



FINANCE COMMITTEE MEETING

Integral Care's mission is to improve the lives of people affected by behavioral health and developmental and/or intellectual challenges.

DATE: Monday, December 10, 2018
TIME: 12:00 p.m.
PLACE: 1430 Collier St. – Board Room
Austin, Texas 78704

AGENDA

- I. Citizens' Comments (Presentations are limited to 3 minutes) – page 1**
- II. Approval of Finance Committee Minutes for August 27, 2018 – pages 2-7**
- III. Discuss and Take Appropriate Action on Cash & Investment Report – October, 2018 (Weden) – pages 8-11**
- IV. Discuss and Take Appropriate Action on Financial Statements and Amendments (if applicable) for the Period Ending October 31, 2018 (Subject to Audit) (Weden, Thompson) – pages 12-22**
- V. Discuss and Take Appropriate Action on Board Policy "Investment and Cash Management – 04.17" Including Authorized Broker/Dealer List (Weden) – pages 23-35**
- VI. Discuss and Take Appropriate Action Authorizing the Chief Executive Officer and/or his designee to enter into a contract with North America Security Services for Security Services (Weden, Riedel) – pages 36-38**
- VII. Discuss and Take Appropriate Action Regarding Authorizing Revenue Anticipation Notes with Frost Bank (Weden) – pages 39-87**
- VIII. Update on Transformation 1115 Waiver (Weden) – pages 88-98**
- IX. Update on New Milestones Foundation (Hearon) – pages 99-103**
- X. Announcements – page 104**
- XI. New Business – page 105**
 - Identify Consent/Non-Consent Agenda Items
- XII. Citizens' Comments (Presentations are limited to 3 minutes) – page 106**

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***Note: The full packet is available on Integral Care's webpage at:
<http://integralcare.org/agendas-minutes/> (Under the heading "Finance Committee")***

I. Citizens' Comments

II. Approval of Minutes for August 27, 2018 Finance Committee Meeting



FINANCE COMMITTEE MINUTES

DATE: August 27, 2018
TIME: 12:00 p.m.
PLACE: 1430 Collier St. – Board Room
Austin, Texas 78704

MEMBERS PRESENT: Tom Young, Robert Chapa, Luanne Southern

Center staff were in attendance.

The meeting was called to order by Mr. Young at 12:00 p.m.

I. CITIZENS' COMMENTS

None.

II. APPROVAL OF FINANCE COMMITTEE MINUTES

No changes were noted to the minutes of the July 23, 2018 meeting. They stand approved as submitted.

III. DISCUSS AND TAKE APPROPRIATE ACTION ON CASH & INVESTMENT REPORT FOR JULY, 2018

Mr. Chapa made a motion to recommend to the Board the acceptance of the Cash and Investment Report for July, 2018.

Ms. Southern seconded.

Mr. Weden reviewed the Cash and Investment Report for July, 2018 stating the interest earned in 7/2018 was \$28,749 and total market and book value at end of month was \$23,741,951. He also stated there were no significant changes for the month. A comparison of FY 2017 vs. FY 2018 cash and investment amounts was reviewed. Discussion followed.

All were in favor. Motion carried.

IV. DISCUSS AND TAKE APPROPRIATE ACTION ON FINANCIAL STATEMENTS AND AMENDMENTS (IF APPLICABLE) FOR THE PERIOD ENDING July 31, 2018 (SUBJECT TO AUDIT)

Mr. Young made a motion to recommend to the Board the acceptance of the Financial Statements and amendments (if applicable) for the period ending July 31, 2018, subject to audit.

Mr. Chapa seconded.

Ms. Thompson discussed the following information from the schedules found in the packet: Financial Summary, Balance Sheet General Operating Fund and Notes (Schedule N2), Combined (Schedule C1), Statement of Revenue and Expenditures and Notes (Schedule C2), Waiver (Schedule C3), and Capital Projects (Schedule C4). Ms. Thompson discussed in detail the information on the Summary page including: Total Annual Budget; YTD Net; Fund Balance; Capital Projects, and Waiver Budget. Discussion followed.

All were in favor. Motion carried.

V. DISCUSS AND TAKE APPROPRIATE ACTION TO APPROVE FY 2019 BUDGET

Mr. Young made a motion to recommend to the Board approval of the FY 2019 Budget.

Mr. Chapa seconded.

Mr. Young stated that the budget work session for all Board members was held on August 16, 2018. Mr. Weden thanked Ms. Thompson, the Management Team, and staff for their work on the budget. He stated that there will be amendments to the budget throughout the year as needed. Discussion followed.

All were in favor. Motion carried.

VI. DISCUSS AND TAKE APPROPRIATE ACTION AUTHORIZING APPROVAL FOR THE BOARD CHAIR AND/OR CHIEF EXECUTIVE OFFICER AND/OR HIS DESIGNEE, AS APPLICABLE, TO SIGN THE HEALTH AND HUMAN SERVICES LOCAL MENTAL HEALTH AUTHORITY CONTRACT FOR FY2019

Mr. Young made a motion to recommend to the Board authorizing approval for the Board Chair and/or Chief Executive Officer and/or His Designee, as applicable, to sign the Health and Human Services Local Mental Health Authority Contract for FY 2019.

Mr. Chapa seconded.

Mr. Weden discussed the information found in the packet to include background information, current status of the contract, and staff recommendation. He also stated that Integral Care has additional contracts and statements of work with HHSC for mental health services such as:

- Senate Bill 292,
- House Bill 13,
- Mental Health First Aid,
- Psychiatric Residency, and
- First Episode Psychosis (RA1SE).

Discussion followed.

All were in favor. Motion carried.

VII. DISCUSS AND TAKE APPROPRIATE ACTION AUTHORIZING APPROVAL FOR THE BOARD CHAIR AND/OR CHIEF EXECUTIVE OFFICER AND/OR HIS DESIGNEE, AS APPLICABLE, TO SIGN THE HEALTH AND HUMAN SERVICES LOCAL INTELLECTUAL AND DEVELOPMENTAL DISABILITY AUTHORITY CONTRACT FOR FY 2019

Mr. Young made a motion to recommend to the Board authorizing approval for the Board Chair and/or Chief Executive Officer and/or His Designee, as applicable, to sign the Health and Human Services Local Intellectual and Developmental Disability Authority Contract for FY 2019.

Mr. Chapa seconded.

Mr. Weden discussed the information found in the packet including background information, current status of the contract, and staff recommendation. He stated the IDD numbers are consistent with the proposed budget. He stated that other service funding included in the LIDDA Performance Contract with HHSC includes:

- Enhanced Community Coordination
- Transition Support Teams
- Residential Services for Specified Clients

Discussion followed.

All were in favor. Motion carried.

VIII. DISCUSS AND TAKE APPROPRIATE ACTION ON APPROVAL OF ON-LINE TRAINING

Mr. Chapa made a motion to recommend to the Board the approval of the renewal and expansion of the current contract with Relias Learning LLC and authorize the Chief Executive Officer or his designee to execute contract documents for Fiscal Year 2019. This expansion would shift the license fee from \$58.24 per user (\$81,536 annualized for 1400 users) to \$72.10 per user (\$100,940 annualized for 1400 users).

Ms. Southern seconded.

Mr. Guinn and Ms. Walker presented both background and current status information found in the packet. They stated that the Enhanced Package offers the following new features:

- Pro-on-the-go mobile videos
- Notable new content:
 - Advanced training for call center staff
 - Leadership and management modules
 - Crisis management and de-escalation simulations
 - Learning paths that include pre-post exams
 - Specific content for child and family services

Discussion followed.

All were in favor. Motion carried.

IX. DISCUSS AND TAKE APPROPRIATE ACTION TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER AND/OR HIS DESIGNEE, TO FINALIZE NEGOTIATIONS AND ENTER INTO A CONTRACT WITH UBM ENTERPRISE, INC. FOR JANITORIAL SERVICES

Mr. Young made a motion to recommend to the Board to authorize the Chief Executive Officer and/or his designee, to finalize negotiations and enter into a contract with UBM Enterprise, Inc. for Janitorial Services.

Mr. Chapa seconded.

Mr. Weden stated that Integral Care currently contracts with American Facility Services which was awarded a contract based upon a Request for Proposal in 2015. Integral Care issued a Request for Proposal for Janitorial Services on May 7, 2018 with responses due by July 5, 2018. Reviewable proposals were received from six vendors. He discussed how the proposals were rated and what services they would be providing. He stated that staff recommends the Board

authorize the Chief Executive Officer and/or his designee, to finalize negotiations and enter into a contract with UBM Enterprise, Inc. for Janitorial Services. Discussion followed.

All were in favor. Motion carried.

X. UPDATE ON RESOURCE DEVELOPMENT

Ms. Eldridge reviewed the information found in the “Resource Development Quarterly Report”. She discussed each Foundation; what stage they are in, i.e. awarded, pending; the amount requested; and which initiative it was for, i.e. Housing First Oak Springs, SAMHSA/CCBHC grant. Discussion followed.

XI. ANNOUNCEMENTS

Mr. Weden introduced Hans Riedel, the new Director of Facilities.

Ms. Southern thanked staff for the information and presentation of the FY 2019 budget.

