938 – Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.

9. BROKERS:

A. The brokers to this sale are:

Principal Broker: <u>Cameron Real Estate</u>	Cooperating Broker: _____
Agent: <u>Phillip Cameron</u>	Agent: _____
Address: <u>26156 HWY 321</u>	Address: _____
<u>Cleveland, Texas, 77327</u>	_____
Phone & Fax: <u>(281) 592-4442</u> <u>(281) 593-3159</u>	Phone & Fax: _____
E-mail: <u>cresold@gmail.com</u>	E-mail: _____
License No.: <u>0338240</u>	License No.: _____

Principal Broker: (Check only one box.)

☐ represents Seller only.

☐ represents Buyer only.

☒ is an intermediary between Seller and Buyer.

Cooperating Broker represents Buyer.

B. **Fees:** (Check only (1) or (2) below.)

(Complete the Agreement Between Brokers on page 14 only if (1) is selected.)

☒ (1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.

☐ (2) At the closing of this sale, Seller will pay:

Principal Broker a total cash fee of:

☐ _____ % of the sales price.

☐ _____ .

Cooperating Broker a total cash fee of:

☐ _____ % of the sales price.

☐ _____ .

The cash fees will be paid in _____ County, Texas. Seller authorizes the title company to pay the brokers from the Seller's proceeds at closing.

NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.

- C. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.

10. CLOSING:

- A. The date of the closing of the sale (closing date) will be on or before the later of:
- (1) ☐ _____ days after the expiration of the feasibility period.
 - ☒ 8/29/2014 (specific date).
 - ☐ _____
 - (2) 7 days after objections made under Paragraph 6D have been cured or waived.
- B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.
- C. At closing, Seller will execute and deliver to Buyer, at Seller's expense, a ☐ general ☒ special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:
- (1) with no liens, assessments, or Uniform Commercial Code or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;
 - (2) without any assumed loans in default; and
 - (3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.
- D. At closing, Seller, at Seller's expense, will also deliver to Buyer:
- (1) tax statements showing no delinquent taxes on the Property;
 - (2) a bill of sale with warranties to title conveying title, free and clear of all liens, to any personal property defined as part of the Property in Paragraph 2 or sold under this contract;
 - (3) an assignment of all leases to or on the Property;
 - (4) to the extent that the following items are assignable, an assignment to Buyer of the following items as they relate to the Property or its operations:
 - (a) licenses and permits;
 - (b) maintenance, management, and other contracts; and
 - (c) warranties and guaranties;
 - (5) a rent roll current on the day of the closing certified by Seller as true and correct;
 - (6) evidence that the person executing this contract is legally capable and authorized to bind Seller;
 - (7) an affidavit acceptable to the title company stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the title company to: (i) withhold from Seller's proceeds an amount sufficient to comply applicable tax law; and (ii) deliver the amount to the Internal Revenue Service together with appropriate tax forms; and
 - (8) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and the issuance of the title policy, all of which must be completed and executed by Seller as necessary.
- E. At closing, Buyer will:
- (1) pay the sales price in good funds acceptable to the title company;
 - (2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;
 - (3) sign and send to each tenant in the Property a written statement that:
 - (a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and
 - (b) specifies the exact dollar amount of the security deposit;

- (4) sign an assumption of all leases then in effect; and
- (5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete under this contract, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

12. SPECIAL PROVISIONS: The following special provisions apply and will control in the event of a conflict with other provisions of this contract. *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*

13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:

- (1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
- (2) release of Seller's loan liability, if applicable;
- (3) tax statements or certificates;
- (4) preparation of the deed and any bill of sale;
- (5) one-half of any escrow fee;
- (6) costs to record any documents to cure title objections that Seller must cure; and
- (7) other expenses that Seller will pay under other provisions of this contract.

B. Buyer's Expenses: Buyer will pay for the following at or before closing:

- (1) all loan expenses and fees;
- (2) preparation fees of any deed of trust;
- (3) recording fees for the deed and any deed of trust;
- (4) premiums for flood and hazard insurance as may be required by Buyer's lender;
- (5) one-half of any escrow fee; and
- (6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:

- (1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.
- (2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
- (3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.

B. Rollback Taxes: If Seller changes the use of the Property before closing or if a denial of a special valuation on the Property claimed by Seller results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.

C. Rent and Security Deposits: At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.

15. DEFAULT:

- A. If Buyer fails to comply with this contract, Buyer is in default and Seller, as Seller's sole remedy(ies), may terminate this contract and receive the earnest money, as liquidated damages for Buyer's failure except for any damages resulting from Buyer's inspections, studies or assessments in accordance with Paragraph 7C(4) which Seller may pursue, or
(Check if applicable)
☐ enforce specific performance, or seek such other relief as may be provided by law.
- B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) extend the time for performance up to 15 days and the closing will be extended as necessary.
- C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CASUALTY LOSS AND CONDEMNATION:

- A. If any part of the Property is damaged or destroyed by fire or other casualty after the effective date, Seller must restore the Property to its previous condition as soon as reasonably possible and not later than the closing date. If, without fault, Seller is unable to do so, Buyer may:

- (1) terminate this contract and the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer;
- (2) extend the time for performance up to 15 days and closing will be extended as necessary; or
- (3) accept at closing: (i) the Property in its damaged condition; (ii) an assignment of any insurance proceeds Seller is entitled to receive along with the insurer's consent to the assignment; and (iii) a credit to the sales price in the amount of any unpaid deductible under the policy for the loss.

B. If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

- (1) terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer; or
- (2) appear and defend the condemnation proceedings and any award will, at Buyer's election, belong to: (a) Seller and the sales price will be reduced by the same amount; or (b) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or the title company is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

- A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, the title company may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of the title company from all parties.
- B. If one party makes written demand for the earnest money, the title company will give notice of the demand by providing to the other party a copy of the demand. If the title company does not receive written objection to the demand from the other party within 15 days after the date the title company sent the demand to the other party, the title company may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and the title company may pay the same to the creditors.
- C. The title company will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.
- D. If the title company complies with this Paragraph 18, each party hereby releases the title company from all claims related to the disbursement of the earnest money.
- E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to the title company are effective upon receipt by the title company.
- F. Any party who wrongfully fails or refuses to sign a release acceptable to the title company within 7 days after receipt of the request will be liable to the other party for liquidated damages in an amount equal to the sum of: (i) three times the amount of the earnest money; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.
- G. ☐ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent

feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

- ☐ A. Seller is not aware of any material defects to the Property except as stated in the attached Commercial Property Condition Statement (TAR-1408).
- ☒ B. Except as otherwise provided in this contract, Seller is not aware of:
- (1) any subsurface: structures, pits, waste, springs, or improvements;
 - (2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
 - (3) any environmental hazards or conditions that materially affect the Property;
 - (4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
 - (5) whether radon, asbestos containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
 - (6) any wetlands, as defined by federal or state law or regulation, on the Property;
 - (7) any threatened or endangered species or their habitat on the Property;
 - (8) any present or past infestation of wood-destroying insects in the Property's improvements;
 - (9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
 - (10) any material physical defects in the improvements on the Property; or
 - (11) any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(11) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

- ☐ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
- ☐ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

22. AGREEMENT OF THE PARTIES:

- A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas. If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.
- B. This contract contains the entire agreement of the parties and may not be changed except in writing.
- C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

D. Addenda which are part of this contract are: *(Check all that apply.)*

- ☐ (1) Property Description Exhibit identified in Paragraph 2;
- ☐ (2) Commercial Contract Condominium Addendum (TAR-1930);
- ☒ (3) Commercial Contract Financing Addendum (TAR-1931);
- ☐ (4) Commercial Property Condition Statement (TAR-1408);
- ☐ (5) Commercial Contract Addendum for Special Provisions (TAR-1940);
- ☐ (6) Addendum for Seller's Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (TAR-1906);
- ☐ (7) Notice to Purchaser of Real Property in a Water District (MUD);
- ☐ (8) Addendum for Coastal Area Property (TAR-1915);
- ☐ (9) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TAR-1916);
- ☒ (10) Information About Brokerage Services (TAR-2501); and
- ☐ (11) _____

(Note: Counsel for the Texas Association of REALTORS® (TAR) has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by TAR are appropriate for use with this form.)

E. Buyer ☐ may ☒ may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all of Buyer's obligations under this contract.

23. TIME: Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. EFFECTIVE DATE: The effective date of this contract for the purpose of performance of all obligations is the date the title company receives this contract after all parties execute this contract.

25. ADDITIONAL NOTICES:

- A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.
- B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.
- C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.
- D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included as part of this contract.

- E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract.
- F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.
- G. If apartments or other residential units are on the Property and the units were built before 1978, federal law requires a lead-based paint and hazard disclosure statement to be made part of this contract.
- H. Section 1958.154, Occupations Code requires Seller to provide Buyer a copy of any mold remediation certificate issued for the Property during the 5 years preceding the date the Seller sells the Property.
- I. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties.

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on JULY 25, 2014, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. **CONSULT** your attorney **BEFORE** signing.

Seller: TRI-COUNTY MENTAL HEALTH

Michael Cox, William Hunter and David
Buyer: Ulsh

By: _____

By (signature): _____

Printed Name: _____

Title: _____

By: _____

By (signature): _____

Printed Name: _____

Title: _____

By: _____

By (signature): _____

Printed Name: _____

Title: _____

By: _____

By (signature): _____

Printed Name: _____

Title: _____

AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay _____ (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

- ☐ \$ _____, or
☐ _____ % of the sales price, or
☐ _____ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: _____ Cooperating Broker: _____

By: _____ By: _____

ATTORNEYS

Seller's attorney: _____ Buyer's attorney: _____

Address: _____ Address: _____

Phone & Fax: _____ Phone & Fax: _____

E-mail: _____ E-mail: _____

Seller's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Seller.
☐ Buyer sends to Seller.

Buyer's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Buyer.
☐ Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:

- ☐ A. the contract on this day _____ (effective date);
☐ B. earnest money in the amount of \$ _____ in the form of _____ on _____.

Title company: _____ Address: _____

By: _____ Phone & Fax: _____

Assigned file number (GF#): _____ E-mail: _____



TEXAS ASSOCIATION OF REALTORS® COMMERCIAL CONTRACT FINANCING ADDENDUM

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED.
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ADDENDUM TO COMMERCIAL CONTRACT BETWEEN THE UNDERSIGNED PARTIES CONCERNING THE PROPERTY AT

117 N. College Ave, Cleveland, Texas, 77327

The portion of the Sales Price not payable in cash will be paid as follows: *(Check all that apply.)*

☒ A. THIRD PARTY FINANCING:

- (1) The contract is contingent upon Buyer obtaining a third party loan(s) secured by the Property in the amount of \$ 84,000.00 for not less than 15 years with the initial interest rate not to exceed 6.000 % per annum and payments calculated on an amortization period of no less than 15 years.
- (2) Buyer will apply for the third party loan(s) described in Paragraph A(1) promptly after the effective date. If Buyer cannot obtain the loan(s), Buyer may give Seller written notice within 15 days after the effective date and the contract will terminate and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. **If Buyer does not give such notice within the time required, this contract will no longer be subject to the contingency described in this Paragraph A.**
- (3) Each note to be executed under this addendum is to be secured by vendor's and deed of trust liens.

☐ B. ASSUMPTION:

- (1) Buyer will assume the unpaid principal balance of the existing promissory note secured by the Property payable to _____ dated _____ which balance at closing will be \$ _____.
- (2) Buyer's initial payment will be the first payment due after closing. Buyer's assumption of the existing note includes all obligations imposed by the deed of trust securing the note, recorded in _____ (recording reference) in the real property records of the county where the Property is located.
- (3) If the unpaid principal balance of the assumed loan as of the date of closing varies from the loan balance stated in Paragraph B(1), the cash payable at closing will be adjusted by the net amount of any variance; provided, if the total principal balance of the assumed loan varies in an amount greater than \$ _____ at closing, either party may terminate this contract and the earnest money will be refunded to Buyer unless either party elects to eliminate the excess in the variance by an appropriate adjustment at closing.
- (4) Buyer may terminate the contract and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer if the note holder on assumption requires:
 - (a) Buyer to pay an assumption fee in excess of \$ _____ and Seller declines to pay such excess;
 - (b) an increase in the interest rate to more than _____ %; or
 - (c) any other modification of the loan documents.
- (5) Unless Seller is released of liability on any assumed note, Seller requires a vendor's lien and deed of trust to secure assumption, which will be automatically released on execution and delivery of a release by the note holder.

(TAR-1931) 1-26-10

Initialed for Identification by Seller: _____, _____, and Buyer: _____

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117 N. College Ave

- (6) If assumption approval is required by the note holder, Buyer will apply for assumption approval within _____ days after the effective date of the contract and will make every reasonable effort to obtain assumption approval. If Buyer cannot obtain assumption approval, Buyer may give Seller written notice within _____ days after the effective date and the contract will terminate and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. **If Buyer does not give such notice within the time required and Buyer does not close because Buyer is not able to assume the existing note, Buyer will be in default.**

☐ C. SELLER FINANCING:

- (1) At closing, Buyer will execute and deliver a promissory note (the note) from Buyer to Seller in the amount of \$ _____, bearing _____ % interest per annum. Matured, unpaid amounts will bear interest at the maximum rate of interest allowed by law.
- (2) The note will be payable as follows:
- ☐ (a) In one payment, due _____ after the date of the note, with interest payable: ☐ (i) monthly ☐ (ii) _____.
- ☐ (b) In installments of \$ _____ ☐ including interest ☐ plus interest beginning _____ after the date of the note and continuing at ☐ monthly ☐ _____ intervals thereafter for _____ when the entire balance of the note will be due and payable.
- ☐ (c) Interest only in ☐ monthly ☐ _____ installments for the first _____ years and thereafter in installments of \$ _____ ☐ including interest ☐ plus interest beginning _____ after the date of the note and continuing at ☐ monthly ☐ _____ intervals thereafter for _____ when the entire balance of the note will be due and payable.
- (3) The note will be secured by vendor's and deed of trust liens and an assignment of leases payable at the place designated by Seller.
- (4) The note will provide that if Buyer fails to timely pay an installment within 10 days after the installment is due, Buyer will pay a late fee equal to 5% of the installment not paid.
- (5) The note ☐ will ☐ will not provide for liability (personal or corporate) against the maker in the event of default.
- (6) The note may be prepaid in whole or in part at any time without penalty. Any prepayments are to be applied to the payment of the installments of principal last maturing and interest will immediately cease on the prepaid principal.
- (7) The lien securing payment of the note will be inferior to any lien securing any superior note described in this addendum. If an owner's policy of title insurance is furnished, Buyer, at Buyer's expense, will furnish Seller with a mortgagee title policy in the amount of the note at closing.
- (8) If all or any part of the Property is sold or conveyed without Seller's prior written consent, Seller, at Seller's option, may declare the outstanding principal balance of the note, plus accrued interest, immediately due and payable. Any of the following is not a sale or conveyance of the Property:
- (a) the creation of a subordinate lien;
 - (b) a sale under a subordinate lien;
 - (c) a deed under threat or order of condemnation;
 - (d) a conveyance solely between the parties; or
 - (e) the passage of title by reason of death of a maker or operation of law.

(9) Deposits for Taxes and Insurance: Together with the principal and interest installments, Buyer ☐ will ☐ will not deposit with Seller a pro rata part of the estimated annual ad valorem taxes on the Property and a pro rata part of the estimated annual insurance premiums for the improvements on the Property.

(a) If Buyer deposits taxes and insurance deposits with Seller, Buyer agrees that the taxes and insurance deposits are only estimates and may be insufficient to pay total taxes and insurance premiums. Buyer agrees to pay any deficiency within 30 days after Seller notifies Buyer of any deficiency. Buyer's failure to pay the deficiency is a default under the deed of trust.