XII. NEW BUSINESS

- Non-Consent: Item IV, V
- Consent: Item III, VI, VII, VIII, IX

XIII. CITIZENS’ COMMENTS

None.

There being no further business, the meeting adjourned at 12:30 p.m.

Tom Young, Chair
Finance Committee

Date

Libby Worsham

Libby Worsham,
Executive Assistant

III. Cash and Investment Report

October, 2018

David Weden



CASH AND INVESTMENT REPORT

For the month ended October 31, 2018

<u>Cash and Cash Equivalents</u>	<u>Investments Market Value</u>	<u>Investments Book Value</u>	<u>Percentage of Portfolio</u>	<u>Monthly Interest</u>	<u>Interest Rates</u>	<u>Stated Maturity Term</u>	<u>Average Days to Maturity</u>
<u>Chase Bank of Texas</u>							
Deposit Account	188,344	188,344	1.12%	77	0.55%	1	1
<u>Frost Bank</u>							
Deposit Account	14,344,023	14,344,023	85.35%	29,289	2.08%	1	1
<u>Short-term Investments:</u>							
TexPool Fund - Operating	2,266,936.46	2,266,936	13.49%	4,120	2.14%	1	1
TexPool Fund - Midelburg Trust	6,774	6,774	0.04%	12	2.14%	1	1
Totals and Averages, current month	<u>16,806,077</u>	<u>16,806,077</u>	<u>100.00%</u>	<u>33,499</u>	<u>2.07%</u>	<u>1</u>	<u>1</u>
Totals and Averages, previous month	\$ 19,304,070	\$ 19,304,070	100.00%	\$ 27,189	2.00%	1	1
Totals and Averages, previous year	\$ 21,653,460	\$ 21,653,460	100.00%	11,266	0.93%	1	1

Benchmark: 90-day T-bill rate at 10/31/18 - 2.25%

This report is in full compliance with the investment policy as established for the Investment Portfolio, the Public Funds Investment Act (Chapter 2256.023 and Generally Accepted Accounting Principles (GAAP).

(1) - The period change is the result of changes in cash position and not fluctuations in market value of investments.

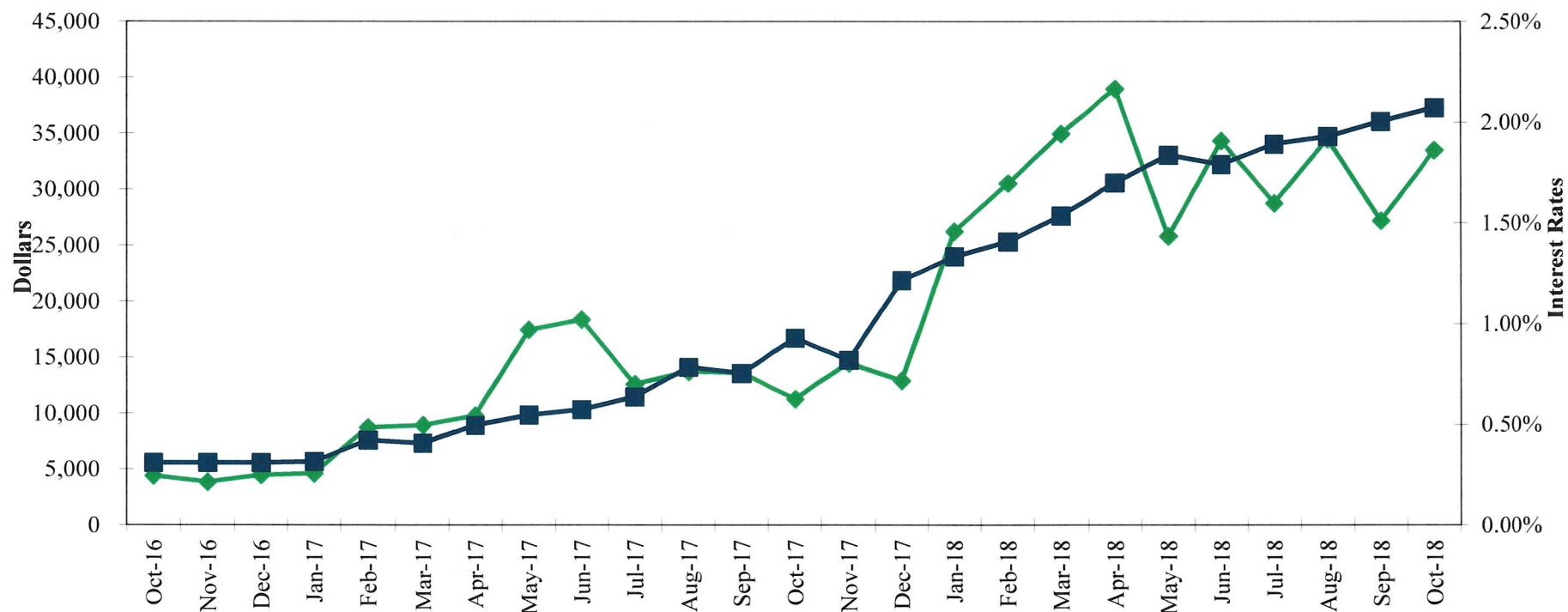

David A. Weden, CAO/CFO

12/14/18


Mark Watson, Director of Accounting

12/11/2018

Interest Rates and Earnings Comparison



Interest Rate
Earnings

Oct'16
0.31%
4,415

Oct'17
0.93%
11,266

Oct'18
2.07%
33,499



LIST OF SECURITIES
For the month ended October 31, 2018

Cash and Cash Equivalents	Purchase Dates	Investments Book Values	Interest Rates	Maturity Dates	Average Days to Maturity
<u>Chase Bank of Texas</u>					
Chase Bank Depository Account	6/1/2007	\$ 188,344	0.55%		1
<u>Frost Bank</u>					
Frost Bank Depository Account	2/1/2017	14,344,023	2.08%		1
<u>Edward Jones</u>					
Cash	12/6/2017	0	0.00%		0
Stock Donations	12/6/2017	0	0.00%		1
<u>Short-term Investments:</u>					
TexPool Fund - Operating	6/1/2007	2,266,936	2.14%		1
TexPool Fund - Midelburg Trust	6/1/2007	6,774	2.14%		1
Total		\$ 16,806,077	2.07%		1

IV. Financial Statements Ending October 31, 2018

**David Weden
Della Thompson**

**Integral Care
Financial Summary Period Ending October 31, 2018**

	Operations	Capital Projects	Total
Total Annual Budget - Current	\$ 102,642,348	\$ 3,440,000	\$ 106,082,348
Total Annual Budget - Original	97,003,401	3,440,000	100,443,401
Total Budget Amendments	\$ 5,638,947	\$ -	\$ 5,638,947
Year-to-Date (YTD) Net	\$ 209,200	\$ (1,360,127)	\$ (1,150,926)
Year-to-Date Planned Fund Balance Expense	(56,466)	(1,360,127)	(1,416,593)
Year-to-Date Net (without FB planned loss)	\$ 265,667	\$ -	\$ 265,667

1) **Fund Balance**

	Fund Balance Category	2018 Ending Fund Balance (NOT FINAL)	FY2019 YTD Net Operations	FY2019 YTD Fund Balance
Operations	Unassigned	\$ 7,486,871		
Waiver	Assigned	13,486,902		
Waiver DY7 Revenue (Reserve 2019), Operations		323,340		
Midelberg	Restricted	6,653	-	
Subtotal Operations & Waiver		21,303,766	209,200	\$ 21,512,966
Waiver DY7 Revenue (Reserve 2019), Capital Outlay	Assigned	3,440,000	(1,360,127)	\$ 2,079,873
Total Fund Balance		\$ 24,743,766	\$ (1,150,926)	\$ 23,592,840

2) **Unrestricted Fund Balance Days of Operation**

FY2019 YTD Fund Balance Operations & Waiver	\$ 21,512,966
Fund Balance Operations Balance	\$ (376,885)
FY2019 YTD Adjusted Fund Balance	\$ 21,136,081
FY2018 Average Daily Expense	\$ 248,173
YTD Days of Operation	85

3) **2019 Fund Balance Budget & Capital Outlay:**

	Annual Budget	Used to Date	Budget Balance
Assigned Fund Balance - 1115 Transformation Waiver DY7 Revenue:			
<u>Capital Outlay:</u>			
IT	\$ (3,000,000)	\$ (1,263,863)	\$ (1,736,137)
Facilities Consultant	(250,000)		\$ (250,000)
Rundberg Build-Out	(190,000)	(96,264)	\$ (93,736)
Total Capital Outlay	\$ (3,440,000)	\$ (1,360,127)	\$ (2,079,873)
<u>Operations - Administration / Authority</u>	(323,340)	-	\$ (323,340)
Total Assigned Fund Balance - 1115 Transformation Waiver DY7 Revenue	(3,763,340)	(1,360,127)	(2,403,213)
<u>Unassigned Fund Balance:</u>			
Infant Parent Program, Early Childhood Intervention (ECI)	\$ (240,400)	\$ (18,873)	\$ (221,527)
UTDMS - Integrated Practice Units (IPU)	\$ (192,951)	\$ (37,593)	\$ (155,358)
Total Unassigned Fund Balance - Operations	\$ (433,351)	\$ (56,466)	\$ (376,885)
Total Planned Fund Balance Use in FY2019	\$ (4,196,691)	\$ (1,416,593)	\$ (2,780,098)

FISCAL YEAR 2019 YTD BUDGET AMENDMENTS		Budget - Revised	Budget - Original	Total Budget Revisions	FTE Budget Changes
<u>SAMHSA</u>					
SAMHSA MHAT		125,000	-	125,000	1.15
SAMHSA CCBHC		2,000,000	-	2,000,000	16.00
SAMHSA CHR-P		400,000	-	400,000	4.00
	SAMHSA	2,525,000	-	2,525,000	21.15
<u>AISD</u>					
CCC In-School		420,000	300,000	120,000	
AISD In-School Program		683,000	400,000	283,000	
DSHS Integrated Care in Schools (HB13)		856,972	500,000	356,972	
FFS		304,050	83,000	220,612	
	IN-SCHOOL	2,264,022	1,283,000	980,584	10.50
<u>Expanded Mobile Crisis Outreach Team (EMCOT)</u>					
City of Austin EMCOT		1,147,229	-	1,147,229	
Travis County EMCOT		764,819	-	764,819	
	EMCOT	1,912,048	-	1,912,048	(1.78)
Reserve-Unearned Cost Reimb (EMCOT contract beg 10/1)				(115,000)	
<u>State DSHS MH</u>					
DSHS Residency Program		116,667	70,000	46,667	
DSHS - Consumer Operated Services		181,500	71,500	110,000	
DSHS MH First Aid		142,000	50,000	92,000	
Reserve - Unearned FFS Cost Reimbursement-MHFA				(60,000)	
	DSHS-MH			188,667	
All Other Amendments (line items < \$100K)				147,648	3.05
Total FYTD Budget Amendments, October 2018				\$ 5,638,947	32.92
Original Budget				\$ 100,443,401	917.16
Current Budget, October 2018				\$ 106,082,348	950.08

Balance Sheet - General Operating Fund - Schedule N2
As of 10/31/2018

	Unaudited Beginning Balance 9/01/2018	Prior Period Balance 09/30/2018	Current Period Balance 10/31/2018	Notes	Current Period Change	Year To Date Change	Current Period % Change	Year To Date % Change
Schedule N2 Balance Sheet Gen. Op. Fund								
Assets								
Current Assets								
Cash	\$ 16,787,188	\$ 19,321,991	\$ 16,818,074		\$ (2,503,917)	\$ 30,886	(12.96%)	0.18%
Accounts Receivable	9,834,515	13,057,490	13,303,707	(1)	246,217	3,469,193	1.89%	26.08%
Deposits and Prepaids	755,198	799,411	823,513		24,103	68,316	3.02%	8.30%
Inventory	-	-	-		-	-		
Total Current Assets	\$ 27,376,900	\$ 33,178,892	\$ 30,945,295		\$ (2,233,597)	\$ 3,568,394	(6.73%)	13.03%
Noncurrent Assets								
Investment in Tejas	\$ -	\$ -	\$ -		\$ -	\$ -		
Investment in NMF	128,649	128,649	128,649		-	-	0.00%	0.00%
Investment in Housing First Oak Springs	-	-	-		-	-		
Total Noncurrent Assets	\$ 128,649	\$ 128,649	\$ 128,649		\$ -	\$ -	0.00%	0.00%
Total Assets	\$ 27,505,549	\$ 33,307,541	\$ 31,073,944		\$ (2,233,597)	\$ 3,568,394	(6.71%)	12.97%
Liabilities								
Current Liabilities								
Interfund Payables	\$ (4,321,595)	\$ (4,333,201)	\$ (4,350,840)	(2)	\$ (17,639)	\$ (29,245)	0.41%	0.68%
Accounts Payable	2,967,804	1,914,348	1,426,645	(3)	(487,702)	(1,541,159)	(25.48%)	(51.93%)
Deferred Revenue	1,305,585	8,956,308	6,888,792	(4)	(2,067,515)	5,583,207	(23.08%)	427.64%
Fringe Payables	977,249	1,357,492	1,603,935		246,443	626,686	18.15%	64.13%
Total Current Liabilities	\$ 929,044	\$ 7,894,946	\$ 5,568,533		\$ (2,326,414)	\$ 4,639,489	(29.47%)	499.38%
Noncurrent Liabilities								
Accrued Compensated Absences	\$ 1,832,740	\$ 1,889,861	\$ 1,912,572		\$ 22,711	\$ 79,832	1.20%	4.36%
Total Noncurrent Liabilities	\$ 1,832,740	\$ 1,889,861	\$ 1,912,572		\$ 22,711	\$ 79,832	1.20%	4.36%
Total Liabilities	\$ 2,761,784	\$ 9,784,808	\$ 7,481,105		\$ (2,303,703)	\$ 4,719,321	(23.54%)	170.88%
Fund Equity								
Fund Balance - Operations								
Fund Balance - Operations	\$ 20,980,426	\$ 20,980,426	\$ 20,980,426		\$ -	\$ -	0.00%	0.00%
Fund Balance - Waiver DY7 Rev. Reserve - Operation	323,340	323,340	323,340		-	-	0.00%	0.00%
Net Income - Operations	-	66,702	209,200		142,499	209,200	213.64%	
Net Income - Capital Projects (non Dsg Funds)	-	-	-		-	-		
Total Fund Balance - Operations	\$ 21,303,766	\$ 21,370,467	\$ 21,512,966	(5)	\$ 142,499	\$ 209,200	0.67%	0.98%
Fund Balance - 1115 Waiver								
Fund Balance - 1115 Waiver	\$ -	\$ -	\$ -		\$ -	\$ -		
Net Income - 1115 Waiver	-	-	-		-	-		
Total Fund Balance - 1115 Waiver	\$ -	\$ -	\$ -		\$ -	\$ -		
Fund Balance - Capital Project - Designated Funds								
Fund Balance - Capital Project - Designated Funds	\$ 3,440,000	\$ 3,440,000	\$ 3,440,000		\$ -	\$ -	0.00%	0.00%
Net Income - Capital Project - Designated Funds	-	(1,287,734)	(1,360,127)		(72,392)	(1,360,127)	5.62%	
Total Fund Balance - Capital Project - Designated Funds	\$ 3,440,000	\$ 2,152,266	\$ 2,079,873	(6)	\$ (72,392)	\$ (1,360,127)	(3.36%)	(39.54%)
Total Fund Equity	\$ 24,743,766	\$ 23,522,733	\$ 23,592,839		\$ 70,106	\$ (1,150,926)	0.30%	(4.65%)
Total Liabilities and Fund Equity	\$ 27,505,549	\$ 33,307,541	\$ 31,073,944		\$ (2,233,596)	\$ 3,568,395	(6.71%)	12.97%

BALANCE SHEET NOTES

Period Ending 10/31/2018

Note 1 Accounts Receivable, \$13,303,707:

3rd Party FFS A/R	\$ 1,322,954
3rd Party FFS A/R - Allowance	(285,537)
Sub-Total 3rd Party FFS A/R	\$ 1,037,417
Contracts Receivable	5,798,592
Contracts Receivable - Accrued Revenue (MAC, DSHS SB292 & HB13, City Oak Spring Bond, etc.)	6,074,120
Employee Advances - Payroll Pay Period Conversion	371,977
Rental Operations	21,602
Total Accounts Receivable	\$ 13,303,707

Note 2 Interfund Payables, (\$4,350,840):

Housing First Oak Springs LP	\$ (4,620,995)
Capital Improvement Fund	159,660
CAN	85,027
ICC	25,467
Total Interfund Payables	\$ (4,350,840)

Note 3 Accounts Payable, \$1,426,645:

Accrued Accounts Payable (mainly Contract Provider Exp and DSHS/DADS 2017 unspent cost reimb advances)	\$ 907,528
Accounts Payable	77,737
Retainage	436,180
Tenant Security Deposits	5,200
Total Accounts Payable	\$ 1,426,645

Note 4 Deferred Revenue, \$6,888,792:

Housing First Oak Springs LP	\$ 1,444,072
DSHS	2,840,249
DADS	1,024,318
St. David's (Herman Center, HCC Capital, MHFA)	966,461
CCC	123,578
All Other	490,115
Total Deferred Revenue	\$ 6,888,792

Note 5 Fund Balance Operations (includes Unassigned, Waiver Assigned, Midelberg Assigned) \$21,370,468:

Fund Balance Ending 8/31/2018 (includes operations & Midelberg)	\$ 21,303,766
FY2019 YTD Net Operations	209,200
Fund Balance Ending (Operations & Midelberg)	\$ 21,512,966

Note 6 Fund Balance Waiver DY7, FY2019 Reserve, \$3,763,340:

Fund Balance Ending 8/31/2018	\$ 3,440,000
FY2019 YTD DY7 Reserve Use	(1,360,127)
Total Waiver Fund Balance	\$ 2,079,873

Total YTD Fund Balance	23,592,840
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Statement of Revenues and Expenditures - Combined
10/01/2018 Through 10/31/2018