(b) If any superior lien holder on the Property collects payments for taxes and insurance, any requirement to deposit taxes and insurance deposits with Seller under this addendum is inoperative so long as payments are being made to the superior lien holder.

(10) Any event that constitutes a default under any superior lien constitutes a default under the deed of trust securing the note.

(11) The note will include a provision for reasonable attorney's fees for any collection action.

(12) Unless the parties agree otherwise, the form of the note and loan documents will be as found in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

☐ D. CREDIT APPROVAL ON ASSUMPTION OR SELLER FINANCING:

(1) To establish Buyer's creditworthiness for assumption approval or seller financing, Buyer will deliver to Seller the following information (Buyer's documentation) within _____ days after the effective date of the contract:

- ☐ (a) verification of employment, including salary;
- ☐ (b) verification of funds on deposit in financial institutions;
- ☐ (c) current financial statement;
- ☐ (d) credit report;
- ☐ (e) tax returns for the following years _____ ;
- ☐ (f) _____ .

(2) If Buyer does not timely deliver Buyer's documentation or Seller determines, in Seller's sole discretion, that Buyer's creditworthiness is not acceptable, Seller may terminate the contract by giving written notice to Buyer not later than _____ days after the date Buyer must deliver Buyer's documentation under Paragraph D(1) and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. If Seller does not timely terminate the contract under this paragraph, Seller will be deemed to have accepted Buyer's credit.

☐ E. SPECIAL PROVISIONS:

Commercial Contract Financing Addendum concerning 117 N. College Ave, Cleveland, Texas, 77327

Tri-County Mental Health
Seller: Retardation Services

By: _____

By (signature): _____

Printed Name: _____

Title: _____

By: _____

By (signature): _____

Printed Name: _____

Title: _____

Buyer: Raquel Lopez

By: _____

By (signature): _____

Printed Name: _____

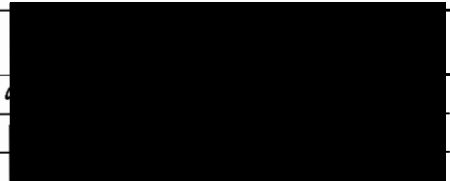
Title: _____

By: _____

By (signature): _____

Printed Name: _____

Title: _____





Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License Act. The broker must obtain the written consent of each party to the transaction to act as an

intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate license # [redacted] acknowledge receipt of this information about brokerage services for the licensee's records:

Date [redacted]

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188, 512-936-3000 (<http://www.trec.texas.gov>)

(TAR-2501) 10-10-11

TREC No. OP-K

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FULLER

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<p>Agenda Item: Disposition of 406 N. Washington Avenue in Cleveland, Texas</p> <p>Committee: Business</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>The 406 N. Washington Avenue property in Cleveland, Texas has been on the market for many years. This facility is an office building that has a total of 7,000 square feet on approximately .2842 of an acre of land. It has roughly 5,000 square feet of concrete parking along the front and south side of the building. The current appraised value of the property is \$280,000.</p> <p>We have received two offers:</p> <ul style="list-style-type: none"> • First Offer - \$275,000 This contract is subject to inspections and buyer's approval to obtain a pawn shop license with the Office of Consumer Credit Commissioner. • Second Offer - \$250,000 <p>The appraisal and contracts have been forwarded to Jackson Walker for their review.</p> <p>The Center's Board Goal from FY 2013 was and continues to be to "implement best strategies to sell vacant properties". The sale of this facility provides an opportunity to reduce the number of vacant buildings we own.</p> <p>Staff would like to discuss the possibility of moving forward with the sale of this facility.</p>	
<p>Supporting Documentation:</p> <p>First Offer – Commercial Contract</p> <p>Second Offer – Contract of Sale</p> <p>Appraisal Available for Review at the Board Meeting</p>	
<p>Recommended Action:</p> <p>Authorize Executive Director to Move Forward as Directed by the Board of Trustees</p>	



**TEXAS ASSOCIATION OF REALTORS®
COMMERCIAL CONTRACT - IMPROVED PROPERTY**

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1. **PARTIES:** Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: TRI-COUNTY MENTAL HEALTH

Address: P.O. BOX 3067, CONROE, TX 77305-3067

Phone: _____ E-mail: _____

Fax: _____ Other: _____

Buyer: Michael Cox, William Hunter and David Ulsh

Address: 2826 RIPPING SPRINGS CT, MANVEL, TX 77578

Phone: (832) 289-2300 E-mail: gabbiillasap@yahoo.com

Fax: _____ Other: ulshfamily4@gmail.com, MCox@celgene.com

2. PROPERTY:

- A. "Property" means that real property situated in LIBERTY County, Texas at 406-B N WASHINGTON AVE, CLEVELAND, TX 77327 (address) and that is legally described on the attached Exhibit _____ or as follows: EDWARDS, BLOCK 7, LOT 9-12, ACRES .2842

- B. Seller will sell and convey the Property together with:

- (1) all buildings, improvements, and fixtures;
- (2) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
- (3) Seller's interest in all leases, rents, and security deposits for all or part of the Property;
- (4) Seller's interest in all licenses and permits related to the Property;
- (5) Seller's interest in all third party warranties or guaranties, if transferable, relating to the Property or any fixtures;
- (6) Seller's interest in any trade names, if transferable, used in connection with the Property; and
- (7) all Seller's tangible personal property located on the Property that is used in connection with the Property's operations except: _____

Any personal property not included in the sale must be removed by Seller prior to closing.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)

(If mineral rights are to be reserved an appropriate addendum should be attached.)

(If the Property is a condominium, attach Commercial Contract Condominium Addendum (TAR-1930).)

3. **SALES PRICE:** At or before closing, Buyer will pay the following sales price for the Property:

- | | |
|--|----------------------|
| A. Cash portion payable by Buyer at closing | \$ <u>68,750.00</u> |
| B. Sum of all financing described in Paragraph 4 | \$ <u>206,250.00</u> |
| C. Sales price (sum of 3A and 3B) | \$ <u>275,000.00</u> |

(TAR-1801) 4-1-14

Initialed for Identification by Seller _____ and Buyer _____

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Phillip Cameron

South Texas Pawn

4. **FINANCING:** Buyer will finance the portion of the sales price under Paragraph 3B as follows:

- ☒ A. Third Party Financing: One or more third party loans in the total amount of \$ 206,250.00. This contract:
- ☐ (1) is not contingent upon Buyer obtaining third party financing.
- ☒ (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum (TAR-1931).
- ☐ B. Assumption: In accordance with the attached Commercial Contract Financing Addendum (TAR-1931), Buyer will assume the existing promissory note secured by the Property, which balance at closing will be \$ _____.
- ☐ C. Seller Financing: The delivery of a promissory note and deed of trust from Buyer to Seller under the terms of the attached Commercial Contract Financing Addendum (TAR-1931) in the amount of \$ _____.

5. **EARNEST MONEY:**

- A. Not later than 3 days after the effective date, Buyer must deposit \$ 25,000.00 as earnest money with TARVER ABSTRACT COMPANY (title company) at 211 SOUTH BONHAM, CLEVELAND, TX 77327 (address) ANGELA DEDEAR (closer). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.
- B. Buyer will deposit an additional amount of \$ _____ with the title company to be made part of the earnest money on or before:
- ☐ (i) _____ days after Buyer's right to terminate under Paragraph 7B expires; or
- ☐ (ii) _____.
- Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.
- C. Buyer may instruct the title company to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

6. **TITLE POLICY, SURVEY, AND UCC SEARCH:**

- A. Title Policy:
- (1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by any underwriter of the title company in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
- (a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
- (b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.
- (2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
- ☒ (a) will not be amended or deleted from the title policy.
- ☐ (b) will be amended to read "shortages in areas" at the expense of ☐ Buyer ☐ Seller.
- (3) Within 30 days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within _____ days after the effective date:

- ☐ (1) Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition. Seller will reimburse Buyer _____ (insert amount) of the cost of the survey at closing, if closing occurs.
- ☒ (2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.
- ☐ (3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, Seller, at Seller's expense, will obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to Buyer and the title company within 20 days after Seller receives notice that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for Seller to deliver an acceptable survey within the time required. Buyer will reimburse Seller _____ (insert amount) of the cost of the new or updated survey at closing, if closing occurs.

C. UCC Search:

- ☐ (1) Within _____ days after the effective date, Seller, at Seller's expense, will furnish Buyer a Uniform Commercial Code (UCC) search prepared by a reporting service and dated after the effective date. The search must identify documents that are on file with the Texas Secretary of State and the county where the Property is located that relate to all personal property on the Property and show, as debtor, Seller and all other owners of the personal property in the last 5 years.
- ☒ (2) Buyer does not require Seller to furnish a UCC search.

D. Buyer's Objections to the Commitment, Survey, and UCC Search:

- (1) Within 5 days after Buyer receives the commitment, copies of the documents evidencing the title exceptions, any required survey, and any required UCC search, Buyer may object to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title to the real or personal property described in Paragraph 2 other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If Paragraph 6B(1) applies, Buyer is deemed to receive the survey on the earlier of: (i) the date Buyer actually receives the survey; or (ii) the deadline specified in Paragraph 6B.
- (2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.
- (3) Buyer's failure to timely object or terminate under this Paragraph 6D is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: _____

B. Feasibility Period: Buyer may terminate this contract for any reason within 30 days after the effective date (feasibility period) by providing Seller written notice of termination. (Check only one box.)

☒ (1) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less \$ 500.00 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the title company. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

☐ (2) Not later than 3 days after the effective date, Buyer must pay Seller \$ _____ as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to timely pay the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

C. Inspections, Studies, or Assessments:

(1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.

(2) Seller, at Seller's expense, will turn on all utilities necessary for Buyer to make inspections, studies, or assessments.

(3) Buyer must:

- (a) employ only trained and qualified inspectors and assessors;
- (b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
- (c) abide by any reasonable entry rules or requirements of Seller;
- (d) not interfere with existing operations or occupants of the Property; and
- (e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

(4) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract.

D. Property Information:

(1) Delivery of Property Information: Within _____ days after the effective date, Seller will deliver to Buyer: (Check all that apply.)

- ☐ (a) a current rent roll of all leases affecting the Property certified by Seller as true and correct;
- ☐ (b) copies of all current leases pertaining to the Property, including any modifications, supplements, or amendments to the leases;
- ☐ (c) a current inventory of all personal property to be conveyed under this contract and copies of any leases for such personal property;
- ☐ (d) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;
- ☐ (e) copies of all current service, maintenance, and management agreements relating to the ownership and operation of the Property;
- ☐ (f) copies of current utility capacity letters from the Property's water and sewer service provider;
- ☐ (g) copies of all current warranties and guaranties relating to all or part of the Property;
- ☐ (h) copies of fire, hazard, liability, and other insurance policies that currently relate to the Property;
- ☐ (i) copies of all leasing or commission agreements that currently relate to the tenants of all or part of the Property;
- ☐ (j) a copy of the "as-built" plans and specifications and plat of the Property;
- ☐ (k) copies of all invoices for utilities and repairs incurred by Seller for the Property in the 24 months immediately preceding the effective date;
- ☐ (l) a copy of Seller's income and expense statement for the Property from _____ to _____;
- ☐ (m) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;
- ☐ (n) real & personal property tax statements for the Property for the previous 2 calendar years; and
- ☐ (o) Tenant reconciliation statements including, operating expenses, insurance and taxes for the Property from _____ to _____; and
- ☐ (p) _____

(2) **Return of Property Information:** If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: *(Check all that apply.)*

- ☐ (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer in other than an electronic format and all copies that Buyer made of those items;
- ☐ (b) delete or destroy all electronic versions of those items described in Paragraph 7D(1) that Seller delivered to Buyer or Buyer copied; and
- ☐ (c) deliver copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed.

This Paragraph 7D(2) survives termination of this contract.

E. **Contracts Affecting Operations:** Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

8. LEASES:

A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:

- (1) any failure by Seller to comply with Seller's obligations under the leases;

- (2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;
- (3) any non-occupancy of the leased premises by a tenant;
- (4) any advance sums paid by a tenant under any lease;
- (5) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and
- (6) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.

B. **Estoppel Certificates:** Within n/a days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than _____ by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version of TAR Form 1938 - Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.

9. BROKERS:

A. The brokers to this sale are:

Principal Broker: CAMERON REAL ESTATE

Cooperating Broker: _____

Agent: PHILLIP CAMERON

Agent: _____

Address: 26156 HWY 321

Address: _____

CLEVELAND, TX 77327

Phone & Fax: (281) 532-4442 (281) 593-3159

Phone & Fax: _____

E-mail: CRESOLD@GMAIL.COM

E-mail: _____

License No.: 0338240

License No.: _____

Principal Broker: (Check only one box.)

Cooperating Broker represents Buyer.

☐ represents Seller only.

☐ represents Buyer only.

☒ is an intermediary between Seller and Buyer.

B. **Fees:** (Check only (1) or (2) below.)

(Complete the Agreement Between Brokers on page 14 only if (1) is selected.)

☐ (1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.

☐ (2) At the closing of this sale, Seller will pay:

Principal Broker a total cash fee of:

Cooperating Broker a total cash fee of:

☒ 6.000 % of the sales price.

☐ _____ % of the sales price.

☐ _____

☐ _____

The cash fees will be paid in LIBERTY County, Texas. Seller authorizes the title company to pay the brokers from the Seller's proceeds at closing.

NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.

- C. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.

10. CLOSING:

- A. The date of the closing of the sale (closing date) will be on or before the later of:
- (1) ☐ _____ days after the expiration of the feasibility period.
☒ July 30, 2014 (specific date).
☐ _____
 - (2) 7 days after objections made under Paragraph 6D have been cured or waived.
- B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.
- C. At closing, Seller will execute and deliver to Buyer, at Seller's expense, a ☐ general ☒ special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:
- (1) with no liens, assessments, or Uniform Commercial Code or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;
 - (2) without any assumed loans in default; and
 - (3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.
- D. At closing, Seller, at Seller's expense, will also deliver to Buyer:
- (1) tax statements showing no delinquent taxes on the Property;
 - (2) a bill of sale with warranties to title conveying title, free and clear of all liens, to any personal property defined as part of the Property in Paragraph 2 or sold under this contract;
 - (3) an assignment of all leases to or on the Property;
 - (4) to the extent that the following items are assignable, an assignment to Buyer of the following items as they relate to the Property or its operations:
 - (a) licenses and permits;
 - (b) maintenance, management, and other contracts; and
 - (c) warranties and guaranties;
 - (5) a rent roll current on the day of the closing certified by Seller as true and correct;
 - (6) evidence that the person executing this contract is legally capable and authorized to bind Seller;
 - (7) an affidavit acceptable to the title company stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the title company to: (i) withhold from Seller's proceeds an amount sufficient to comply applicable tax law; and (ii) deliver the amount to the Internal Revenue Service together with appropriate tax forms; and
 - (8) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and the issuance of the title policy, all of which must be completed and executed by Seller as necessary.
- E. At closing, Buyer will:
- (1) pay the sales price in good funds acceptable to the title company;
 - (2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;
 - (3) sign and send to each tenant in the Property a written statement that:
 - (a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and
 - (b) specifies the exact dollar amount of the security deposit;

- (4) sign an assumption of all leases then in effect; and
- (5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete under this contract, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

12. SPECIAL PROVISIONS: The following special provisions apply and will control in the event of a conflict with other provisions of this contract. *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*

OFFER IS SUBJECT TO INSPECTIONS. OFFER IS SUBJECT TO APPROVAL TO OBTAIN A PAWN SHOP LICENSE WITH THE OFFICE OF CONSUMER CREDIT.

13. SALES EXPENSES:

- A. Seller's Expenses: Seller will pay for the following at or before closing:
- (1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
 - (2) release of Seller's loan liability, if applicable;
 - (3) tax statements or certificates;
 - (4) preparation of the deed and any bill of sale;
 - (5) one-half of any escrow fee;
 - (6) costs to record any documents to cure title objections that Seller must cure; and
 - (7) other expenses that Seller will pay under other provisions of this contract.
- B. Buyer's Expenses: Buyer will pay for the following at or before closing:
- (1) all loan expenses and fees;
 - (2) preparation fees of any deed of trust;
 - (3) recording fees for the deed and any deed of trust;
 - (4) premiums for flood and hazard insurance as may be required by Buyer's lender;
 - (5) one-half of any escrow fee; and
 - (6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:

- (1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.
- (2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
- (3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.

B. Rollback Taxes: If Seller changes the use of the Property before closing or if a denial of a special valuation on the Property claimed by Seller results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.

C. Rent and Security Deposits: At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.

15. DEFAULT:

- A. If Buyer fails to comply with this contract, Buyer is in default and Seller, as Seller's sole remedy(ies), may terminate this contract and receive the earnest money, as liquidated damages for Buyer's failure except for any damages resulting from Buyer's inspections, studies or assessments in accordance with Paragraph 7C(4) which Seller may pursue, or
(Check if applicable)
☐ enforce specific performance, or seek such other relief as may be provided by law.
- B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) extend the time for performance up to 15 days and the closing will be extended as necessary.
- C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CASUALTY LOSS AND CONDEMNATION:

- A. If any part of the Property is damaged or destroyed by fire or other casualty after the effective date, Seller must restore the Property to its previous condition as soon as reasonably possible and not later than the closing date. If, without fault, Seller is unable to do so, Buyer may:

(TAR-1801) 4-1-14

Initialed for Identification by Seller _____, _____ and Buyer _____

Page 9 of 14

- (1) terminate this contract and the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer;
- (2) extend the time for performance up to 15 days and closing will be extended as necessary; or
- (3) accept at closing: (i) the Property in its damaged condition; (ii) an assignment of any insurance proceeds Seller is entitled to receive along with the insurer's consent to the assignment; and (iii) a credit to the sales price in the amount of any unpaid deductible under the policy for the loss.

B. If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

- (1) terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer; or
- (2) appear and defend the condemnation proceedings and any award will, at Buyer's election, belong to: (a) Seller and the sales price will be reduced by the same amount; or (b) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or the title company is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

- A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, the title company may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of the title company from all parties.
- B. If one party makes written demand for the earnest money, the title company will give notice of the demand by providing to the other party a copy of the demand. If the title company does not receive written objection to the demand from the other party within 15 days after the date the title company sent the demand to the other party, the title company may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and the title company may pay the same to the creditors.
- C. The title company will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.
- D. If the title company complies with this Paragraph 18, each party hereby releases the title company from all claims related to the disbursement of the earnest money.
- E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to the title company are effective upon receipt by the title company.
- F. Any party who wrongfully fails or refuses to sign a release acceptable to the title company within 7 days after receipt of the request will be liable to the other party for liquidated damages in an amount equal to the sum of: (i) three times the amount of the earnest money; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.
- G. ☐ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent

feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

- ☐ A. Seller is not aware of any material defects to the Property except as stated in the attached Commercial Property Condition Statement (TAR-1408).
- ☐ B. Except as otherwise provided in this contract, Seller is not aware of:
- (1) any subsurface structures, pits, waste, springs, or improvements;
 - (2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
 - (3) any environmental hazards or conditions that materially affect the Property;
 - (4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
 - (5) whether radon, asbestos containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
 - (6) any wetlands, as defined by federal or state law or regulation, on the Property;
 - (7) any threatened or endangered species or their habitat on the Property;
 - (8) any present or past infestation of wood-destroying insects in the Property's improvements;
 - (9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
 - (10) any material physical defects in the improvements on the Property; or
 - (11) any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(11) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

- ☐ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
- ☐ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

22. AGREEMENT OF THE PARTIES:

- A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas. If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.
- B. This contract contains the entire agreement of the parties and may not be changed except in writing.
- C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

D. Addenda which are part of this contract are: *(Check all that apply.)*

- ☐ (1) Property Description Exhibit identified in Paragraph 2;
- ☐ (2) Commercial Contract Condominium Addendum (TAR-1930);
- ☒ (3) Commercial Contract Financing Addendum (TAR-1931);
- ☒ (4) Commercial Property Condition Statement (TAR-1408);
- ☐ (5) Commercial Contract Addendum for Special Provisions (TAR-1940);
- ☐ (6) Addendum for Seller's Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (TAR-1906);
- ☐ (7) Notice to Purchaser of Real Property in a Water District (MUD);
- ☐ (8) Addendum for Coastal Area Property (TAR-1915);
- ☐ (9) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TAR-1916);
- ☐ (10) Information About Brokerage Services (TAR-2501); and
- ☐ (11) _____

(Note: Counsel for the Texas Association of REALTORS® (TAR) has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by TAR are appropriate for use with this form.)

- E. Buyer ☐ may ☒ may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all of Buyer's obligations under this contract.

23. TIME: Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. EFFECTIVE DATE: The effective date of this contract for the purpose of performance of all obligations is the date the title company receives this contract after all parties execute this contract.

25. ADDITIONAL NOTICES:

- A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.
- B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.
- C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.
- D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included as part of this contract.

- E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract.
- F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.
- G. If apartments or other residential units are on the Property and the units were built before 1978, federal law requires a lead-based paint and hazard disclosure statement to be made part of this contract.
- H. Section 1958.154, Occupations Code requires Seller to provide Buyer a copy of any mold remediation certificate issued for the Property during the 5 years preceding the date the Seller sells the Property.
- I. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties.

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on JUNE 30, 2014, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. **CONSULT** your attorney **BEFORE** signing.

Seller: TRI-COUNTY MENTAL HEALTH

Michael Cox, William Hunter and David
Buyer: Ulsch

By: _____

By (signature): _____
Printed Name: _____
Title: _____

By: _____

By (signature): _____
Printed Name: _____
Title: _____

By: _____

By (signature): _____
Printed Name: _____
Title: _____

By: _____

By (signature): _____
Printed Name: _____
Title: _____

AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay _____ (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

- ☐ \$ _____, or
☐ _____ % of the sales price, or
☐ _____ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: CAMERON REAL ESTATE

Cooperating Broker: _____

By: _____
PHILLIP CAMERON

By: _____

ATTORNEYS

Seller's attorney: _____

Buyer's attorney: _____

Address: _____

Address: _____

Phone & Fax: _____

Phone & Fax: _____

E-mail: _____

E-mail: _____

Seller's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Seller.
☐ Buyer sends to Seller.

Buyer's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Buyer.
☐ Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:

- ☐ A. the contract on this day _____ (effective date);
☐ B. earnest money in the amount of \$ _____ in the form of _____ on _____.

Title company: _____

Address: _____

By: _____

Phone & Fax: _____

Assigned file number (GF#): _____

E-mail: _____



TEXAS ASSOCIATION OF REALTORS®
COMMERCIAL CONTRACT FINANCING ADDENDUM

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED.
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ADDENDUM TO COMMERCIAL CONTRACT BETWEEN THE UNDERSIGNED PARTIES CONCERNING
THE PROPERTY AT

406-B N WASHINGTON AVE, CLEVELAND, TX 77327

The portion of the Sales Price not payable in cash will be paid as follows: *(Check all that apply.)*

☒ A. THIRD PARTY FINANCING:

- (1) The contract is contingent upon Buyer obtaining a third party loan(s) secured by the Property in the amount of \$ 206,250.00 for not less than 15 years with the initial interest rate not to exceed 6.000 % per annum and payments calculated on an amortization period of no less than 15 years.
- (2) Buyer will apply for the third party loan(s) described in Paragraph A(1) promptly after the effective date. If Buyer cannot obtain the loan(s), Buyer may give Seller written notice within 20 days after the effective date and the contract will terminate and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. **If Buyer does not give such notice within the time required, this contract will no longer be subject to the contingency described in this Paragraph A.**
- (3) Each note to be executed under this addendum is to be secured by vendor's and deed of trust liens.

☐ B. ASSUMPTION:

- (1) Buyer will assume the unpaid principal balance of the existing promissory note secured by the Property payable to _____ dated _____ which balance at closing will be \$ _____.
- (2) Buyer's initial payment will be the first payment due after closing. Buyer's assumption of the existing note includes all obligations imposed by the deed of trust securing the note, recorded in _____ (recording reference) in the real property records of the county where the Property is located.
- (3) If the unpaid principal balance of the assumed loan as of the date of closing varies from the loan balance stated in Paragraph B(1), the cash payable at closing will be adjusted by the net amount of any variance; provided, if the total principal balance of the assumed loan varies in an amount greater than \$ _____ at closing, either party may terminate this contract and the earnest money will be refunded to Buyer unless either party elects to eliminate the excess in the variance by an appropriate adjustment at closing.
- (4) Buyer may terminate the contract and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer if the note holder on assumption requires:
 - (a) Buyer to pay an assumption fee in excess of \$ _____ and Seller declines to pay such excess;
 - (b) an increase in the interest rate to more than _____ %; or
 - (c) any other modification of the loan documents.
- (5) Unless Seller is released of liability on any assumed note, Seller requires a vendor's lien and deed of trust to secure assumption, which will be automatically released on execution and delivery of a release by the note holder.

(TAR-1931) 1-26-10

Initialed for Identification by Seller: _____, _____, and Buy

Page 1 of 4

Cameron Real Estate, 2702 County Road 2285 Cleveland, TX 77327
Phone: 281.592.4442

Fax: 281-593-3159 Phillip Cameron

South Texas Pawn

Produced with ZipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

- (6) If assumption approval is required by the note holder, Buyer will apply for assumption approval within _____ days after the effective date of the contract and will make every reasonable effort to obtain assumption approval. If Buyer cannot obtain assumption approval, Buyer may give Seller written notice within _____ days after the effective date and the contract will terminate and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. **If Buyer does not give such notice within the time required and Buyer does not close because Buyer is not able to assume the existing note, Buyer will be in default.**

☐ C. SELLER FINANCING:

- (1) At closing, Buyer will execute and deliver a promissory note (the note) from Buyer to Seller in the amount of \$ _____, bearing _____ % interest per annum. Matured, unpaid amounts will bear interest at the maximum rate of interest allowed by law.
- (2) The note will be payable as follows:
- ☐ (a) In one payment, due _____ after the date of the note, with interest payable: ☐ (i) monthly ☐ (ii) _____.
- ☐ (b) In installments of \$ _____ ☐ including interest ☐ plus interest beginning _____ after the date of the note and continuing at ☐ monthly ☐ _____ intervals thereafter for _____ when the entire balance of the note will be due and payable.
- ☐ (c) Interest only in ☐ monthly ☐ _____ installments for the first _____ years and thereafter in installments of \$ _____ ☐ including interest ☐ plus interest beginning _____ after the date of the note and continuing at ☐ monthly ☐ _____ intervals thereafter for _____ when the entire balance of the note will be due and payable.
- (3) The note will be secured by vendor's and deed of trust liens and an assignment of leases payable at the place designated by Seller.
- (4) The note will provide that if Buyer fails to timely pay an installment within 10 days after the installment is due, Buyer will pay a late fee equal to 5% of the installment not paid.
- (5) The note ☐ will ☐ will not provide for liability (personal or corporate) against the maker in the event of default.
- (6) The note may be prepaid in whole or in part at any time without penalty. Any prepayments are to be applied to the payment of the installments of principal last maturing and interest will immediately cease on the prepaid principal.
- (7) The lien securing payment of the note will be inferior to any lien securing any superior note described in this addendum. If an owner's policy of title insurance is furnished, Buyer, at Buyer's expense, will furnish Seller with a mortgagee title policy in the amount of the note at closing.
- (8) If all or any part of the Property is sold or conveyed without Seller's prior written consent, Seller, at Seller's option, may declare the outstanding principal balance of the note, plus accrued interest, immediately due and payable. Any of the following is not a sale or conveyance of the Property:
- (a) the creation of a subordinate lien;
 - (b) a sale under a subordinate lien;
 - (c) a deed under threat or order of condemnation;
 - (d) a conveyance solely between the parties; or
 - (e) the passage of title by reason of death of a maker or operation of law.

- (9) **Deposits for Taxes and Insurance:** Together with the principal and interest installments, Buyer ☐ will ☐ will not deposit with Seller a pro rata part of the estimated annual ad valorem taxes on the Property and a pro rata part of the estimated annual insurance premiums for the improvements on the Property.
- (a) If Buyer deposits taxes and insurance deposits with Seller, Buyer agrees that the taxes and insurance deposits are only estimates and may be insufficient to pay total taxes and insurance premiums. Buyer agrees to pay any deficiency within 30 days after Seller notifies Buyer of any deficiency. Buyer's failure to pay the deficiency is a default under the deed of trust.
- (b) If any superior lien holder on the Property collects payments for taxes and insurance, any requirement to deposit taxes and insurance deposits with Seller under this addendum is inoperative so long as payments are being made to the superior lien holder.
- (10) Any event that constitutes a default under any superior lien constitutes a default under the deed of trust securing the note.
- (11) The note will include a provision for reasonable attorney's fees for any collection action.
- (12) Unless the parties agree otherwise, the form of the note and loan documents will be as found in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

☐ D. **CREDIT APPROVAL ON ASSUMPTION OR SELLER FINANCING:**

- (1) To establish Buyer's creditworthiness for assumption approval or seller financing, Buyer will deliver to Seller the following information (Buyer's documentation) within _____ days after the effective date of the contract:
- ☐ (a) verification of employment, including salary;
- ☐ (b) verification of funds on deposit in financial institutions;
- ☐ (c) current financial statement;
- ☐ (d) credit report;
- ☐ (e) tax returns for the following years _____ ;
- ☐ (f) _____
- (2) If Buyer does not timely deliver Buyer's documentation or Seller determines, in Seller's sole discretion, that Buyer's creditworthiness is not acceptable, Seller may terminate the contract by giving written notice to Buyer not later than _____ days after the date Buyer must deliver Buyer's documentation under Paragraph D(1) and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. If Seller does not timely terminate the contract under this paragraph, Seller will be deemed to have accepted Buyer's credit.

☐ E. **SPECIAL PROVISIONS:**

Commercial Contract Financing Addendum concerning 406-B N WASHINGTON AVE, CLEVELAND, TX 77327

Seller: TRI-COUNTY MENTAL HEALTH

Michael Cox, William Hunter, David
Buyer: Ulsh

By: _____

By: _____

By (signature): _____

By (signature): _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

By: _____

By: _____

By (signature): _____

By (signature): _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

CONTRACT OF SALE

This Contract of Sale (this "Contract") is made and entered into by and between Tri-County Mental Health, ("Seller"), and Christopher Lee ("Buyer").

ARTICLE I DEFINED TERMS

1.1 Definitions. As used herein, the following terms shall have the meanings respectively indicated:

"Absolute Review Period" has the meaning assigned to it in Section 5.1.

"Business Day" shall mean any day other than Saturday, Sunday or a national holiday.

"Closing" means the consummation of the purchase of the Property by Buyer from Seller in accordance with Article IX.

"Closing Date" means the date specified in Section 9.1 on which the Closing is to be held.

"Deed" means the General Warranty Deed executed by Seller in favor of Buyer, the means by which Seller shall convey the Property to Buyer, and being in the form, or substantially in the form, of "Exhibit "B"".