	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Percent Variance
Schedule C1 - Combined								
REVENUES								
Local Funds								
City of Austin	\$ 5,364,678	\$ 1,212,229	\$ 6,576,907	\$ 1,698,821	\$ 2,092,767	\$ 1,096,152	\$ 996,615	90.92%
Travis County	5,843,576	783,950	6,627,526	549,269	840,604	1,104,592	(263,988)	(23.90%)
Central Health	10,766,618	120,000	10,886,618	670,781	983,602	1,814,434	(830,832)	(45.79%)
Other Local	4,209,787	354,565	4,564,352	387,062	657,989	760,729	(102,741)	(13.51%)
Total Local Funds	\$ 26,184,659	\$ 2,470,744	\$ 28,655,403	\$ 3,305,933	\$ 4,574,962	\$ 4,775,908	\$ (200,946)	(4.21%)
State Funds								
DSHS Mental Health	\$ 31,209,855	\$ 605,640	\$ 31,815,495	\$ 2,456,902	\$ 4,518,745	\$ 5,302,588	\$ (783,843)	(14.78%)
DSHS Substance Abuse	2,251,968	(196,440)	2,055,528	225,969	430,275	342,588	87,687	25.60%
DADS	3,975,199	-	3,975,199	334,047	619,905	662,533	(42,628)	(6.43%)
TCOOMMI	1,812,913	-	1,812,913	157,329	306,941	302,152	4,789	1.59%
DARS (Early Childhood Intervention)	627,170	-	627,170	53,124	105,148	104,528	620	0.59%
Other State	176,510	-	176,510	9,884	21,315	29,418	(8,104)	(27.55%)
Total State Funds	\$ 40,053,615	\$ 409,200	\$ 40,462,815	\$ 3,237,256	\$ 6,002,329	\$ 6,743,808	\$ (741,478)	(10.99%)
Federal Funds								
Medicare/Medicaid/HMO	\$ 10,914,774	\$ 232,846	\$ 11,147,620	\$ 973,039	\$ 1,792,364	\$ 1,857,937	\$ (65,573)	(3.53%)
Tx Hm Lvg Waiver	264,167	1,157	265,324	22,904	43,018	44,221	(1,202)	(2.72%)
Other Federal	3,681,955	2,525,000	6,206,955	293,787	595,055	1,034,494	(439,439)	(42.48%)
Total Federal Funds	\$ 14,860,896	\$ 2,759,003	\$ 17,619,899	\$ 1,289,730	\$ 2,430,437	\$ 2,936,651	\$ (506,214)	(17.24%)
Waiver Funds								
1115 Waiver	\$ 15,147,540	\$ -	\$ 15,147,540	\$ 1,086,078	\$ 2,340,042	\$ 2,524,594	\$ (184,552)	(7.31%)
Total Waiver Funds	\$ 15,147,540	\$ -	\$ 15,147,540	\$ 1,086,078	\$ 2,340,042	\$ 2,524,594	\$ (184,552)	(7.31%)
Total REVENUES	\$ 96,246,710	\$ 5,638,947	\$ 101,885,657	\$ 8,918,997	\$ 15,347,769	\$ 16,980,960	\$ (1,633,191)	(9.62%)
EXPENDITURES								
Operating expenditures								
Salaries	\$ 52,044,465	\$ 2,263,668	\$ 54,308,133	\$ 4,399,123	\$ 8,557,851	\$ 9,051,356	\$ 493,505	5.45%
Fringe benefits	13,147,585	473,695	13,621,280	986,177	1,929,672	2,270,213	340,541	15.00%
Travel/Workshop	971,259	106,833	1,078,092	59,039	63,135	179,682	116,547	64.86%
Prescription Drugs & Medicine	336,115	(965)	335,150	27,822	48,396	55,858	7,463	13.36%
Consumable Supplies	384,193	28,321	412,514	32,658	41,045	68,752	27,708	40.30%
Contracts & Consultants	19,919,096	2,145,206	22,064,302	1,185,682	1,676,974	3,677,384	2,000,410	54.40%
Capital Outlay	3,216,412	421,651	3,638,063	1,213,349	2,439,983	606,361	(1,833,622)	(302.40%)
Furniture & Equipment	956,828	74,822	1,031,650	115,987	246,327	171,942	(74,385)	(43.26%)
Facility/Telephone/Utility	5,982,763	64,322	6,047,085	533,421	899,992	1,007,848	107,855	10.70%
Insurance Costs	364,126	8,142	372,268	30,892	57,963	62,045	4,082	6.58%
Transportation Costs	130,000	(1,273)	128,727	25,788	38,626	21,455	(17,172)	(80.04%)
Professional Fees	170,738	5,000	175,738	18,708	30,193	29,290	(903)	(3.08%)
Other Operating Costs	759,985	47,815	807,800	58,798	142,931	134,633	(8,298)	(6.16%)
Client Support Costs	2,059,836	1,710	2,061,546	161,321	325,609	343,591	17,982	5.23%
Total Operating expenditures	\$ 100,443,401	\$ 5,638,947	\$ 106,082,348	\$ 8,848,764	\$ 16,498,696	\$ 17,680,408	\$ 1,181,713	6.68%
Total EXPENDITURES	\$ 100,443,401	\$ 5,638,947	\$ 106,082,348	\$ 8,848,764	\$ 16,498,696	\$ 17,680,408	\$ 1,181,713	6.68%
Total Gain/Loss Operating before FB	\$ (4,196,691)	\$ -	\$ (4,196,691)	\$ 70,233	\$ (1,150,926)	\$ (699,448)	\$ (451,478)	64.55%
Fund Balance								
Fund Balance	\$ 4,196,691	\$ -	\$ 4,196,691	\$ -	\$ -	\$ 699,449	\$ (699,449)	(100.00%)
Total Fund Balance	\$ 4,196,691	\$ -	\$ 4,196,691	\$ -	\$ -	\$ 699,449	\$ (699,449)	(100.00%)
Total Gain/Loss Operating With FB	\$ -	\$ -	\$ -	\$ 70,233	\$ (1,150,926)	\$ -	\$ (1,150,926)	

Statement of Revenues and Expenditures - Operations
10/01/2018 Through 10/31/2018

	Original Budget	Budget Revisions	Revised Budget	Current Month Actual	YTD Actual	YTD Budget	YTD Variance	Notes	Percent Variance
Schedule C2 - Operations									
REVENUES									
Local Funds									
City of Austin	\$ 5,364,678	\$ 1,212,229	\$ 6,576,907	\$ 581,068	\$ 975,014	\$ 1,096,152	\$ (121,138)	(1)	(11.05%)
Travis County	5,843,576	783,950	6,627,526	549,269	840,604	1,104,592	(263,988)	(2)	(23.90%)
Central Health	10,766,618	120,000	10,886,618	670,781	983,602	1,814,434	(830,832)	(3)	(45.79%)
Other Local	4,209,787	354,565	4,564,352	387,062	657,989	760,729	(102,741)	(4)	(13.51%)
Total Local Funds	\$ 26,184,659	\$ 2,470,744	\$ 28,655,403	\$ 2,188,180	\$ 3,457,209	\$ 4,775,908	\$ (1,318,699)		(27.61%)
State Funds									
DSHS Mental Health	\$ 31,209,855	\$ 605,640	\$ 31,815,495	\$ 2,456,902	\$ 4,518,745	\$ 5,302,588	\$ (783,843)	(5)	(14.78%)
DSHS Substance Abuse	2,251,968	(196,440)	2,055,528	225,969	430,275	342,588	87,687		25.60%
DADS	3,975,199	0	3,975,199	334,047	619,905	662,533	(42,628)		(6.43%)
TCOOMMI	1,812,913	0	1,812,913	157,329	306,941	302,152	4,789		1.59%
DARS (Early Childhood Intervention)	627,170	0	627,170	53,124	105,148	104,528	620		0.59%
Other State	176,510	0	176,510	9,884	21,315	29,418	(8,104)		(27.55%)
Total State Funds	\$ 40,053,615	\$ 409,200	\$ 40,462,815	\$ 3,237,256	\$ 6,002,329	\$ 6,743,808	\$ (741,478)		(10.99%)
Federal Funds									
Medicare/Medicaid/HMO	\$ 10,914,774	\$ 232,846	\$ 11,147,620	\$ 973,039	\$ 1,792,364	\$ 1,857,937	\$ (65,573)		(3.53%)
Tx Hm Lvg Waiver	264,167	1,157	265,324	22,904	43,018	44,221	(1,202)		(2.72%)
Other Federal	3,681,955	2,525,000	6,206,955	293,787	595,055	1,034,494	(439,439)	(6)	(42.48%)
Total Federal Funds	\$ 14,860,896	\$ 2,759,003	\$ 17,619,899	\$ 1,289,730	\$ 2,430,437	\$ 2,936,651	\$ (506,214)		(17.24%)
Waiver Funds									
1115 Waiver	\$ 15,147,540	\$ -	\$ 15,147,540	\$ 1,086,078	\$ 2,340,042	\$ 2,524,594	\$ (184,552)	(7)	(7.31%)
Total Waiver Funds	\$ 15,147,540	\$ -	\$ 15,147,540	\$ 1,086,078	\$ 2,340,042	\$ 2,524,594	\$ (184,552)		(7.31%)
Total REVENUES	\$ 96,246,710	\$ 5,638,947	\$ 101,885,657	\$ 7,801,244	\$ 14,230,016	\$ 16,980,960	\$ (2,750,943)		(16.20%)
EXPENDITURES									
Operating expenditures									
Salaries	\$ 52,044,465	\$ 2,263,668	\$ 54,308,133	\$ 4,399,123	\$ 8,557,851	\$ 9,051,356	\$ 493,505	(9)	5.45%
Fringe benefits	13,147,585	473,695	13,621,280	986,177	1,929,672	2,270,213	340,541		15.00%
Travel/Workshop	971,259	106,833	1,078,092	58,719	62,815	179,682	116,867	(10)	65.04%
Prescription Drugs & Medicine	336,115	(965)	335,150	27,822	48,396	55,858	7,463		13.36%
Consumable Supplies	384,193	28,321	412,514	32,658	41,045	68,752	27,708		40.30%
Contracts & Consultants	19,669,096	2,145,206	21,814,302	1,179,237	1,670,529	3,635,717	1,965,188	(11)	54.05%
Capital Outlay	26,412	421,651	448,063	36,107	36,686	74,694	38,008		50.89%
Furniture & Equipment	956,828	74,822	1,031,650	115,987	184,647	171,942	(12,705)		(7.39%)
Facility/Telephone/Utility	5,982,763	64,322	6,047,085	536,946	903,517	1,007,848	104,330	(12)	10.35%
Insurance Costs	364,126	8,142	372,268	30,892	57,963	62,045	4,082		6.58%
Transportation Costs	130,000	(1,273)	128,727	25,788	38,626	21,455	(17,172)		(80.04%)
Professional Fees	170,738	5,000	175,738	10,645	20,530	29,290	8,760		29.91%
Other Operating Costs	759,985	47,815	807,800	58,798	142,931	134,633	(8,298)		(6.16%)
Client Support Costs	2,059,836	1,710	2,061,546	161,321	325,609	343,591	17,982		5.23%
Total Operating expenditures	\$ 97,003,401	\$ 5,638,947	\$ 102,642,348	\$ 7,660,219	\$ 14,020,816	\$ 17,107,075	\$ 3,086,259		18.04%
Total EXPENDITURES	\$ 97,003,401	\$ 5,638,947	\$ 102,642,348	\$ 7,660,219	\$ 14,020,816	\$ 17,107,075	\$ 3,086,259		18.04%
Total Gain/Loss Operating before FB	\$ (756,691)	\$ -	\$ (756,691)	\$ 141,025	\$ 209,200	\$ (126,115)	\$ 335,315		(265.88%)
Fund Balance									
Fund Balance	\$ 756,691	\$ -	\$ 756,691	\$ -	\$ -	\$ 126,115	\$ (126,115)	(8)	(100.00%)
Total Fund Balance	\$ 756,691	\$ -	\$ 756,691	\$ -	\$ -	\$ 126,115	\$ (126,115)		(100.00%)
Total Gain/Loss Operating With FB	\$ -	\$ -	\$ -	\$ 141,025	\$ 209,200	\$ -	\$ 209,200		