"Earnest Money Deposit" means that portion of the Purchase Price deposited by Buyer in escrow with the Title Company at the time and in the form and the amount specified in Section 3.3.

"Effective Date" means the date on which the Title company acknowledges receipt of a fully-executed Contract as indicated by the signature of the Title Company.

"Governmental Authority" means any and all courts, boards, agencies, commissions, offices, or authorities of any governmental unit (federal, state, county, district, municipal, city, or otherwise).

"Impositions" means, for the Property, (a) all real estate and personal property taxes, assessments, excises, and levies (and any associated interest, costs, or penalties), general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature, that are at any time assessed, levied, charged, or imposed on, or with respect to all or any portion of the Property, or the sidewalks, streets, or alley ways adjacent to the Property, as appropriate, or the ownership, use, occupancy, or enjoyment thereof, and (b) any assessments made after the Closing for taxes attributable to a change in land usage or ownership.

"Legal Requirements" means (a) any and all judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, permits, certificates, or ordinances of any Governmental

Authority in any way applicable to the Property, including, without limitation, any of the aforesaid dealing with the design, construction, ownership, use, leasing, maintenance, service, operation, or condition of real property, or zoning or environmental matters, or parking requirements, and (b) the terms of any other written agreements, and oral agreements of which Seller has knowledge, and any and all insurance requirements, documents, or instruments relating to the Property, or to or by which the Property, or its owner, may be bound or encumbered.

"Permitted Exceptions" means, with respect to the Property, the exceptions or conditions that affect or may affect the title to or use of the Property and that are approved by Buyer in accordance with Section 4.4.

"Property" means the real property and minerals located in Liberty County, Texas described in Exhibit A attached hereto and all improvements thereon.

"Purchase Price" means the total consideration to be paid by Buyer to Seller for the purchase of the Property.

"Survey" means a survey satisfying the requirements of a Category 1A, Condition II Survey according to the latest promulgated standards of the Texas Society of Professional Surveyors and containing the surveyor's certification substantially in the form of Exhibit C.

"Title Company" means Allegiance Title Company, located at 8111 Preston Rd., Suite 320, Dallas, Texas 75225 (Attention: Traci R. Miller).

"Title Exception" means any lien, mortgage, security interest, encumbrance, pledge, assignment, claim, charge, lease (surface, space, mineral, or otherwise), condition, restriction, option, conditional sale contract, right of first refusal, restrictive covenant, exception, easement (temporary or permanent), right-of-way, encroachment, overlap, or other outstanding claim, interest, estate, or equity of any nature.

"Title Policy" means the Owner Policy of Title Insurance described in Section 4.5.

"Title Review Period" has the meaning assigned to it in Section 4.3.

"Title Underwriter" means Fidelity National Title Insurance Company.

1.2 Other Defined Terms. Certain other defined terms shall have the respective meanings assigned to them elsewhere in this Contract.

ARTICLE II
AGREEMENT OF PURCHASE AND SALE

On the terms and conditions stated in this Contract, Seller hereby sells and agrees to convey the Property to Buyer, and Buyer, in consideration of the performance of the agreements of Seller contained in this Contract and in reliance on the representations and warranties of Seller contained in this Contract and subject to the conditions precedent contained in this Contract, hereby agrees to purchase the Property from Seller.

ARTICLE III
PURCHASE PRICE, INDEPENDENT CONTRACT
CONSIDERATION, AND EARNEST MONEY

3.1 Purchase Price. The Purchase Price to be paid by Buyer to Seller shall be Two Hundred and Fifty Thousand dollars (\$250,000.00).

3.2 Independent Contract Consideration. Within three (3) business days after the Effective Date, Buyer shall deliver to Seller a check in the amount of one hundred dollars (\$100.00) ("Independent Contract Consideration"), which amount the parties hereby acknowledge and agree has been bargained for and agreed to as consideration for Seller's execution and delivery of this Contract. The Independent Contract Consideration is in addition to and independent of any other consideration or payment provided in this Contract, is nonrefundable, shall be retained by Seller notwithstanding any other provision of this Contract and shall be applied to the Purchase Price if the sale and purchase of the Property is consummated as provided in this Contract.

3.3 Earnest Money Deposit. Within three (3) business days after the Effective Date, Buyer shall deliver the sum of five thousand dollars (\$5,000.00) (the "Earnest Money Deposit") to the Title Company, to be held by the Title Company in escrow and to be disposed of as provided in this Contract. At Buyer's option, the Earnest Money Deposit may be in the form of a check, to be cashed immediately by the Title Company and placed in an interest-bearing account with a reputable financial institution in Dallas or Tarrant County, Texas designated by Buyer. Any and all interest which shall accrue on the Earnest Money Deposit shall accrue for the sole benefit of Buyer, shall not be included in the definition of the Earnest Money Deposit, and shall be payable to Buyer upon demand or, in any event, upon the termination of this Contract. If the purchase and sale of the Property is consummated in accordance with the terms and provisions of this Contract, then the Earnest Money Deposit shall at Buyer's option either be applied to the Purchase Price or returned to Buyer. In all other events, the Earnest Money Deposit shall be disposed of by the Title Company as provided in this Contract.

3.4 Payment of Purchase Price. The Purchase Price shall be payable to Seller through the Title Company in cash at the Closing.

45 feasibility period
15 / 20 day closing

ARTICLE IV TITLE AND SURVEY

4.1 Title Commitment; Exception Documents.

(a) Within twenty (20) days after the Effective Date, Seller, at Seller's sole cost and expense, shall cause to be furnished to Buyer (and to the surveyor selected to prepare the Survey) a current Commitment for Title Insurance (the "Title Commitment") for the Property issued by the Title Company, on behalf of the Title Underwriter. The Title Commitment shall set forth the state of title to the Property, including a list of Title Exceptions affecting the Property that would appear in an owner's title policy, if one were issued. The Title Commitment shall contain the expressed commitment of the Title Company to issue the Title Policy to Buyer in the amount of the Purchase Price insuring the title to the Property as is specified in the Title Commitment.

(b) Along with the Title Commitment, Seller shall be furnished a true, correct, and legible copies of all instruments that create or evidence Title Exceptions affecting the Property, including those described in the Title Commitment as exceptions to which the conveyance will be subject and which are required to be released or cured at or prior to the Closing.

4.2 Survey. Within twenty (20) days after the Effective Date, Seller, at Seller's sole cost and expense, shall cause a current Survey of the Property to be prepared and shall deliver three (3) copies of the Survey to Buyer.

4.3 Review of Title Commitment, Survey and Exception Documents. Buyer shall have a period of ten (10) days (the "Title Review Period") commencing with the day Buyer has received the Title Commitment, the Survey, and the items described in Section 4.1(b), in which to give written notice to Seller specifying Buyer's objections to one or more of those items ("Objections"), if any.

4.4 Seller's Obligation to Cure; Buyer's Right to Terminate. If Buyer notifies Seller of Objections to any of the matters furnished to Buyer pursuant to Section 4.1 and 4.2, then Seller shall, within ten (10) days after Seller's receipt of notice ("Cure Period"), either satisfy the Objections at Seller's sole cost and expense or promptly notify Buyer in writing of the Objections that Seller cannot or will not satisfy at Seller's expense. If Seller fails or refuses to satisfy any Objections within the Cure Period, and if Buyer and Seller do not agree in writing to an extension of that period, then Buyer has the option of either (i) waiving the unsatisfied Objections by notice in writing to Seller within ten (10) days after the expiration of the Cure Period, in which event those Objections shall become Permitted Exceptions, or (ii) terminating this Contract by notice in writing within ten (10) days after the expiration of the Cure Period, and receiving back the Earnest Money Deposit, in which latter event Seller and Buyer shall have no further obligations, one to the other, with respect to the subject matter of this Contract. If Buyer fails to deliver written notice of termination to Seller within ten (10) days of the expiration of the Cure Period, then Buyer shall be deemed to have waived and accepted the unsatisfied Objections, which (together with all Title Exceptions to which Purchaser has not objected) shall become Permitted Exceptions, with no reduction in the Purchase Price, and Buyer shall have no further right to terminate this Contract under this Section 4.4.

4.5 Title Policy. At the Closing, Seller, at Seller's sole cost and expense, shall cause a standard Form T-1 Texas Owner Policy of Title Insurance (the "Title Policy") to be furnished to Buyer. The Title Policy shall be issued by the Title Company, on behalf of the Title Underwriter in the amount of the Purchase Price, and insuring that Buyer has indefeasible fee simple title to the Property, subject only to the Permitted Exceptions and all of the standard printed exceptions of a standard Form T-1 Texas Owner Policy of Title Insurance. In the event Buyer elects to modify or delete the "survey exception," Buyer shall pay the cost of such modification or deletion.

ARTICLE V FEASIBILITY REVIEW PERIOD

5.1 Review Period. Any term or condition of this Contract to the contrary notwithstanding, the obligations of Buyer specified in this Contract are wholly conditioned on Buyer's having determined, in Buyer's sole and absolute discretion, during the period commencing with the Effective Date and ending forty five (45) days after the Effective Date (the "Absolute Review Period"), based on such physical examinations and other tests, examinations, studies (including economic and environmental feasibility studies) and appraisals of the Property as Buyer deems necessary or desirable, at Buyer's sole cost, that Buyer finds the Property suitable for Buyer's purposes. If Buyer is not satisfied with the Property for any reason whatsoever, then Buyer may terminate this Contract by giving written notice to Seller before the end of the Absolute Review Period, in which case the Earnest Money Deposit shall be returned to Buyer, and the parties shall have no further obligations under this Contract, one to the other. If Buyer fails to notify Seller in writing before the expiration of the Absolute Review Period that Buyer has terminated this Contract pursuant to this Section 5.1, then (a) Buyer shall be deemed to have accepted the condition of the Property, (b) Buyer's right to terminate this Contract pursuant to this Section 5.1 shall be deemed waived, and (c) the Earnest Money Deposit shall be non-refundable and deemed earned by Seller in any event other than Seller's default and failure to tender conveyance of the Property under this Contract or Buyer's termination of this Contract pursuant to the provisions of Section 4.4.

5.2 Access. To facilitate the review contemplated in Section 5.1 from and after the Effective Date, Seller shall permit Buyer and Buyer's agents and representatives to (a) enter upon and inspect all or any part of the Property, to conduct studies and tests, and (b) make investigations with regard to zoning and building code requirements. Buyer agrees to indemnify and hold Seller harmless from and against any liens, claims, or damages suffered or incurred by Seller as a result of Buyer's conduct of these studies and tests. Buyer shall repair or cause to be repaired any material damages caused by these tests. Notwithstanding anything contained herein to the contrary, the effect of any representations or warranties made by Seller in this Contract shall not be diminished by any inspections, tests or investigations made by Buyer.

5.3 Confidentiality. Buyer shall maintain confidential all information obtained as a result of the examinations, tests and studies pursuant to Section 5.1 and shall not disclose any of such information to any person or entity prior to Closing. Buyer agrees to indemnify and hold Seller

harmless from any and all claims, losses and expenses resulting from or in any manner relating to the breach of the foregoing covenant.

ARTICLE VI
REPRESENTATIONS, WARRANTIES, COVENANTS,
AND AGREEMENTS OF SELLER

6.1 Representations and Warranties of Seller. To induce Buyer to enter into this Contract and to consummate the sale and purchase of the Property in accordance herewith, Seller represents and warrants to Buyer, as of the Effective Date and as of the Closing Date, except where specific reference is made to another date or dates, in which case the other date or dates will apply, that:

(a) Seller has good and indefeasible fee simple title to the Property, subject only to the Permitted Exceptions;

(b) Seller has the full right, power, and authority to sell and convey the Property as provided in this Contract and to carry out Seller's obligations hereunder, and that all requisite action necessary to authorize Seller to enter into this Contract and to carry out Seller's obligations hereunder has been, or by the Closing will have been, taken;

(c) There are no existing environmental issues with respect to the Property that would require abatement, removal or remediation;

(d) Except for debts, liabilities, and obligations for which provision is herein made for proration or other adjustment at Closing, there will be no debts, liabilities, or obligations of Seller with respect to the Property outstanding as of the Closing Date;

(e) Seller has paid all Impositions that are due and, on the Closing Date, the Property will be subject to no liens other than the lien for ad valorem taxes for year of Closing;

(f) Seller is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder; and

(g) Seller has not received any notice from any Governmental Authority regarding the condemnation of any portion of the Property.

6.2 Covenants and Agreements of Seller. From the Effective Date until the Closing Date or earlier termination of this Contract Seller shall:

(a) Comply in all material respects with all Legal Requirements affecting the Property.

(b) Advise Buyer promptly of any litigation, arbitration, or administrative hearing before any Governmental Agency concerning or affecting the Property which is instituted or threatened after the Effective Date.

(c) Not take, or omit to take, any action that would result in a violation of any of the representations, warranties, covenants, and agreements of Seller contained in this Contract.

(d) Not sell, assign, lease, or convey any right, title or interest whatsoever in or to the Property, or create or, except as otherwise provided in this Contract, permit to exist any lien, encumbrance, or charge thereon, that will not be satisfied or terminable without liability at Closing.

6.3 Survival Beyond Closing. The representations and warranties set forth in Section 6.1 and all covenants and agreements of Seller contained in this Contract shall survive the Closing.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF BUYER

7.1 Representations and Warranties of Buyer. Buyer represents, warrants, covenants, and agrees with Seller as of the Effective Date and as of the Closing Date, except where specific reference is made to another date or dates, that:

(a) Buyer has the full right, power, and authority to purchase the Property from Seller as provided in this Contract and to carry out Buyer's obligations under this Contract, and all requisite action necessary to authorize Buyer to enter into this Contract and to carry out Buyer's obligations hereunder has been or on or before Closing will have been taken; and

(b) As of the Effective Date, Buyer has been hereby advised in writing that Buyer should have an abstract covering the Property examined by an attorney of Buyer's own selection or that Buyer should be furnished with or obtain a policy of title insurance.

7.2 Survival Beyond Closing. The representations and warranties of Buyer contained in this Contract as set forth in Section 7.1 shall survive the Closing.

ARTICLE VIII

CONDITIONS PRECEDENT TO BUYER'S PERFORMANCE

8.1 Performance of Seller's Obligations. Buyer is not obligated to perform under this Contract unless, within the designated time periods, at Seller's sole cost and expense (except as herein expressly provided to the contrary), all of the following have occurred: (i) Seller has furnished or caused to be furnished to Buyer all items required to be so furnished under other Sections of this Contract, and (ii) Seller cures or Buyer waives in writing, within the time period specified in Section 4.4, all of Buyer's Objections made in accordance with Section 4.4.

8.2 Breach of Seller's Representations, Warranties, Covenants, and Agreements. Buyer is not obligated to perform under this Contract unless all of the representations, warranties,

covenants, and agreements of Seller contained in this Contract are true and correct as of the Effective Date and the Closing Date and unless Seller, on or prior to the Closing Date, has met, complied with, and performed in all material respects all covenants, conditions or agreements on Seller's part required by this Contract.

8.3 Termination of Leases. Intentionally Omitted.

8.4 Adverse Change. Buyer shall not be obligated to perform under this Contract if, on the Closing Date, any portion of the Property has been condemned or sold under threat of condemnation, or is the subject of a condemnation, eminent domain, or other material proceeding.

8.5 Right to Waive Conditions Precedent. Notwithstanding anything contained in this Contract to the contrary, Buyer may, at Buyer's option, elect to waive any of the conditions precedent to the performance of Buyer's obligations under this Contract by giving to the Seller, at any time before the Closing, a written waiver specifying the waived condition precedent. If Buyer so waives a condition precedent, then this Contract shall continue in full force and effect and the obligations of Buyer and Seller shall be unaffected by the waived condition precedent.