REVENUE BUDGET VARIANCE NOTES - OPERATIONS

Period Ending 10/31/2018

Note 1: City of Austin - YTD Budget Variance (\$121,138):

City of Austin - Expanded Mobile Crisis Outreach Team (EMCOT)	\$ (109,948)	Contract Begins 10/1/2018
City of Austin - All Other (9 contracts)	(11,190)	Cost Reimbursement Contract
Total City of Austin Budget Variance	\$ (121,138)	

Note 2: Travis County - YTD Budget Variance (\$263,988):

Travis County - Expanded Mobile Crisis Outreach Team (EMCOT)	\$ (73,300)	Contract Begins 10/1/2018
Travis County - SAMSO	(92,266)	Cost Reimbursement Contract
Travis County - Correctional Complex	(34,791)	Cost Reimbursement Contract
Travis County - Families with Voices	(30,319)	Cost Reimbursement Contract
Travis County - All Other (7 contracts)	(33,312)	
Total Travis County Budget Variance	\$ (263,988)	

CCC-Central Health - YTD Budget Variance (\$830,832):

Note 3: In-Patient / Respite	\$ (693,174)	Cost Reimbursement, contract end 9/30 spend DSHS 1st
CommUnity Care- EMERGE Program	(57,810)	Cost Reimbursement Contract
Medication Assisted Therapy (MAT)	(9,848)	
AISD In-School Counseling	(70,000)	Contract Begins 10/1/2018
Total Central Health Budget Variance	\$ (830,832)	

Note 4: Other Local -YTD Budget Variance (\$102,741):

AISD In-School Counseling	\$ (63,690)	Contract Begins 10/1/2018
UT DMS Integrated Practice Units	(27,244)	
St. David's Herman Center Operations	36,663	
Cost Reimbursement - Contra Budget on Est Unearned Contract	52,336	Cost Reimbursement contracts that may not spend total contract
All Other (20 line items)	(100,806)	
Total Other Local Budget Variance	\$ (102,741)	

Note 5: DSHS Mental Health - YTD Budget Variance (\$783,843):

In Patient	\$ (508,818)
General Revenue Reserve	(51,972)
Forensic ACT (SB292)	(103,477)
Healthy Community Collaborative (HCC)	(86,478)
All Other (10 line items)	(33,098)
Total DADS Budget Variance	\$ (783,843)

Note 6: Other Federal YTD Budget Variance (\$439,439)

SAMHSA - CCBHC (Certified Behavioral Health Clinic)	\$ (333,334)	New Award, contract begins 9/30/2018
SAMHSA - CHR-P (Clinical High Risk Psychosis, similar to DSHS RA1SE)	(66,668)	New Award, contract begins 9/30/2018
SAMHSA - MHAT (Mental Health Awareness Training, similar DSHS MH First Ai	(20,834)	New Award, contract begins 9/30/2018
All Other (5 line items)	\$ (18,603)	
Total Medicare/Medicaid/HMO Budget Variance	\$ (439,439)	

Note 7: 1115 Transformation Waiver Budget Variance (\$184,552):

Waiver Reserve Funds	(279,604)
EMCOT, City/County Contracts begin 10/1/18, fund Sept expenses	95,052
Total Waiver Budget Variance	(184,552)

Note 8: Fund Balance - Operations (\$126,115):

Waiver DY7 - Annual Budget (\$323,340), ytd (\$53,890)	\$ (53,890)
UT DMS IPU - Annual Budget (\$192,951), ytd (\$32,158)	(32,158)
ECI Infant Parent Program - Annual Budget (\$240,400), ytd \$(40,066)	(40,067)
Total Fund Balance Budget Variance	\$ (126,115)

EXPENSE BUDGET VARIANCE NOTES - OPERATIONS

Period Ending 10/31/2018

	<u>Note 9:</u>	<u>Note 10:</u>	<u>Note 11:</u>	<u>Note 12:</u>
Major Funding Types:	Salaries & Fringe Benefits	Travel / Workshop	Contracts & Consultants	Facility / Telephone / Utilities
1.) Cost Reimbursement	\$739,763	\$56,496	\$1,315,344	\$30,937
2.) FFS Contract Max	52,352	2,991	37,613	5,108
3.) DSHS Adult & Child / Housing	38,767	30,681	444,463	39,042
4.) DADS	(20,707)	8,958	17,836	9,746
5.) TxHmLvg	1,045	577	(2,217)	366
6.) Program Support & Community Collaboratives	5,937	12,959	33,392	4,447
7.) Admin / Authority	16,889	4,205	118,757	14,684
Total Expense (over)/under YTD Budget	\$ 834,046	\$ 116,867	\$ 1,965,188	\$ 104,330

General Note: All contracts are budgeted at contract amount. In some instances we will budget a contra budget if we believe that we do not have the capacity to earn all funds, ie some DSHS SUD contracts.

Major Funding Category Notes YTD Budget Variances \$100,000 & >:

Note 10 Contracts & Consultants - Cost Reimbursement

CCC / Central Health In-Patient	\$ 586,306
DSHS In-Patient	508,818
City / County SAMSO	89,139
DSHS HCC	60,024
All Other 43 Programs	\$71,057
Contracts & Consultants - Cost Reimbursement	\$ 1,315,344

Contracts & Consultants - DSHS Adult, Child, Hsg

Waiver Reserve (original EMCOT)	\$ 279,604
Jail Diversion Program, 15th St.	\$ 117,684
All Other 26 Programs	\$ 47,175
Contracts & Consultants - DSHS Adult & Child /	\$ 444,463

Contracts & Consultants - Admin / Authority

Reserve	\$ 88,773
All Other Admin - 10 programs	29,984
Contracts & Consultants - Admin / Authority	\$ 118,757



Statement of Revenues and Expenditures - Capital Projects
10/01/2018 Through 10/31/2018

Schedule C4 - Capital Projects

REVENUES

Local Funds

City of Austin	\$	-	\$	-	\$	-	\$	1,117,753	\$	1,117,753	\$	-	\$	1,117,753	0.00%
Other Local		-		-		-		-		-		-		-	0.00%
Total Local Funds	\$	-	\$	-	\$	-	\$	1,117,753	\$	1,117,753	\$	-	\$	1,117,753	0.00%
State Funds															
DSHS Mental Health	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0.00%
Total State Funds	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0.00%
Waiver Funds															
1115 Waiver	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0.00%
Total Waiver Funds	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0.00%
Total REVENUES	\$	-	\$	-	\$	-	\$	1,117,753	\$	1,117,753	\$	-	\$	1,117,753	0.00%