8.6 Termination if Conditions Precedent not Satisfied or Waived. If any of the conditions precedent to the performance of Buyer's obligations under this Contract have not been satisfied or waived by that party, then Buyer may, by giving written notice to Seller, terminate this Contract on or before the Closing Date. On Buyer's termination, the Earnest Money Deposit shall immediately be returned to Buyer by the Title Company. If the Earnest Money Deposit is properly returnable to Buyer, then Seller shall, on written request from Buyer, promptly issue instructions necessary to cause the Title Company to return to Buyer the Earnest Money Deposit and, thereafter, Buyer and Seller shall have no further obligations under this Contract, one to the other.

ARTICLE IX CLOSING

9.1 Date and Place of Closing. The Closing shall take place in the offices of the Title Company and shall be accomplished through an escrow to be established with the Title Company, as escrowee. The date of the Closing shall be mutually agreed on by Seller and Buyer, but shall not be later than fifteen (15) days after the expiration of the Absolute Review Period or such earlier date as is mutually agreed on in writing by Seller and Buyer.

9.2 Items to be Delivered at the Closing.

(a) Seller. At the Closing, Seller shall deliver or cause to be delivered to Buyer or the Title Company, at Seller's sole cost and expense (except as herein expressly provided to the contrary), the following items, all in form satisfactory to Buyer:

- (i) The Deed, duly executed by Seller and acknowledged, subject only to the Permitted Exceptions;

(ii) An Assignment and Bill of Sale which assigns to Buyer all personal property located on or used in connection with the Property;

(iii) An assignment of all warranties, if any;

(iv) An affidavit, in the form, or substantially the form, attached as Exhibit "D", in compliance with Section 1445 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder, stating under penalty of perjury Seller's United States identification number and that Seller is not a "foreign person" as that term is defined in Section 1445, duly executed by Seller and acknowledged; provided, however, that if Seller fails to deliver this affidavit, Buyer shall be entitled to withhold from the Purchase Price and pay to the Internal Revenue Service the amounts required by Section 1445, and applicable regulations promulgated thereunder; and

(v) Other items reasonably requested by the Title Company as administrative requirements for consummating the Closing.

(b) Buyer. At the Closing, Buyer shall deliver to Seller or the Title Company:

(i) the cash sum required by Section 3.4; and

(ii) other items reasonably requested by the Title Company as administrative requirements for consummating the Closing.

9.3 Possession at Closing. Possession of the Property shall be delivered to Buyer by Seller at the Closing.

9.4 Adjustments at Closing. Notwithstanding anything to the contrary contained in this Contract or applicable law, the provisions of this Section 9.4 shall survive the Closing. The following items shall be adjusted and prorated between Seller and Buyer with respect to the Property. Rent shall be prorated between Seller and Buyer; Buyer shall be responsible for the payment of rent only through the Closing Date. Ad valorem taxes related to the Property for the calendar year in which the Closing shall be prorated between Seller and Buyer as of the Closing Date. If the actual amount of taxes for the calendar year in which the Closing shall occur is not known as of the Closing Date, the proration shall be based on the amount of taxes due and payable with respect to the Property for the calendar year immediately preceding the calendar year in which the Closing shall occur, and Seller shall pay to Buyer in cash (or by credit on Buyer's closing statement) at the Closing Seller's pro rata portion of those taxes.

9.5 Costs of Closing. Seller shall pay all transfer fees and taxes payable to any Governmental Authority which are attributable solely to the transfer of title to the Property. Each party is responsible for paying the legal fees of its counsel in negotiating, preparing, and closing the transaction contemplated by this Contract. Seller is only responsible for paying fees, costs and expenses specifically identified herein as being the responsibility of Seller. Buyer is responsible for paying fees, costs, and expenses identified herein as being the responsibility of

Buyer. All other expenses shall be allocated between the parties in the customary manner for closings of real properties similar to the Properties in the Bell and Tarrant County, Texas areas.

ARTICLE X DEFAULTS AND REMEDIES

10.1 Seller's Defaults; Buyer's Remedies.

(a) Seller's Defaults. Seller is in default under this Contract on the occurrence of any one or more of the following events:

(i) Any of Seller's warranties or representations contained in this Contract are untrue in any material respect on the Closing Date; or

(ii) Seller fails to meet, comply with, or perform in any material respect any covenant, agreement, condition precedent or obligation on Seller's part required within the time limits and in the manner required in this Contract.

(b) Buyer's Remedies. If Seller is in default under this Contract, Buyer may, as Buyer's sole and exclusive remedies, terminate this Contract by written notice delivered to Seller on or before the Closing Date in which either Buyer shall be entitled to a return of the Earnest Money Deposit or bring an action for specific performance.

(c) Return of Earnest Money Deposit. On the occurrence of any event deemed by Buyer to be a default by Seller under this Contract and the continuance of default for a period of at least five (5) days after Seller's receipt of written notice of the default, the Earnest Money Deposit, together with any interest thereon, shall be immediately returned to the Buyer by the Title Company. If the Earnest Money Deposit is properly returnable to Buyer in accordance with this Section 10.1(c), then Seller shall, immediately on written request from Buyer, execute and deliver any documents necessary to cause the Title Company to return to Buyer the Earnest Money Deposit.

10.2 Buyer's Default; Seller's Remedies.

(a) Buyer's Default. Buyer is in default under this Contract if, after the expiration of the Absolute Review Period, Buyer fails to deliver, at or prior to the Closing, the items specified in this Contract for any reason other than a default by Seller under this Contract or termination of this Contract pursuant to the terms hereof prior to Closing.

(b) Seller's Remedies. If Buyer is in default under this Contract and such default continues for a period of at least five (5) days after Buyer's receipt of written notice of the default, Seller may, as Seller's sole and exclusive remedy, terminate this Contract and receive the Earnest Money Deposit from the Title Company.

(c) Payment of Earnest Money Deposit. Upon the occurrence of any event deemed to be a default by Buyer hereunder, the Earnest Money Deposit shall be forthwith tendered by the

Title Company to Seller. If the Earnest Money Deposit may be properly delivered to Seller in accordance with this Section 10.2(c), then Buyer shall, immediately upon written request from Seller, execute and deliver such documents as may be required to cause the Title Company to deliver the Earnest Money Deposit to Seller.

ARTICLE XI **MISCELLANEOUS**

11.1 Notices. All notices, demands, requests, and other communications required or permitted hereunder shall be in writing, and shall be deemed to be delivered, upon the earlier to occur of (a) actual receipt, and (b) the deposit of the original in a regularly maintained receptacle for the United States mail, registered or certified, return receipt requested, postage prepaid, addressed as follows:

Seller: Tri-County Mental Health
 PO Box 3067
 Conroe, TX 77305-3067

Buyer: Christopher Lee
 9 Leighton Ct.
 Mansfield, Texas 76063

11.2 Governing Law and Venue. This Contract is being executed and delivered, and is intended to be performed, in the State of Texas, and the laws of Texas govern the validity, construction, enforcement, and interpretation of this Contract, unless otherwise specified herein. This Contract is performable in, and the exclusive venue for any action brought with respect hereto shall lie in, Tarrant County, Texas.

11.3 Entirety and Amendments. This Contract embodies the entire agreement between the parties and supersedes all prior agreements and understandings, if any, relating to the Property, and may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

11.4 Parties Bound. This Contract is binding upon and inures to the benefit of Seller and Buyer, and their respective heirs, executors, administrators, successors, and assigns.

11.5 Further Acts. In addition to the acts and deeds recited in this Contract and contemplated to be performed, executed, and/or delivered by Seller to Buyer, Seller and Buyer agree to perform, execute, and/or deliver or cause to be performed, executed, and/or delivered at the Closing or after the Closing any and all further acts, deeds, and assurances as are reasonably necessary to consummate the transactions contemplated hereby.

11.6 Time of the Essence. It is expressly agreed by Buyer and Seller that time is of the essence with respect to this Contract.

11.7 Assignment. This Contract and all rights hereunder may not be assigned by Buyer without the prior written consent of Seller, provided; however, Buyer shall be entitled to assign this Contract to an entity controlled by Buyer without the consent of Seller.

11.8 Approvals. Unless otherwise provided in this Contract, whenever approval or consent is required of any party, it shall not be unreasonably withheld or delayed; provided, however, that this Section 11.8 shall in no way affect Buyer's rights under Section 5.1. Unless provision is made for a specific time period (in which event that time period is controlling), approval or consent shall be deemed not to be given within ten (10) days of the receipt of the written request for approval or consent if a party neither approves nor disapproves the request within the ten (10)-day period.

11.9 Risk of Loss. Seller agrees to give Buyer prompt notice of any actual or threatened (to the extent that Seller has current actual knowledge thereof) taking or condemnation of all or any portion of the Property. If prior to the Closing, there shall occur the taking or condemnation of all or any portion of the Property which would materially interfere with the present use of the Property; then, in such event, Buyer shall have the right to terminate this Contract by written notice thereof delivered to Seller within ten (10) days after Buyer has received notice from Seller or otherwise learns of that event. If Buyer does not so timely elect to terminate this Contract, then the Closing shall take place as provided herein and there shall be assigned to Buyer at the Closing all interests of Seller in and to any condemnation awards payable to Seller on account of that event. If before the Closing there occurs the taking or condemnation of a portion of the Property which would not materially interfere with the present use of the Property, then, Buyer may not terminate this Contract and there shall be assigned to Buyer at the Closing all interest of Seller in and to any condemnation awards payable to Seller on account of that event.

11.10 Exhibits. The Exhibits which are referenced in, and attached to, this Contract are incorporated in, and made a part of, this Contract for all purposes.

11.11 Time. If the last day to perform under a provision of this Contract falls on a Saturday, Sunday or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday or other legal holiday.

11.12 Real Estate Commissions. Seller shall be responsible for the payment of all broker fees and commissions, if any, to Phillip Cameron with Cameron Real Estate. Seller shall indemnify and hold harmless Buyer of and from any and all broker fees and commissions.

11.13 Expiration of Offer. This offer by Buyer will expire on July 31, 2014 unless a copy of this Contract executed by Seller is received by Buyer on or before 4:00 p.m. on July 31, 2014.

Executed by Seller on the
____ day of _____, 2014

SELLER:

TRI-COUNTY MENTAL HEALTH

By: _____

Its: _____

Executed by Buyer on the
17th day of July, 2014

BUYER:

CHRISTOPHER LEE

TITLE COMPANY RECEIPT

The undersigned, Allegiance Title Company, referred to in the foregoing Contract as the Title Company, hereby acknowledges receipt of a fully executed copy (or executed counterparts) of the foregoing Contract and accepts the obligations of the Title Company as set forth therein. The Title Company hereby agrees to perform all of its obligations and requirements in accordance with the terms and provisions of the Contract.

TITLE COMPANY:**ALLEGIANCE TITLE COMPANY**

By: _____
Traci R. Miller, Escrow Officer

EXHIBIT A

ADDRESS:

406-B N. Washington Ave.
Cleveland, Texas 77327

LEGAL DESCRIPTION:

EDWARDS, BLOCK 7, LOT 9-12, ACRES .2842

EXHIBIT BGENERAL WARRANTY DEED

STATE OF TEXAS §
 §
 COUNTY OF LIBERTY §
 COUNTY OF TARRANT §

KNOW ALL MEN BY THESE PRESENTS:

That Tri-County Mental Health, ("Grantor"), for and in consideration of the sum of ten and no/100 dollars (\$10.00) and other good and valuable consideration to Grantor paid by Christopher Lee ("Grantee"), whose address is 9 Leighton Ct., Mansfield, Texas 76063, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY, unto Christopher Lee all of the real property in Bell and Tarrant County, Texas, described in Exhibit "A" attached hereto and made a part hereof, together with all improvements attached thereto (collectively, the "Property"), subject to the items in Exhibit "B" attached hereto and made a part hereof.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee and Grantee's successors and assigns forever; and Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Grantee hereby assumes the payment of all ad valorem taxes and assessments and all special assessments of whatever kind and character affecting the Property and other items conveyed hereunder, and Grantee agrees to indemnify and hold harmless Grantor from any and all claims and liabilities for the payment thereof.

Executed and effective as of the ____ day of _____, 2014

GRANTOR: Tri-County Mental Health

By: _____

Its: _____

STATE OF TEXAS §
 §
 COUNTY OF _____ §

This instrument was acknowledged before me this ____ day of _____, 2014, by

 Notary Public in and for the State of Texas

EXHIBIT C**SURVEYOR'S CERTIFICATION**

The certification for the Property description and the map or plat should be addressed to Buyer and to the Title Company, signed by the surveyor, bearing current date, registration number, and seal and should be in the following form or its substantial equivalent:

The undersigned hereby certifies to Buyer and to the Title Company that this survey (i) was made on the ground as per the field notes shown hereon and correctly shows the boundary lines and dimensions and area of the land indicated hereon and each individual parcel thereof indicated hereon, (ii) correctly shows the location of all buildings, structures, and other improvements, and visible items on the Property, (iii) correctly shows the location and dimensions of all alleys, streets, roads, rights-of-way, easements, and other matters of record of which the undersigned has been advised affecting the Property according to the legal description in such easements and other matters (with instrument, book, and page number indicated); and except as shown, there are no visible easements, rights-of-way, party walls, or conflicts, and there are no visible encroachments on adjoining premises, streets, or alleys by any of said buildings, structures, or other improvements, and there are no visible encroachments on the Property by buildings, structures, or other improvements situated on adjoining premises; and the distance from the nearest intersecting street and road is as shown hereon, (iv) correctly states that the Property is located within a flood plain or flood prone area, (v) correctly shows the location and dimensions of all creeks, streams, lakes, ponds and rivers, and (vi) correctly sets forth the total number of gross square feet of surface area within the perimeter boundaries of the Property.

EXHIBIT D

NON-FOREIGN CERTIFICATION

Section 1445 of the Internal Revenue Code of 1986, as amended, provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform Christopher Lee, the transferee, that withholding of tax is not required upon the disposition of a U.S. real property interest by Tri-County Mental Health ("Transferor"), the undersigned hereby certifies the following:

(1) Transferor is not a foreign corporation, foreign trust, foreign estate or foreign person (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

(2) Transferor's U.S. employer identification number is as follows:

(3) Transferor's office address is as follows:

Attn: _____

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document.

Date: _____, 2014

By: _____

Its: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me this ____ day of _____, 2014, by _____.

Notary Public in and for the State of Texas

My Commission Expires:

Printed Name of Notary

Tri-County Contract 7.17.14

Agenda Item: Approve Recommendation for Tri-County Services Employee Health Insurance and Ancillary Plans

Board Meeting Date

July 24, 2014

Committee: Business

Background Information:

Tri-County Services currently has employee health insurance coverage through Aetna (we offer a structure of four plan types) that will expire on September 30, 2014. In May 2014, Gene Darnell of Benefit Solutions, exclusive agent for Tri-County Services, requested quotes for the FY 2015 employee health insurance coverage and provided fully funded plans to the Management Team for review. Aetna provided a quote for continuation of coverage on the four plans with a 3% increase over our FY 2014 premiums. The benefits for each plan did not change. Physicians and hospitals are all contracted through Aetna and there are sufficient doctors in all counties.

While Humana provided a quote that is only a 2% increase over our FY 2014 premiums, Humana's plan offerings are not "apples to apples" in comparing to our current plans. As well, the Humana plans do not include the preventive drug rider provided by Aetna for the high deductible plans. We did receive quotes from Blue Cross Blue Shield and United Healthcare, but these plans were not considered due to increased cost over our current Aetna premiums. The Management Team is recommending Tri-County Services stay with Aetna at the 3% increase to premiums due to the convenience (for staff) of not having to switch plans and due to the preventive drug coverage Aetna offers. The plan options provided for employees are described below.

Aetna HSA 3000 Savings Plus Plans:

The HSA Savings Plus Plan Level I has a \$3,000/\$6,000 deductible and pays benefits at 90% once the deductible is met, if employees see a physician or hospital in the Level I Network. The Level 2 plan will pay 70% if the employee chooses to go to the OAMC Network. In an emergency, expenses will be paid at the Level 1 rate if taken to a Level 2 facility. Employees will pay 100% for other medical services and prescriptions until their deductible is met. The cost of this plan is \$373.57 per month for employee only coverage. Tri-County will pay \$360.29 per month. Therefore, the cost to the employee for employee only coverage is \$13.28 per month; employee and spouse is \$454.77; employee and children is \$413.51 and employee and family is \$855.01.

Aetna HSA Middle Plan (C-15):

The HSA Middle Plan has a \$1,500/\$3,000 deductible and includes the preventive prescription rider with a co-pay of \$15/35/50 for prescriptions for certain medical conditions including asthma, diabetes, high blood pressure, and cholesterol. The prescription rider allows employees to pay co-pay amounts for certain drugs without having to first meet the deductible. This plan will pay 80% of all medical once the deductible is met, for services within the Level I Network. Employees are responsible for co-pays for prescription medications after the deductible is met. The cost for this plan is \$589.97 for employee only coverage. Tri-County will pay \$360.29. Therefore, the employee only cost is \$229.68 per month. The cost to the employee for employee and spouse is \$833.53; employee and children is \$777.07, and employee and family is \$1,377.30.

Aetna Savings Plus 1500 PPO:

The Level 1 option has a \$1,500/\$4,500 deductible and the Level 2 option has a \$3,000/\$9,000 deductible. Level 1 pays at 80%, Level 2 pays at 60%. Office visits are \$30 when seeing a Level 1 provider and the same in Level 2. However, Specialty Doctor office visits are \$50 for Level 1 providers and \$70 for Level 2 providers. In an emergency, expenses will be paid at the Level 1 rate if taken to a Level 2 facility. Level 1 and 2 expenses accumulate separately. Employees must choose from the beginning whether they are going to utilize Level 1 or Level 2 providers in order to maximize their benefit. Prescriptions co-pays are \$10/40/70/30%. The cost of this plan is \$473.77. Tri-County will pay \$360.29 toward the employee only cost. The cost for employee only coverage is \$113.48 per month. The cost to the employee for employee and spouse is \$673.38; employee and children is \$621.06 and employee and family is \$1,180.97.

Aetna PPO Buy Up (OMAC PPO):

This option offers a \$2,500/\$7,500 deductible with a 70%/30% coinsurance, \$50 PCP and \$60 Specialist office co-pay. Prescription co-pays are available at \$20/40/70 after a \$200 deductible. The cost of this plan is \$642.99. Tri-County will pay \$360.29 toward the employee only cost. The cost for employee only coverage is \$282.70 per month. The cost to the employee for employee and spouse is \$912.25; employee and children is \$853.40 and employee and family is \$1,482.94.

Ancillary Plans

Tri-County Services pays for Basic Life/Accidental Death and Dismemberment (AD&D) and Long Term Disability (LTD) coverage for all full time employees. Coverage is currently provided through Metlife. The renewal for Basic Life/AD&D coverage received a rate pass – with no increase to our current premiums; however, the LTD renewal quote showed an increase of 21% to \$66,441 which is an annual increase of \$11,347. Quotes were also received from Lincoln Financial and Guardian. Lincoln Financial has quoted almost equal coverage at lower premiums and provided a quote good for two years. Basic Life/AD&D is quoted at 6.3% less and LTD is quoted at 8.5% less than our current FY 2014 premiums through Metlife. The Management Team recommends that we switch to Lincoln Financial for these employer paid plans, realizing a \$7,166 savings from premiums paid in FY 2014.

Supporting Documentation:

Tri-County Services Employee Health Insurance Spreadsheet – FY 2015

Tri-County Services Basic Life Spreadsheet – FY 2015

Tri-County Services Employer Paid LTD Spreadsheet – FY 2015

Recommended Action:

Approve Recommendation for Tri-County Services FY 2015 Employee Health Insurance, Basic Life/Accidental Death & Dismemberment and Long Term Disability Plans

Tri-County Services Health Insurance										Effective		
Date October 1, 2014												
Benefits					Renewal Aetna				Quote Humana			
Network Name					Aetna				Humana			
Plan Name					SP HSA 3000 (In Network Only)	HSA C15 (In Network Only)	SP 1500 80/60/50 (In Network Only)	PPO Buy Up Plan (In Network Only)	HSA 3000 (In Network Only)	PPO 3000 (In Network Only)	PPO Buy Up Plan (In Network Only)	
Plan Network					Savings Plus/OAMC	OAMC	Savings Plus/OAMC	OAMC	National POS-Open Access			
Bennefit Details					Embedded	Aggregate	PPO	PPO	Embedded	PPO	PPO	
Office Visit	SP HSA 3000	HSA C15	SP 1500	BUY UP PPO	Ded. & Coins.	Ded. & Coins.	\$30/\$30 Co-pay	\$50 Co-pay	Ded. & Coins.	\$40 Co-pay	\$30 Co-pay	
Specialty Doctor Visit					Ded. & Coins.	Ded. & Coins.	\$50/\$70 Co-pay	\$60 Co-pay	Ded. & Coins.	\$55 Co-pay	\$45 Co-pay	
Preventative Care					Covered 100%	Covered 100%	Covered 100%	Covered 100%	Covered 100%	Covered 100%	Covered 100%	
Individual Deductible In-Network (includes deductible)					\$3,000/\$3,000	\$1,500	\$1,500/\$3,000	\$2,500	\$3,000	\$3,000	\$1,500	
Family Deductible-In-Network					\$6,000/\$6,000	\$3,000	\$4,500/\$9,000	\$7,500	\$6,000	\$6,000	\$3,000	
Coninsurance					90%/70%	80%	80%/60%	70%	80%	80%	80%	
Calendar Year of Maximums							Co-pays & rx apply to the OOP	Co-pays & rx apply to the OOP		Co-pays & rx apply to the OOP	Co-pays & rx apply to the OOP	
Individual OOP-In-Network (includes deductible)					\$4,000/\$6,000	\$2,500	\$5,000/\$6,350	\$6,000	\$6,000	\$6,250	\$6,250	
Family OOP- In-Network (includes deductible)					\$8,000/\$12,000	\$5,000	\$10,000/\$12,700	\$12,000	\$12,000	\$12,500	\$12,500	
Lifetime Maximum					Unlimited	Unlimited	Unlimited covered with OV if part of	Unlimited covered with OV if part of	Unlimited	Unlimited	Unlimited	
							OV and billed by	OV and billed by				
DiagnosticLab & Xrays							physician	physician	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.	
In/Outpatient Hospital Services							Ded. & Coins.	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.	
Urgent Care							\$75 Co-pay	\$50 Co-pay	Ded. & Coins.	\$75 Co-pay	\$75 Co-pay	
Emergency Room							\$200 Co-pay +20%	\$150 Co-pay +30%	Ded. & Coins.	\$250 Co-pay +0%	\$250 Co-pay +0%	
Prescriptions							after deductible	\$200/\$600 deductible*	Ded. & Coins.	\$10/\$40/\$70/25%	\$10/\$40/\$70/25%	
Preventative Medications Rider							\$10/\$40/\$70/30%	\$20/\$40/\$70	None	N/A	N/A	
			\$15/\$35/\$50	N/A								
Monthly Total Rate					SP HSA 3000	HSA C15	SP 1500 80/60/50	PPO Buy Up Plan	HSA 3000 (includes current SP HSA enrollees)	PPO 3000 (includes current SP PPO enrollees)	PPO Buy Up Plan (includes current C15 & PPO Buy Up enrollees)	
Employee Only	129	5	50	3	\$373.57	\$589.97	\$473.77	\$642.99	\$382.58	\$463.44	\$532.69	
Employee/Spouse	2	1	4	0	\$815.06	\$1,193.82	\$1,033.67	\$1,272.54	\$793.59	\$961.31	\$1,104.97	
Employee/Children	4	0	3	0	\$773.80	\$1,137.36	\$981.35	\$1,213.69	\$755.14	\$914.74	\$1,051.43	
Employee/Family	1	0	2	0	\$1,215.30	\$1,737.59	\$1,541.26	\$1,843.23	\$1,165.49	\$1,411.82	\$1,622.80	
Monthly Total/Plan	136	6	59	3	\$54,131	\$4,144	\$33,850	\$1,929	\$55,126	\$32,585	\$5,366	
Annual Total/Plan					\$649,574	\$49,724	\$406,197	\$23,148	\$661,513	\$391,021	\$64,398	
Combined Annual Total	204				\$1,128,642				\$1,116,932			
\$ Change from the current					\$32,514				\$20,803			
% Change from the current					3%				2%			

Tri-County Services Basic Life Insurance (Center Paid)
Effective Date October 1, 2014

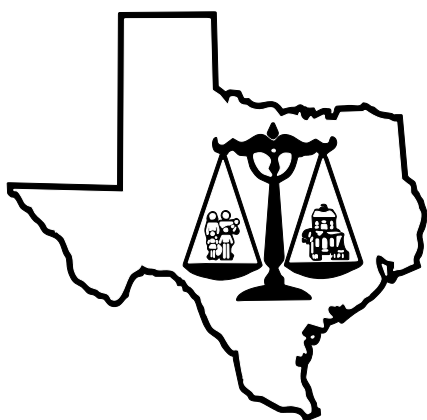
Benefits	Renewal Metlife	Quote Lincoln Financial	Quote Guardian
Plan Type	Basic Term Life	Basic Term Life	Basic Term Life
Eligibility Definition	All Full Time Employees	All Full Time Employees	All Full Time Employees
Life Benefit	2x Salary + \$5,000 up to \$300,000	2x Salary + \$5,000 up to \$300,000	2x Salary up to \$300,000
AD&D Benefit	100% of Basic Life Benefit	100% of Basic Life Benefit	100% of Basic Life Benefit
Guarantee Issue	2x Salary + \$5,000 up to \$300,000	2x Salary + \$5,000 up to \$300,000	2x Salary up to \$300,000
Waiver of Premium Definition	Applies	Applies	Applies
Waiver of Premium Benefit	Benefit will continue until age 65	Benefit will continue until age 65	Benefit will continue until age 65
Portability	Not Included	Not Included	Not Included
Accelerated Benefit Option	80%	75%	50%
Reduction Schedule	By 35% at 65 50% at 70	By 35% at 65 add'l 15% at 70	By 35% at 65 50% at 70
Rate Guarantee	1 year	2 years	2 years
Total Basic EE Life & AD&D Volume	\$26,055,150	\$26,055,150	\$26,055,150
Life Rate per \$1,000	\$0.112	\$0.100	\$0.112
AD&D Rate \$1,000	\$0.016	\$0.020	\$0.016
Monthly Premium	\$3,335	\$3,127	\$3,335
Annual Premium	\$40,021	\$37,519	\$40,021
\$ Annual Change from the current	\$0	-\$2501	\$0
% Annual Change from the current	0%	(-6.3%)	0%

Tri-County Services Long Term Disability (Center Paid)
Effective Date October 1, 2014

Benefits	Renewal Metlife	Quote Lincoln Financial	Quote Guardian
Plan Type	Long Term Disability	Long Term Disability	Long Term Disability
Eligibility Definition	All Full Time Employees	All Full Time Employees	All Full Time Employees
Monthly Benefit Amount	66 2/3 % of Predisability Earnings	66 2/3 % of Predisability Earnings	60 % of Predisability Earnings
Maximum Monthly Benefit	\$10,000	\$10,000	\$10,000
Benefit Duration	SSNRA	SSNRA	SSNRA
Elimination Period	90 Days	90 Days	90 Days
Definition of Disability (during OOP)	Own Occupation Period-2 years Loss of duties & earnings (80%)	Own Occupation Period-2 years Loss of duties & earnings (99%) Loss of Duties Only during EP	Own Occupation Period-2 years Loss of duties & earnings (80%)
Zero day Residual	YES	YES	YES
Pre Existing Condition	3/12	3/12	3/12
Rate Guarantee	1 Year	2 Years	2 Years
Monthly Covered Payroll	\$1,050,609	\$1,050,609	\$1,050,609
Rate per \$100 of Payroll	\$0.437	\$0.40	\$0.43
MONTHLY COST	\$5,537	\$4,202	\$4,518
ANNUAL COST	\$66,441	\$50,429	\$54,211
\$ Annual Change from Current	\$11,347	-\$4,665	-\$883
% Annual Change from Current	21%	(-8.5%)	(-1.6%)

<p>Agenda Item: Ratify 9th Payment of Non-Refundable Option Money to the Property Owner for the Independence Oaks Project Site in Cleveland, Texas</p> <p>Committee: Business</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>As you may remember, Evan Roberson signed the Second Amendment to Option and Purchase Agreement for the property in Cleveland which allows the Board to approve extension payments until the close of the transaction, but no later than September 30, 2014.</p> <p>Following receipt of the Firm Commitment for Independence Oaks Apartments on March 31st, staff were working with Beth Hoff, our consultant with Gagnier, Hicks Associates, LLC, and David Deaton of Jackson Walker to process the documents needed for initial closing.</p> <p>Since the last update, we were able to finalize the contract with Auto Zone to establish use of the drainage easement and complete the land survey process. Cook Construction and LZT Architects are currently working with The City of Cleveland to finalize building permits and make needed revisions to the blueprints based upon the City's Code requirements.</p> <p>We were hoping to be able to close with HUD prior to June 30th when the 9th payment of Non-Refundable Option Money to the Property Owner for the Independence Oaks Project Site was due; however, with the allotted timelines built into the response processes for both the City of Cleveland and HUD, an extension of the Firm Commitment was granted on June 20th until July 29th and subsequently an additional payment was required for the project site.</p> <p>With the approval by Board Chair, David Walker, the 9th payment of Non-Refundable Option Money to the Property Owner for the Independence Oaks Project Site was made on June 27, 2014.</p> <p>As you may recall, Houston Endowment granted an initial extension to the \$200,000 award through July 2014 and, along with the extension of the Firm Commitment, has agreed to extend the award until September 2014.</p> <p>The Cleveland Supported Housing, Inc. Board met via phone conference on June 9th to discuss the project status and prepare for initial closing in the next several weeks. Once initial closing commences, the Board meetings will increase in frequency as we move into the construction phase.</p>	
<p>Supporting Documentation:</p> <p>None</p>	
<p>Recommended Action:</p> <p>Ratify 9th Payment of Non-Refundable Option Money to the Property Owner for the Independence Oaks Project Site in Cleveland, Texas</p>	

<p>Agenda Item: Approve Assignment of the Intermediate Care Facilities for Individuals with Intellectual Disabilities Contract for FY 2014 from Empowerment Options, Inc. to Educare Community Living Corporation-Gulf Coast</p> <p>Committee: Business</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>Tri-County holds the license for 8, 6-bed Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID). Empowerment Options, Inc. has managed these homes under contract with Tri-County since September 1, 1994.</p> <p>The owner of Empowerment Options, Inc., Genelle Edwards, notified Tri-County of her plan to sell her business (which includes Home and Community-based Services, Texas Home Living and ICF/IID Services in Greater Houston and Austin) to Educare Community Living Corporation-Gulf Coast on July 1, 2014. As you will see in Ms. Edwards' letter (attached), she states, "A significant consideration in making that decision was finding a company that had the potential of continuing the [Tri-County] contract as seamlessly as possible."</p> <p>Educare's parent company, Rescare, provides services to persons with disabilities around the nation and has approximately 48,000 employees nationwide.</p> <p>Tri-County staff have been in contract negotiations with Empowerment Options for FY 2015 when we were notified of Ms. Edwards' intent to sell. Due to the short timeline for contract renewal, the FY 2015 contract was forwarded to Educare for review and consideration. This contract item will be on the agenda for approval at the August Board meeting.</p> <p>The agreement to assign the contract to Educare was reviewed by Jackson Walker. They have asked for Ms. Edwards to provide evidence that her liability insurance was an occurrence policy and that we would have liability coverage on their policy for anything that occurred while Empowerment Options was managing the homes. She will provide documentation of this coverage prior to the Board meeting.</p>	
<p>Supporting Documentation:</p> <p>Notification Letter of Intent to Sell from Genelle Edwards</p> <p>Agreement to Assign the Contract from Empowerment Options, Inc. to Educare Community Living Corporation-Gulf Coast</p> <p>Evidence of Liability Coverage (Available for Review at the Board Meeting)</p>	
<p>Recommended Action:</p> <p>Approve Assignment of the ICF/IID Contract for FY 2014 from Empowerment Options, Inc. to Educare Community Living Corporation-Gulf Coast</p>	



EMPOWERMENT OPTIONS

Empowerment Options,
Inc.