EXPENDITURES

Operating expenditures

Travel/Workshop	\$	-	\$	-	\$	-	\$	320	\$	320	\$	-	\$	(320)	0.00%
Contracts & Consultants		250,000		-		250,000		6,445		6,445		41,667		35,222	84.53%
Capital Outlay		3,190,000		-		3,190,000		1,177,242		2,403,297		531,667		(1,871,630)	(352.03%)
Furniture & Equipment		-		-		-		-		61,680		-		(61,680)	0.00%
Facility/Telephone/Utility		-		-		-		(3,525)		(3,525)		-		3,525	0.00%
Professional Fees		-		-		-		8,063		9,663		-		(9,663)	0.00%
Total Operating expenditures	\$	3,440,000	\$	-	\$	3,440,000	\$	1,188,545	\$	2,477,880	\$	573,333	\$	(1,904,546)	(332.19%)
Total EXPENDITURES	\$	3,440,000	\$	-	\$	3,440,000	\$	1,188,545	\$	2,477,880	\$	573,333	\$	(1,904,546)	(332.19%)

Total Gain/Loss Operating before FB

	(3,440,000)	-	(3,440,000)	(70,792)	(1,360,127)	(573,333)	(786,793)
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Fund Balance

Fund Balance	\$	3,440,000	\$	-	\$	3,440,000	\$	-	\$	-	\$	573,333	\$	(573,333)	(100.00%)
Total Fund Balance	\$	3,440,000	\$	-	\$	3,440,000	\$	-	\$	-	\$	573,333	\$	(573,333)	(100.00%)

Total Gain/Loss Operating with FB

	\$	-	\$	-	\$	-	\$	(70,792)	\$	(1,360,127)	\$	(0)	\$	(1,360,127)
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FUND BALANCE NOTE

	Original Budget	Budget Revisions	Revised Budget	Prior Period Balance	Current Month Actual	YTD Actual	Budget Balance
IT	\$ 3,000,000	\$ -	\$ 3,000,000	\$ (1,226,055)	\$ (37,809)	\$ (1,263,863)	\$ 1,736,137
Facilities Consultant	250,000	-	250,000	-	-	-	250,000
Rundberg build-Out	190,000	-	190,000	(61,680)	(34,584)	(96,264)	93,736
Total Fund Balance Desg. Cap. Proj.	3,440,000	-	3,440,000	(1,287,734)	(72,392)	(1,360,127)	2,079,873
Other Capital Projects	-	-	-	(1,600)	1,600	-	-

V. Discuss and Take Appropriate Action on Board Policy “Investment and Cash Management – 04.17” Including Authorized Broker/Dealer List

David Weden

Background:

The Texas Public Funds Investment Act (Sec.2256.005(e)) requires that the governing body of an investing entity shall review its investment policy and investment strategies not less than annually.

Current Status:

Integral Care's Investment and Cash Management Policy was last reviewed by Integral Care's Finance Committee and Board of Trustees on September 25, 2017. There are no proposed changes to the current policy.

As per the policy, Integral Care's Chief Financial Officer (David Weden) and Accounting Services Director (Mark Watson) serve as the Investment Officers. The policy has been reviewed by the Investment Officers and by Linda Patterson of Patterson and Associates in order to ensure compliance with the Texas Public Funds Investment Act.

Recommendation:

Staff recommends the Finance Committee and Board approve the Investment and Cash Management Policy with no changes.

04.17 BOARD OF TRUSTEES

Title: Investment and Cash Management

Section: Fiscal

Cross Reference: OP 04.31 – Banking Services Procedure

PURPOSE

The purpose of this investment policy is to comply with all laws and statutes governing the investment of public funds, including but not by way of limitation Chapter 2256 of the Texas Government Code (“Public Funds Investment Act” or “PFIA”), which require Integral Care to adopt a written investment policy regarding the investment of its funds and funds under its control. This Investment and Cash Management Policy (“Policy”) addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of Integral Care funds.

POLICY

It is Integral Care policy to administer and invest its funds as its highest public trust. Investments will provide the maximum security of principal invested through limitations and diversification while meeting Integral Care daily cash flow needs.

The receipt of a market rate of return will be consistent with the requirements for safety, diversification, liquidity and yield. Integral Care will comply with the Public Funds Investment Act and, as appropriate, with the Public Funds Collateral Act, Chapter 2257 of the Texas Government Code (“PFCA”). Investments shall be made with the primary objectives of:

- **Safety** and preservation of principal
- Maintenance of sufficient **liquidity** to meet operating needs
- **Public trust** from prudent investment activities
- Optimization of **interest earnings** on the portfolio

SCOPE

This Policy applies to all Integral Care funds, except pension and retirement funds. Integral Care may commingle funds into one or more pooled investment portfolios for efficiency and maximum investment opportunity while recognizing the unique needs of individual funds.

In addition to this Policy, fund investments will be governed by the requirements of any applicable trust indentures or contracts. Any new funds created by Integral Care, unless specifically exempted by the Integral Care Board of Trustees (“Board”), will be managed in accordance with this Policy.

OBJECTIVES AND STRATEGY

Integral Care shall manage and invest its cash with five primary objectives, listed in order of priority: **safety, liquidity, public trust, diversification, and yield (expressed as optimization of interest earnings)**. The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with applicable state, federal and local law.

Integral Care shall maintain a comprehensive cash management program, which includes collection of account receivables, vendor payments in accordance with invoice terms, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to insure maximum cash availability and maximum earnings on short-term investment of idle cash.

Safety [PFIA 2256.005(b) (2)]

Safety of principal is the foremost objective of Integral Care. Integral Care investments shall be undertaken in a manner that seeks to ensure the preservation of capital in Integral Care's overall investment portfolio ("Portfolio"). Funds will be invested in accordance with this Policy on a "buy and hold" basis. The authorized securities chosen, or pool(s) utilized, will be of the highest credit quality and marketability. The objective will be to mitigate credit and interest rate risk.

- Credit Risk – Integral Care will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, by:
 - Limiting investments to the safest types of investments.
 - Pre-qualifying the financial institutions and broker/dealers with which Integral Care will do business.
 - Diversifying the Portfolio so that potential losses on individual issuers will be minimized.
- Interest Rate Risk – Integral Care will minimize the risk that the interest earnings and the market value of investments in the Portfolio will fall due to changes in general interest rates, by:
 - Structuring the Portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity.
 - Investing operating funds primarily in certificates of deposit, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds.
 - Diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

Liquidity [PFIA 2256.005(b) (2)]

The Portfolio will remain sufficiently liquid to meet all reasonably anticipated operating requirements with a maximum weighted average maturity of no more than twelve (12) months to protect liquidity. This is accomplished by structuring the Portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the Portfolio will be maintained in interest bearing accounts or local government investment pools that offer same-day liquidity.

Public Trust

All participants in Integral Care investment process shall seek to act responsibly as custodians of the public trust. Integral Care's Chief Financial Officer and the Accounting Services Director have been designated as Investment Officers. Investment Officers shall avoid any transaction that might impair public confidence in Integral Care's ability to govern effectively.

Diversification [PFIA 2256.005(b)(3)]

Portfolio diversification includes maturity and market sector diversification. This also entails the utilization of a number of brokers and dealers to ensure access to balanced information. The Portfolio shall be diversified to protect against market and credit risk in any one sector. Diversification requirements can be met by utilizing an authorized investment pool.

Yield [PFIA 2256.005(b)(3)]

The Portfolio shall be designed with the objective of attaining a reasonable market yield throughout budgetary and economic cycles, taking into account Integral Care risks and Portfolio cash flow. Since the historical cash flow allows a weighted average maturity for the Portfolio of twelve (12) months, the Portfolio will use a benchmark of the one (1) year Treasury Bills to measure risk and performance levels. The maximum stated maturity for any individual security in the Portfolio shall not exceed three (3) years.

RESPONSIBILITY AND CONTROL

Delegation of Authority [PFIA 2256.005(f)]

Integral Care may utilize a registered investment adviser to assist in the investment program. The Investment Officers are responsible for all the aspects of the investment program and investment management decisions and activities. They will develop and maintain written procedures for the operation of the investment program that are consistent with this Policy. The Investment Officers are authorized to engage in investment transactions, deposit, withdraw, wire funds for investments, transfer and manage funds on behalf of Integral Care.

The Investment Officers may provide written authorization for one of Integral Care accounting employees to execute electronic fund transfers between Integral Care financial institution accounts. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

Quality and Capability of Investment Management [PFIA 2256.005(b)(3)]

Integral Care shall provide periodic training in investments for the Investment Officers and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources in order to ensure the quality and capability of investment management in compliance with the Public Funds Investment Act. An Investment Officer shall attend a training session not less than once each fiscal biennium (begins the first day of Integral Care fiscal year, September 1) from an independent source approved by the Finance Committee of the Board.

Training Requirement [PFIA 2256.008]

In accordance with Integral Care practice and the Public Funds Investment Act, designated Investment Officers shall attend an investment training session no less often than once every two years and shall receive not less than 10 hours of instruction relating to investment responsibilities. A newly appointed Investment Officer must attend a training session of at least 10 hours of instruction within twelve months of the date the officer took office or assumed the officer's duties.

The investment training session shall be provided by an independent source approved by the Finance Committee of the Board. For purposes of this Policy, an "independent source" from which investment training shall be obtained shall include a professional organization, an institution of higher education or any other sponsor other than a business organization with whom Integral Care may engage in an investment transaction.

Ethics and Conflicts of Interest [PFIA 2256.005(i)]

Investment Officers shall refrain from personal business activity that would conflict with the proper execution and management of the investment program, or that would impair their ability to make impartial decisions.

Investment Officers shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Portfolio.

An Investment Officer who has a personal business relationship with an organization seeking to sell an investment to Integral Care shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to sell an investment to Integral Care shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission, the Board and the Chief Executive Officer.

PRUDENCE [PFIA 2256.006]

The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule. This rule states that "Investments shall be made with judgment and care, under prevailing

circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probably safety of capital and the probably income to be derived." In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- The investment of all funds, or funds under Integral Care control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment.
- Whether the investment decision was consistent with the written approved investment policy of Integral Care.

LIMITATION OF PERSONAL LIABILITY

The Investment Officers, when acting in accordance with the written procedures and this Policy and in accordance with the PFIA's quoted requirement of prudence, shall be relieved of personal liability in the management of the Portfolio provided that deviations from expectations for a specific security's risk or market price change or Portfolio shifts are reported in a timely manner and appropriate action is taken to control adverse market effects.

INTERNAL CONTROLS

The Investment Officers shall establish a system of written internal controls which will be reviewed annually with the independent auditor of Integral Care. The Investment Officers will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes. The Investment Officers and any Integral Care investment adviser shall perform an annual review to assure compliance with the PFIA and this Policy.

The Investment Officers or investment adviser, if applicable, shall monitor no less frequently than weekly, the credit rating on all authorized investments in the Portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officers shall notify the Board of the loss of rating, conditions affecting the rating and possible loss of principal and the liquidation options available.

The Investment Officers or investment adviser, if applicable, shall monitor on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by Integral Care based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officers shall immediately liquidate any brokered CD which is above the FDIC insurance level.

AUTHORIZED INVESTMENTS [PFIA 2256.005(b)(4)(A)]

Acceptable investments under this Policy shall be limited to the instruments listed below. The investments are to be obtained in a manner which promotes diversity of market sector and maturity. The choice of high-grade government investments and high-grade money market instruments are designed to assure the marketability of those investments should liquidity needs arise. If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by Integral Care until this Policy has been amended and the Board adopts the amended version.

- A. Obligations of the United States Government, its agencies and instrumentalities excluding all mortgage-backed securities and not to exceed three years to stated maturity;
- B. Fully insured or collateralized depository certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that bank and in compliance with the collateral provisions of this Policy.
- C. FDIC insured brokered Certificates of Deposit purchased from a broker or a bank in Texas, delivered versus payment to the Integral Care safekeeping agent, not to exceed one year to maturity. Before purchase, the Investment Officers must verify the FDIC Status of the bank (on www.2fdic.gov/idasp/main_bankfind.asp or equivalent) to assure that the bank is FDIC insured.
- D. AAA-rated, no-load, U.S. Securities and Exchange Commission (“SEC”) registered money market funds, restricted to investments authorized by the PFIA which strive to maintain a \$1 Net Asset Value (NAV), in compliance with SEC Rule 2a-7.
- E. AAA-rated, constant-dollar Texas Local Government Investment Pools as defined by the PFIA and which strive to maintain a \$1 NAV, in compliance with SEC Rule 2a-7.
- F. Interest bearing accounts of banks doing business in Texas insured or collateralized in accordance with this Policy.
- G. General debt obligations of any US state or locality rated AA or higher by at least one nationally recognized rating agency and not to exceed two years to stated maturity.

Competitive Bidding Requirement [PFIA 2256.005(c)]

All securities, including certificates of deposit, will be purchased or sold only after three (3) offers or bids verify that Integral Care is receiving fair market price for the investment. Bids may be solicited orally, in writing, electronically, or in any combination of the above methods.

Delivery versus Payment [PFIA 2256.005(b)(4)(e)]

All security transactions, including collateral for repurchase agreements entered into by Integral Care shall be conducted on a delivery versus payment (“DVP”) basis.

AUTHORIZED DEALERS AND INSTITUTIONS [PFIA 2256.025]

All investments made by Integral Care will be made through an Integral Care-approved broker or bank. The Board shall approve a list of brokers or dealers authorized to provide investment services to Integral Care. The list shall be approved by the Board on an annual basis and a current year’s list is attached to this Policy as Exhibit B. Integral Care shall maintain a list of authorized

financial institutions to provide time and demand deposits but this list need not be approved by the Board.

The following criteria must be met by each authorized broker or dealer:

- Provision of an annual audited financial statement;
- Proof of certification by the Financial Industry Regulatory Authority (FINRA) including the firm's FINRA Central Registry Depository (CRD) number; and
- Proof of current registration with the Texas State Securities Board.

A copy of the Policy will be sent to every authorized broker/dealer.

Each pool with which Integral Care transacts business ("Pool") will be provided a copy of this Policy to assure that it is familiar with the goals and objectives of the investment program. Each Pool will be required to return a signed copy of the Certification Form substantially in the form required by the PFIA (attached to this Policy as Exhibit A) certifying that the Policy has been received and reviewed and that the Pool has put controls into place to prevent securities which are not Policy-compliant from being sold to Integral Care. Major changes to the Policy will require re-certification of the Policy by each Pool. [PFIA 2256.005(k-l)]

DIVERSIFICATION AND MATURITY LIMITATIONS [PFIA 2256.005(b)(4)(B)]

It is Integral Care policy to diversify its Portfolio to minimize risk or loss resulting from over-concentration of assets in a specific maturity, issuer, or class of securities. Diversification strategies shall be established and periodically reviewed. The Investment Officers shall be required to diversify maturities and, to the extent possible, to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk.

The longer the maturity of investments, the greater their price volatility. Therefore, it is Integral Care policy to concentrate its Portfolio in shorter-term securities in order to limit principal risk caused by changes in interest rates.

Integral Care attempts to match its investments with anticipated cash flow requirements. Integral Care will not directly invest in securities maturing more than three (3) years from the date of purchase; however, the above described obligations, certificates, or agreements may be collateralized using longer dated investments.

SAFEKEEPING OF SECURITIES AND COLLATERAL

Securities Owned by Integral Care

State laws and prudent treasury management require that all Integral Care-owned securities be held in safekeeping by either a third party financial institution independent from the purchase or an Integral Care-designated depository. All securities will be settled DVP. To perfect DVP, the Integral Care depository used as the custodian will not be used as a broker for any transaction.

The Investment Officers shall authorize all safekeeping arrangements and an agreement of the terms executed in writing. The custodian shall be required to issue original safekeeping receipts to Integral Care describing each specific security, rate, description, maturity, CUSIP number, and other pertinent information.

Pledged Securities

All securities pledged to Integral Care for certificates of deposit or demand deposits shall be held by an independent bank outside the holding company of the pledging bank. The custodian shall be required to issue original safekeeping receipts to Integral Care describing each specific security, including market value. Each safekeeping receipt will be clearly marked that the security is pledged to Integral Care.

Collateral [PFCA 2257.023]

Securities pledged as collateral for time and demand deposits shall be limited to:

- Obligations of the U.S. Government, its agencies and instrumentalities including, but not limited to, mortgage-backed securities which pass the Federal Reserve's bank test, and
- Municipal obligations of any state or public entity rated A or equivalent by at least two (2) nationally recognized rating agencies.

All pledged securities will be held by an independent bank approved by Integral Care. An executed collateral agreement shall be executed under terms of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as it may be amended from time to time ("FIRREA"). In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. The pledging bank shall be liable for monitoring and maintaining the collateral and margins daily. The custodian of the collateral shall provide a monthly report of all holdings directly to Integral Care.

Under state law, banks are authorized to propose a voluntary pooling of collateral for their collateral pledged to all public entities. Integral Care is authorized to utilize such pooling and the Board authorized their use, but the Investment Officers must evaluate the costs and risks of such a collateralization relationship. Integral Care is not required to utilize a collateral pool.

All collateral shall be subject to inspection and audit by the Investment Officers or Integral Care independent auditors.

PERFORMANCE EVALUATION AND REPORTING [PFIA 2256.023]

The Investment Officers shall submit a report to the Board no less frequently than quarterly, which complies with the PFIA, contains sufficient information to permit an informed outside reader to evaluate the performance of the investment program and contains, at a minimum:

- Beginning and ending market value of the Portfolio by market sector and total Portfolio;
- Beginning and ending book value of the Portfolio by market sector and total Portfolio;
- Change in market value;

- Detail reporting on each asset (book, market, and stated maturity dates at a minimum);
- Average yield of the Portfolio for the period;
- Average yield of the Portfolio's benchmark for the period;
- Total earnings for the period; and
- Overall weighted average maturity of the Portfolio.

Integral Care or, as applicable, its investment adviser will obtain market prices from an independent source for all securities for reporting purposes.

The report will be prepared jointly by the Investment Officers and signed by the Investment Officers and all others involved in the investment activity.