Community Living Alternatives
"Our Mission – Your Right"

7/1/14

Evan Roberson
Executive Director
Tri-County Services

Dear Evan,

I have come to that point in my life when I need to slow down. I need to be able to be available for grandchildren, if they should happen. Also, I want to work personally on my faith based mission efforts which have increased significantly over the years.

Due to the factors listed above, I have decided to sell. A significant consideration in making that decision was finding a company that had the potential of continuing the Tri-C contract as seamlessly as possible.

I have decided to sell to Educare. They are already established in all the markets I currently provide services. They are large enough to better absorb the ACA requirements. They are established in ICF-ID services. They have more experience with managed care than most companies.

The reality of my situation is that I would need to address the cost of the ACA with you for the Tri-C homes. Tri-C homes account for 1/3 of my labor cost company wide while producing approximately 20% of my revenue. I know that Educare is willing to continue the contract

at the current funding level. Educare is also willing to hire the majority of the existing staff which would greatly reduce the challenge of transition. Day Hab services would continue in the current location.

I want you to be assured that I have given serious consideration to the Tri-C contract in my negotiations. My true intent was to be able to offer you a viable service provider that would continue the systems and relationships that have been established.

I can not express adequately the appreciation I feel for our relationship over the years and the opportunity to serve the people living in the Tri-County homes. Our relationship has been an example of the public and private sectors working successfully together. I know that the same relationship can continue with Educare.

Sincerely and respectfully,

Genelle Edwards
CEO
Empowerment Options

ASSIGNMENT, ACCEPTANCE AND CONSENT
(Tri-County Services)

This Assignment, Acceptance and Consent (the “Assignment”) is dated and effective as of August 1, 2014.

WITNESSETH:

- 1) **Assignment.** For value received, EMPOWERMENT OPTIONS, INC., a Texas corporation (“Assignor”) does hereby assign, set over, transfer and convey to EDUCARE COMMUNITY LIVING CORPORATION – GULF COAST, a Texas corporation (“Assignee”), all right, title and interest Assignor has in, to, or arising under (a) that certain Contract for ICF/MR Residential Services between Assignor and TRI-COUNTY MENTAL HEALTH MENTAL RETARDATION SERVICES, d.b.a. Tri-County Services, a Local Mental Retardation Authority under the provisions of Chapter 534 of the Texas Health & Safety Code Annotated, as amended (the “Authority”), dated as of _____, 2013 (the “Services Contract”) and (b) that certain Tri-County Mental Health Mental Retardation Services Lease Agreement between Assignor and the Authority, dated as of _____, 2013 (the “Lease,” and together with the Services Contract, collectively, the “Contracts”), and represents and warrants to Assignee that Assignor has full right and power to make this assignment, subject solely to the consent of the Authority.
- 2) **Acceptance.** For value received, Assignee does hereby accept the assignment specified in Paragraph 1 hereof and assumes and agrees with Assignor and the Authority to perform faithfully each and every term, covenant and condition of the Contracts on the part of Assignor therein to be performed from and after the date hereof.
- 3) **Consent.** For value received, the Authority does hereby (i) consent to the assignment specified in Paragraph 1 hereof, and (ii) acknowledges and agrees with Assignor and Assignee as follows:
 - a) The Authority releases Assignee from any claims, judgments, liabilities or expenses in any way attributable to any obligations or default by Assignor under the Contracts or any act of omission of Assignor under the Contracts for the period prior to the date hereof;
 - b) The Authority releases Assignor from any claims, judgments, liabilities or expenses in any way attributable to any obligations or default by Assignee under the Contracts or any act of omission of Assignee under the Contracts for the period from and after the date hereof; and

- c) All notices delivered or required to be delivered under the Contracts to Assignee shall be given as follows:

EduCare Community Living Corporation – Gulf Coast
c/o Troy L. Robb
Operations Officer
Res-Care, Inc.
9901 Linn Station Road
Louisville, Kentucky 40223
Phone: (502) 394-2376
Fax: (502) _____

Copy to: Steven S. Reed
Chief Legal Officer
Res-Care, Inc.
9901 Linn Station Road
Louisville, Kentucky 40223
Phone: (502) 394-2399
Fax: (502) 394-2285

- 4) **Counterparts; Facsimile or PDF Delivery.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document. The parties agree that the delivery of this Assignment by facsimile or emailed .PDF files of scanned copies bearing their respective signatures shall be sufficient and binding upon them as if such document were delivered with original signatures.

[remainder of this page is intentionally blank – signatures appear on the next page]

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

ASSIGNOR: EMPOWERMENT OPTIONS, INC.
a Texas corporation

By: _____
Its: _____

ASSIGNEE: EDUCARE COMMUNITY LIVING
CORPORATION – GULF COAST, a Texas
corporation

By: _____
Its: _____

AUTHORITY: TRI-COUNTY MENTAL HEALTH MENTAL
RETARDATION SERVICES, d.b.a. Tri-County
Services

By: _____
Its: _____

<p>Agenda Item: Ratify DSHS Contract Amendment #2014-044767-004A: Supportive Housing Project</p> <p>Committee: Business</p>	<p>Board Meeting Date</p> <p>July 24, 2014</p>
<p>Background Information:</p> <p>Attached is a revision to the Supported Housing Contract, #2014-044767-004A. This contract lowers our target from 16 to 13 and reduces our funding by \$9,952 which was previously decided by DSHS and discussed at the March Board meeting. There are no other changes to the contract.</p> <p>This contract revision was received one week after the May Board meeting and needed to be returned to DSHS prior to the July Board meeting.</p> <p>Evan Roberson visited with Mr. Walker about the contract and he authorized approval of the contract change pending ratification at the July Board meeting.</p>	
<p>Supporting Documentation:</p> <p>DSHS Contract Amendment #2014-044767-004A: Supportive Housing Project</p>	
<p>Recommended Action:</p> <p>Ratify the DSHS Contract Amendment #2014-044767-004A: Supportive Housing Project</p>	

DEPARTMENT OF STATE HEALTH SERVICES



Amendment

The Department of State Health Services (DSHS) and TRI-COUNTY MHMR SERVICES (Contractor) agree to amend the Program Attachment # 004 (Program Attachment) to Contract # 2014-044767 (Contract) in accordance with this Amendment No. 004A: Supportive Housing Project, effective 05/14/2014.

The purpose of this Amendment is to revise target numbers and funding.

Therefore, DSHS and Contractor agree as follows:

SECTION I. STATEMENT OF WORK, B. Program Design, Item 12, 1a, is revised to read as follows:

1. Meet the following established service targets and expenditure benchmarks:
 - a. Service Targets
 - (1) FY14 Service Target –Short Term: 1
 - (2) FY14 Service Target – Long Term: **16 13**

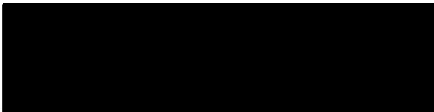
SECTION VII. BUDGET: is revised to read as follows:

Source of Funds: State

Total payments will not exceed ~~\$176,161.00~~ **\$166,209.00**

All other terms and conditions not hereby amended are to remain in full force and effect. In the event of a conflict between the terms of the Contract and the terms of this Amendment, this Amendment shall control.

Department of State Health Services



Signature of Authorized Official _____

Date: _____

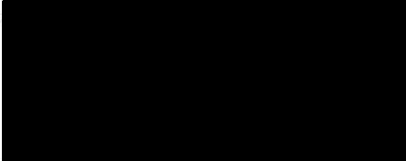
David L. Lakey, M.D.

Commissioner

1100 WEST 49TH STREET
AUSTIN, TEXAS 78756

512.458.7375

david.lakey@dshs.state.tx.us

Contractor 

Signature of Authorized Official _____

Date: _____

Name: Evan Roberson

Title: Executive Director

Address: PO Box 3067
Conroe, TX 77305

Phone: 936-521-6119

Email: EvanR@tricityservices.org

Agenda Item: Ratify DSHS Contract Amendment #2014-044767-006A: Psychiatric Emergency Service Center and Associated Projects Committee: Business	Board Meeting Date July 24, 2014
Background Information: <p>Attached is a revision to our Psychiatric Emergency Service Center and Associated Projects contract, #2014-044767-006A. This contract revision is related to the Rapid Stabilization beds (hospital inpatient) portion of the contract. The contract increased our target from 38 to 40 and increases our funding by \$100,000. There are no other changes which effect contract administration.</p> <p>This contract revision was received one week after the May Board meeting and needed to be returned to DSHS prior to the July Board meeting.</p> <p>Evan Roberson visited with Mr. Walker about the contract and he authorized approval of the contract change pending ratification at the July Board meeting.</p>	
Supporting Documentation: DSHS Contract Amendment #2014-044767-0046: PESC	
Recommended Action: Ratify the DSHS Contract Amendment #2014-044767-006A: PESC	

DEPARTMENT OF STATE HEALTH SERVICES



Amendment
To

The Department of State Health Services (DSHS) and TRI-COUNTY MHMR SERVICES (Contractor) agree to amend the Program Attachment # 006 (Program Attachment) to Contract # 2014-044767 (Contract) in accordance with this Amendment No. 006A : Psychiatric Emergency Service Center and Associated Projects, effective 05/01/2014 .

This Amendment is necessary for: One-time increase of funding and SOW revision

Therefore, DSHS and Contractor agree as follows:

PROGRAM ATTACHMENT ~~NO.006~~ NO.006A

SECTION I. STATEMENT OF WORK: is revised as follows

- a. Provide the services specified in the proposal submitted in response ~~to the to the~~ -Needs and Capacity Assessment and specified in any subsequent service revisions approved by DSHS;
- e. Serve ~~38 40~~ -clients per fiscal year by providing beds for rapid crisis stabilization as measured through the encounter data reports as defined in Section I.C.4.--- of this Program Attachment.

SECTION VII. BUDGET: is revised as follows

Total payments will not exceed ~~\$1,893,130.00~~ \$1,993,130.00 -

SECTION VIII. FUNDING: is revised as follows

C. If Contractor's total allowable expenditures for the term of this Program Attachment are less than the total amount disbursed by DSHS in Contractor's four quarterly allocations, Contractor shall be subject to recoupment by DSHS of the difference between the total amount disbursed by DSHS and Contractor's total ~~expenditures~~ expenditures.

D. Contractor is permitted, without prior DSHS approval, to make budget line item transfers of less than or equal to 25% of the total contract amount among direct cost categories, other than the equipment category, provided that the total budget amount is unchanged.

CARE Budget Instructions

~~Funding Contractor~~ shall ~~be entered~~ enter funding into the CARE Report III on line 761, Crisis Services - Psychiatric Emergency Service Centers, and ~~distributed~~ distribute it among the medication Sub-Strategies of B.2.1 - Adult Service or Strategy B.2.3 <mailto:B.@.E> Crisis, Transitional, and Intensive Ongoing Services.

Department of State Health Services

Signature of Authorized Official

Date: _____

David L. Lakey, M.D.

Commissioner

1100 WEST 49TH STREET
AUSTIN, TEXAS 78756

512.458.7375

david.lakey@dshs.state.tx.us

Contract



Signature of Authorized Official

Date: _____

Name: Evan Roberson

Title: Executive Director

Address: PO Box 3067

Conroe, TX 77305

Phone: 936-521-6119

Email: EvanR@tricityservices.org

Agenda Item: Approve Recommendation to Declare Vehicles as Surplus Committee: Business	Board Meeting Date July 24, 2014
Background Information: Staff has recommended that the following vehicles be declared as surplus due to the age of each vehicle, high mileage, increased maintenance, repair costs and safety: Vehicle Descriptions: <ul style="list-style-type: none"> • 1992 Ford Crew Cab <ul style="list-style-type: none"> • License # 73G-CB7 • Mileage – 169,879 • 2005 Chevrolet Astro Van <ul style="list-style-type: none"> • License # BG1-5505 • Mileage – 229,548 • 2007 Ford Focus <ul style="list-style-type: none"> • License # CMC-6151 • Mileage – 146,351 	
Supporting Documentation: None	
Recommended Action: Approve Recommendation to Declare Vehicles as Surplus and Approve Sale of Each to the Highest Bidder	

Agenda Item: Review Tri-County's FY 2013 990 Tax Return Prepared by Scott, Singleton, Fincher & Company, P.C.	Board Meeting Date July 24, 2014
Committee: Business	
Background Information: Scott, Singleton, Fincher & Company, P.C. has completed Tri-County's 990 Tax Return for FY 2013 for review by the Board.	
Supporting Documentation: Copy of Tri-County Services FY 2013 990 Tax Return – Mailed Separately to Board Members	
Recommended Action: For Information Only	

Agenda Item: 3 rd Quarter FY 2014 Quarterly Investment Report Committee: Business	Board Meeting Date July 24, 2014
Background Information: This report is provided to the Board of Trustees of Tri-County Services in accordance with Board Policy on fiscal management and in compliance with Chapter 2256: Subchapter A of the Public Funds Investment Act.	
Supporting Documentation: Quarterly TexPool Investment Report Quarterly Interest Report	
Recommended Action: For Information Only	

QUARTERLY INVESTMENT REPORT TEXPOOL FUNDS

For the Period Ending May 31, 2014

GENERAL INFORMATION

This report is provided to the Board of Trustees of Tri-County Services in accordance with Board Policy on fiscal management and in compliance with Chapter 2256; Subchapter A of the Public Funds Investment Act.

Center funds for the period have been partially invested in the Texas Local Government Investment Pool (TexPool), organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. ("Federated"). The Comptroller maintains oversight of the services provided. In addition, the TexPool Advisory Board, composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool, advise on investment policy and approves fee increases.

TexPool investment policy restricts investment of the portfolio to the following types of investments:

Obligations of the United States Government or its agencies and instrumentalities with a maximum final maturity of 397 days for fixed rate securities and 24 months for variable rate notes;

Fully collateralized repurchase agreements and reverse repurchase agreements with defined termination dates may not exceed 90 days unless the repurchase agreements have a provision that enables TexPool to liquidate the position at par with no more than seven days notice to the counterparty. The maximum maturity on repurchase agreements may not exceed 181 days. These agreements may be placed only with primary government securities dealers or a financial institution doing business in the State of Texas.

No-load money market mutual funds are registered and regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service. The money market mutual fund must maintain a dollar weighted average stated maturity of 90 days or less and include in its investment objectives the maintenance of a stable net asset value of \$1.00.

TexPool is governed by the following specific portfolio diversification limitations;

100% of the portfolio may be invested in obligations of the United States.

100% of the portfolio may be invested in direct repurchase agreements for liquidity purposes.

Reverse repurchase agreements will be used primarily to enhance portfolio return within a limitation of up to one-third (1/3) of total portfolio assets.

No more than 15% of the portfolio may be invested in approved money market mutual funds.

The weighted average maturity of TexPool cannot exceed 60 days calculated using the reset date for variable rate notes and 90 days calculated using the final maturity date for variable rate notes.

The maximum maturity for any individual security in the portfolio is limited to 397 days for fixed rate securities and 24 months for variable rate notes.

TexPool seeks to maintain a net asset value of \$1.00 and is designed to be used for investment of funds which may be needed at any time.

STATISTICAL INFORMATION

Market Value for the Period

Portfolio Summary	March	April	May
Uninvested Balance	\$402.29	\$340.82	\$9,793.56
Accrual of Interest Income	19,156,549.05	20,752,965.45	7,980,267.59
Interest and Management Fees Payable	(451,010.31)	(460,805.04)	(327,705.40)
Payable for Investments Purchased	0.00	0.00	0.00
Accrued Expense & Taxes	0.00	0.00	0.00
Repurchase Agreements	2,231,792,200.00	1,838,844,550.00	1,560,828,550.00
Mutual Fund Investments	0.00	0.00	0.00
Government Securities	10,528,105,446.00	12,400,438,079.02	12,623,873,353.04
U.S. Treasury Bills	2,149,970,840.00	0.00	0.00
U.S. Treasury Notes	2,327,968,734.33	1,993,236,815.00	939,752,458.00
TOTAL	\$17,256,543,161.36	\$16,252,811,945.25	\$15,132,116,716.79

Book Value for the Period

Type of Asset	Beginning Balance	Ending Balance
Uninvested Balance	\$370.82	\$9,793.56
Accrual of Interest Income	12,940,892.55	7,980,267.59
Interest and Management Fees Payable	(405,738.22)	(327,705.40)
Payable for Investments Purchased	0.00	0.00
Repurchase Agreements	2,916,270,000.00	1,560,830,000.00
Mutual Fund Investments	0.00	0.00
Government Securities	9,709,405,837.12	12,623,209,284.91
U.S. Treasury Bills	3,339,841,949.19	0.00
U.S. Treasury Notes	1,873,427,030.93	939,793,770.22
TOTAL	\$17,851,480,342.39	\$15,131,495,410.88

Portfolio by Maturity as of May 31, 2014

1 to 7 days	8 to 90 day	91 to 180 days	181 + days
14.4%	72.3%	8.9%	4.4%

Portfolio by Type of Investments as of May 31, 2014

Agencies	Mutual Funds	Repurchase Agreements	Treasuries
84.7%	None	10.3%	5.0%

SUMMARY INFORMATION

On a simple daily basis, the monthly average yield was 0.03% for March, 0.03% for April and 0.02% for May.

As of the end of the reporting period, market value of collateral supporting the Repurchase Agreements was at least 102% of the Book Value.

The weighted average maturity of the fund as of May 31, 2014 was 55 days.

The net asset value as of May 31, 2014 was 1.00005.

The total amount of interest distributed to participants during the period was \$1,239,334.31.

This quarter TexPool interest rates did not exceed the 90 Day T-Bill rates during the entire reporting period.

TexPool has a current money market fund rating of AAAm by Standard and Poor's.

During the reporting period, the total number of participants has increased to 2,312.


Funds assets are safe kept at the State Street Bank in the name of TexPool in a custodial account.

During the reporting period, the investment portfolio was in full compliance with Tri-County Services' Investment Policy and with the Public Funds Investment Act.

Submitted by:


Millie McDuffey
Chief Financial Officer / Investment Officer


Date


Evan Roberson
Executive Director / Investment Officer


Date

TRI-COUNTY SERVICES
QUARTERLY INTEREST EARNED REPORT
FISCAL YEAR 2014
AS OF May 31, 2014

BANK NAME	INTEREST EARNED				
	1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	YTD TOTAL
Alliance Bank - Central Texas CD	\$ 423.87	\$ 419.21	\$ 428.53	\$ -	\$ 1,271.61
Citizens 1st Bank CD	\$ 277.28	\$ 274.23	\$ 280.32	\$ -	\$ 831.83
First Liberty National Bank	\$ 1.58	\$ 1.60	\$ 1.69	\$ -	\$ 4.87
First Liberty National Bank CD	\$ 405.13	\$ 400.68	\$ 409.59	\$ -	\$ 1,215.40
JP Morgan Chase (HBS)	\$ 1,568.46	\$ 1,453.91	\$ 1,080.44	\$ -	\$ 4,102.81
Prosperity Bank	\$ 12.11	\$ 12.09	\$ 12.51	\$ -	\$ 36.71
TexPool Participants	\$ 73.49	\$ 50.51	\$ 48.65	\$ -	\$ 172.65
Tradition Bank	\$ 4,247.69	\$ 3,922.98	\$ 3,726.22	\$ -	\$ 11,896.89
Total Earned	\$ 7,009.61	\$ 6,535.22	\$ 5,987.95	\$ -	\$ 19,532.78

Agenda Item: Board of Trustees' Unit Financial Statements for May and June 2014 Committee: Business	Board Meeting Date July 24, 2014
Background Information: None	
Supporting Documentation: May and June 2014 Board of Trustees' Unit Financial Statements	
Recommended Action: For Information Only	

Unit Financial Statement

FY 2014

	May 14 Actuals	May 14 Budgeted	Variance	YTD Actual	YTD Budget	Variance	Percent	Budget
Revenues								
80103998 Allocated Revenue	\$ 2,858.00	\$ 2,858.00	\$ -	\$ 25,726.00	\$ 25,726.00	\$ -	100.00%	\$ 34,300.00
Total Revenue	\$ 2,858.00	\$ 2,858.00	\$ -	\$ 25,726.00	\$ 25,726.00	\$ -	100.00%	\$ 34,300.00
Expenses								
80105275 Food Items	\$ 208.49	\$ 167.00	\$ 41.49	\$ 1,478.14	\$ 1,499.00	\$ (20.86)	98.61%	\$ 2,000.00
80105320 Insurance-Worker Compensation	\$ 10.05	\$ 19.00	\$ (8.95)	\$ 91.47	\$ 173.00	\$ (81.53)	52.87%	\$ 230.00
80105388 Legal Fees	\$ 1,500.00	\$ 1,500.00	\$ -	\$ 13,500.00	\$ 13,500.00	\$ -	100.00%	\$ 18,000.00
80155605 Postage-Express Mail	\$ 15.25	\$ -	\$ 15.25	\$ 36.35	\$ -	\$ 36.35	0.00%	\$ -
80105715 Supplies-Office	\$ -	\$ -	\$ -	\$ 20.17	\$ -	\$ 20.17	0.00%	\$ -
80105736 Telephone - Air cards	\$ -	\$ 13.00	\$ (13.00)	\$ (12.77)	\$ 121.00	\$ (133.77)	0.00%	\$ 160.00
80105738 Telephone - Mobile Service	\$ -	\$ 47.00	\$ (47.00)	\$ -	\$ 419.00	\$ (419.00)	0.00%	\$ 560.00
80105750 Training	\$ -	\$ 300.00	\$ (300.00)	\$ 675.00	\$ 2,700.00	\$ (2,025.00)	25.00%	\$ 3,600.00
80105755 Travel - Local	\$ 78.52	\$ 63.00	\$ 15.52	\$ 551.92	\$ 561.00	\$ (9.08)	98.38%	\$ 750.00
80105757 Travel - Non-local Mileage/Air	\$ -	\$ 350.00	\$ (350.00)	\$ 1,235.79	\$ 3,150.00	\$ (1,914.21)	39.23%	\$ 4,200.00
80105758 Travel - Non-local Hotel	\$ 1,148.16	\$ 300.00	\$ 848.16	\$ 1,862.69	\$ 2,700.00	\$ (837.31)	68.99%	\$ 3,600.00
80105759 Travel - Meals	\$ 49.28	\$ 100.00	\$ (50.72)	\$ 194.10	\$ 900.00	\$ (705.90)	21.57%	\$ 1,200.00
Total Expenses	\$ 3,009.75	\$ 2,859.00	\$ 150.75	\$ 19,632.86	\$ 25,723.00	\$ (6,090.14)	76.32%	\$ 34,300.00
Total Revenue minus Expenses	\$ (151.75)	\$ (1.00)	\$ (150.75)	\$ 6,093.14	\$ 3.00	\$ 6,090.14	23.68%	\$ -

Unit Financial Statement

FY 2014

	June 14 Actuals	June 14 Budgeted	Variance	YTD Actual	YTD Budget	Variance	Percent	Budget
Revenues								
80103998 Allocated Revenue	\$ 2,858.00	\$ 2,858.00	\$ -	\$ 28,584.00	\$ 28,584.00	\$ -	100.00%	\$ 34,300.00
Total Revenue	\$ 2,858.00	\$ 2,858.00	\$ -	\$ 28,584.00	\$ 28,584.00	\$ -	100.00%	\$ 34,300.00
Expenses								
80105275 Food Items	\$ -	\$ 167.00	\$ (167.00)	\$ 1,478.14	\$ 1,666.00	\$ (187.86)	88.72%	\$ 2,000.00
80105320 Insurance-Worker Compensation	\$ 8.22	\$ 19.00	\$ (10.78)	\$ 99.69	\$ 192.00	\$ (92.31)	51.92%	\$ 230.00
80105388 Legal Fees	\$ 1,500.00	\$ 1,500.00	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -	100.00%	\$ 18,000.00
80155605 Postage-Express Mail	\$ -	\$ -	\$ -	\$ 36.35	\$ -	\$ 36.35	0.00%	\$ -
80105715 Supplies-Office	\$ -	\$ -	\$ -	\$ 20.17	\$ -	\$ 20.17	0.00%	\$ -
80105736 Telephone - Air cards	\$ -	\$ 13.00	\$ (13.00)	\$ (12.77)	\$ 134.00	\$ (146.77)	0.00%	\$ 160.00
80105738 Telephone - Mobile Service	\$ -	\$ 47.00	\$ (47.00)	\$ -	\$ 466.00	\$ (466.00)	0.00%	\$ 560.00
80105750 Training	\$ -	\$ 300.00	\$ (300.00)	\$ 675.00	\$ 3,000.00	\$ (2,325.00)	22.50%	\$ 3,600.00
80105755 Travel - Local	\$ -	\$ 63.00	\$ (63.00)	\$ 551.92	\$ 624.00	\$ (72.08)	88.45%	\$ 750.00
80105757 Travel - Non-local Mileage/Air	\$ 719.68	\$ 350.00	\$ 369.68	\$ 1,955.47	\$ 3,500.00	\$ (1,544.53)	55.87%	\$ 4,200.00
80105758 Travel - Non-local Hotel	\$ 1,622.86	\$ 300.00	\$ 1,322.86	\$ 3,485.55	\$ 3,000.00	\$ 485.55	116.19%	\$ 3,600.00
80105759 Travel - Meals	\$ 62.27	\$ 100.00	\$ (37.73)	\$ 256.37	\$ 1,000.00	\$ (743.63)	25.64%	\$ 1,200.00
Total Expenses	\$ 3,913.03	\$ 2,859.00	\$ 1,054.03	\$ 23,545.89	\$ 28,582.00	\$ (5,036.11)	82.38%	\$ 34,300.00
Total Revenue minus Expenses	\$ (1,055.03)	\$ (1.00)	\$ (1,054.03)	\$ 5,038.11	\$ 2.00	\$ 5,036.11	17.62%	\$ -

Agenda Item: Montgomery Supported Housing, Inc. Update Committee: Business	Board Meeting Date July 24, 2014
Background Information: <p>The Montgomery Supported Housing, Inc. Board met on June 24, 2014 and renewed the Directors and Officers Insurance with Travelers Insurance for the upcoming year.</p> <p>As you may recall, we received word in late March from Steve Colella, Senior Vice President of McDougal Property Management, that one of the tenants at Independence Place Apartments (IPA) filed a Fair Housing Equal Opportunity (FHEO) Discrimination Claim. Since the filing of the claim, we regret to inform you that the resident passed away from a medical condition. At this time, the claim is on hold due to there being no established executor to the resident's estate.</p> <p>Following this unfortunate news, Tri-County staff provided crisis response, counseling, and continued to communicate with IPA Property management and assist with coordination through Tri-County Services when requested by residents.</p> <p>In late May, a HUD HOME grant auditor made an on-site visit to ensure that the proper documentation and grant requirements were being met for this federally funded grant. As you may remember, we were awarded a HOME grant for one unit at Independence Place which provides rental assistance to a qualified applicant residing in the unit. Tri-County staff was on-site along with McDougal Property Management to assist as needed. Upon completion of her review, the HUD auditor noted that everything appeared to be in order. No additional communication has been received to date regarding this review.</p> <p>On July 11th, Tri-County received word from McDougal Property Management that the Community Director for Independence Place, Virlene Richert, had resigned. For the foreseeable future, both the Montgomery and Huntsville properties will be managed by Jenet Genwright, Community Director at Independence Village.</p>	
Supporting Documentation: None	
Recommended Action: For Information Only	

UPCOMING MEETINGS

August 28th, 2014 – Board Meeting

- Approve Minutes from July 24, 2014 Board Meeting
- Approve Goals & Objectives for FY 2015
- Community Resources Report
- Consumer Services Report for July 2014
- Program Updates
- Annual Election of FY 2015 Board Officers
- Executive Director's Evaluation, Compensation & Contract for FY 2015
- Nominations for the Texas Council Risk Management Fund's Board of Trustees
- Personnel Report for July 2014
- Texas Council Quarterly Board Meeting Update
- Approve July 2014 Financial Statements
- Approve FY 2014 Year End Budget Revision
- Approve Proposed FY 2015 Operating Budget
- Approve FY 2014-15 DADS Contract Amendment
- Approve the FY 2015 DSHS Performance Contract
- Approve FY 2015 Kingwood Pines Inpatient Hospital Contract
- Approve FY 2015 Cypress Creek Inpatient Hospital Contract
- Approve FY 2015 Avail Solutions, Inc. Contract
- Board of Trustees' Unit Financial Statements for July 2014
- Other Business Committee Issues

September 25th, 2014 – Board Meeting

- Approve Minutes from August 28, 2014 Board Meeting
- Reappoint Mental Health Planning Network Advisory Committee Members
- Reappoint Intellectual & Developmental Disabilities Planning Network Advisory Committee Members
- Community Resources Report
- Consumer Services Report for August 2014
- Program Updates
- Annual Corporate Compliance & Quality Management Report
- 1st Quarter FY 2014 Corporate Compliance Training
- Annual Planning Network Advisory Committee Reports
- Final FY 2014 Goals & Objectives Progress Report
- Appoint Texas Council Representative & Alternate for FY 2015
- Board of Trustees Reappointments & Oaths of Office
- Board of Trustees Committee Appointments
- Personnel Report for August 2014
- Analysis of Board Members Attendance for FY 2014 Regular & Special Called Board Meetings
- Review August 2014 Financial Statements
- 401(a) Account Review
- Board of Trustees' Unit Financial Statement for August 2014
- Montgomery Supported Housing, Inc. Update
- Cleveland Supported Housing, Inc. Update
- Other Business Committee Issues