DEPOSITORIES

Not less than every five (5) years, the Investment Officers will competitively bid the banking services of Integral Care. Services will be solicited from Integral Care's current financial institution and at least two other qualified institutions.

The banking services institution will be used for normal banking services including disbursements, deposits, custody, and safekeeping of securities. Other banking institutions from which Integral Care may purchase certificates of deposit will also be designated as a depository after they provide their last audited financial statements to Integral Care.

All depositories will execute a depository contract including terms for collateralization of funds above FDIC insured levels.

INVESTMENT POLICY ADOPTION BY Integral Care BOARD [PFIA 2256.005(e)]

This Policy containing Integral Care Investment Policy and Strategy shall be reviewed and adopted annually by the Board.

Initial Effective Date: November 30, 1996

Last Revised Date: ~~September 25, 2014, October 29, 2015, October 24, 2016,~~
~~September 28, 2017,~~ December 13, 2018

Approved: Hal Katz, Chair, Board of Trustees

Signature: _____

EXHIBIT A
INVESTMENT POLICY CERTIFICATION FORM
As required by Texas Government Code 2256.005(k)

Integral Care
_____ (the "Pool")

I, as registered principal or authorized representative for the Pool named above, do hereby certify that I have received and I have thoroughly reviewed the Investment and Cash Management Policy ("Policy") of Integral Care most recently revised on September 28, 2017.

I acknowledge and hereby certify that this Pool has implemented reasonable internal procedures and controls in an effort to preclude investment transactions conducted between this Pool and Integral Care that are not authorized by the Policy, except to the extent that this authorization is dependent on an analysis of the makeup of Integral Care entire portfolio or requires an interpretation of subjective investment standards.

Pool: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT B

Integral Care

Authorized Broker/Dealer List

The authorized broker/dealer list for Integral Care is shown below. Each of these firms, and the individual with each firm who is responsible for covering the account, is given Integral Care's current Investment and Cash Management Policy ("Policy"). Either Integral Care's Investment Officers or, as applicable, its investment advisor shall maintain the broker files for Integral Care.

When any material changes are made to the Policy, Integral Care will provide each authorized broker/dealer with a copy of the revised Policy.

- J.P. Morgan Chase
- Frost Bank
- Bank of America
- Merrill Lynch
- Mizuho Securities
- Morgan Stanley
- Nomura Securities
- Raymond James
- Stifel Nicolaus
- Edward D. Jones & Co.

VI. Discuss and Take Appropriate Action Authorizing the Chief Executive Officer and/or his designee to enter into a contract with North America Security Services for Security Services

**David Weden
Hans Riedel**

Background:

Integral Care currently contracts with Pro Security Group which was awarded a contract based upon a Request for Proposal in December 2014.

Current Status:

Integral Care issued a Request for Proposal for Security Services on September 26, 2018 with responses due by October 31, 2018. Reviewable proposals were received from seven vendors:

American Eagle Protective Services Corporation
Arber Inc.
Blue Shield Security & Protection, Inc.
Global Syndicate Group, LLC
North America Security Services
Pro Security Group, Inc.
Vets Securing America

Proposals were scored based on the following:

Service Delivery Procedures	(up to 10 points)
Cost	(up to 10 points)
Organization Chart	(up to 5 points)
Skills and Qualifications	(up to 10 points)
Training	(up to 10 points)
Staffing Levels	(up to 10 points)
Peak Loads and Contingency Planning	(up to 5 points)
Performance Standards	(up to 20 points)
Health and Safety	(up to 20 points)
Environmental Management	(Optional- up to 10 additional points)

Scoring was completed by Hans Riedel, Mark Watson, Sheryl Stiffler, and Brian Callahan.

The highest average score was received by North America Security Services with an average of 70.75. Following is a breakdown of the hourly rates proposed by North America Security Services:

Position	Bill Rate	Holiday	Emergency/ Special Event
Non-Commissioned Security Officer (Unarmed)	\$19.20 per hour	\$28.80 per hour	\$28.80 per hour
Commissioned Security Officer/ Supervisor (Armed)	\$25.75 per hour	\$38.63 per hour	\$38.63 per hour
Commissioned State of Texas Peace Officer	\$70.00 per hour	\$70.00 per hour	\$70.00 per hour

The proposed Non-Commissioned Security Officer (Unarmed) rate is 26% higher than our current rate and the proposed Commissioned Security Officer/Supervisor (Armed) rate is 56% higher than our current rate.

The areas in which North America Security Services had the highest average scores in 5 of the 10 areas scored, including:

- Service Delivery Procedures

- Staffing Levels

- Peak Loads and Contingency Planning

- Health and Safety and

- Environmental Management

Recommendation:

Staff recommends the Board authorize the Chief Executive Officer and/or his designee, to finalize negotiations and, if successful, enter into a contract with North America Security Services for Security Services.

VII. Discuss and Take Appropriate Action Regarding Authorizing Revenue Anticipation Notes with Frost Bank

David Weden



Memorandum

To: Board of Trustees

From: David Weden, Chief Administrative Officer/Chief Financial Officer

Re: Discuss and Take Appropriate Action Regarding Authorizing Revenue Anticipation Notes with Frost Bank

Date: December 10, 2018

Background:

Integral Care submits an Intergovernmental Transfer (IGT) to Health and Human Services Commission (HHSC) in order to draw down the Federal Medical Assistance Percentages (FMAP) associated with achieving the 1115 Waiver measures.

Current Status:

The authorization of the Revenue Anticipation Notes with Frost Bank will allow Integral Care to utilize Notes to cover the Intergovernmental Transfer associated with the 1115 Waiver payments until the full payment (FMAP and IGT) is received by Integral Care and without interrupting the regular cash flow of the agency. The Notes will be drawn upon at the time when the IGT is due (beginning of January and beginning of July) and will be repaid when the full payment is received. Full payment is typically received by the end of the same month in which the IGT is made.

Copies of the following documents related to the Revenue Anticipation Notes follow:

- Certificate for Order

- Attorney General Comptroller of Public Accounts Letter

- Note Purchase Letter

- Initial Anticipation Note

- General Certificate

- Paying Agent/Registrar Agreement

Recommendation:

Staff recommends the Finance Committee and Board authorize the Board Chair and Secretary/Treasurer to execute the appropriate documents for \$11,100,000 in Revenue Anticipation Notes with Frost Bank.

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

We, the undersigned officers of the Board of Trustees of Austin-Travis County Mental Health and Mental Retardation Center (the “Issuer”), hereby certify as follows:

1. The Board of Trustees of said Issuer convened in regular meeting on the 13th day of December, 2018, at its regular meeting place, and the roll was called of the duly constituted officers and members of said Board of Trustees, to-wit:

Hal Katz	Chair
Luanne Southern	Vice Chair
Sarah Churchill Llamas	Secretary/Treasurer
H. Ed Calahan	Trustee
Emmitt W. Hayes, Jr.	Trustee
Cynthia Ramos	Trustee
David Springer	Trustee
Tom Young	Trustee
Guadalupe Zamora	Trustee

and all said persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

ORDER AUTHORIZING THE ISSUANCE OF \$11,100,000
AUSTIN-TRAVIS COUNTY MENTAL HEALTH AND
MENTAL RETARDATION CENTER
REVENUE ANTICIPATION NOTES, SERIES 2018

was duly introduced for the consideration of said Board of Trustees. It was then duly moved and seconded that said Order be passed; and, after due discussion, said motion, carrying with it the passage of said Order, prevailed and carried by the following vote:

AYES: —
NOES: —
ABSTAIN: —

2. That a true, full and correct copy of the aforesaid Order passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Order has been duly recorded in said Board of Trustees’ minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board of Trustees’ minutes of said Meeting pertaining to the passage of said Order; that the persons named in the above and

foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board of Trustees as indicated therein; that said Meeting was open to the public, and public notice of the time, place and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED the 13th day of December, 2018.

Secretary/Treasurer

Chair

**ORDER AUTHORIZING THE ISSUANCE OF \$11,100,000
AUSTIN-TRAVIS COUNTY MENTAL
HEALTH AND MENTAL RETARDATION CENTER
REVENUE ANTICIPATION NOTES, SERIES 2018**

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

WHEREAS, Austin-Travis County Mental Health and Mental Retardation Center (the “Issuer”) is a mental health/mental retardation “community center” established initially pursuant to Chapter 534 of the Texas Health and Safety Code (the “Act”); and

WHEREAS, Section 534.022(f) of the Act authorizes the Board of Trustees of the Issuer to issue an anticipation note in the same manner, using the same procedure and with the same rights under which an eligible school district may authorize such notes under Chapter 1431 of the Texas Government Code; and

WHEREAS, the governing body of the Issuer desires to issue its Revenue Anticipation Notes to provide funds for the costs of operating or current expenses as allowed under Section 1431.004(a)(2), Texas Government Code; and

WHEREAS, the governing body of the Issuer deems it appropriate to adopt this Order and issue the Revenue Anticipation Notes herein authorized as permitted by the Act;

NOW, THEREFORE, BE IT ORDERED BY THE AUSTIN-TRAVIS COUNTY MENTAL HEALTH AND MENTAL RETARDATION CENTER, THAT:

Section 1. AMOUNT AND PURPOSE OF THE REVENUE ANTICIPATION NOTES. The Revenue Anticipation Notes of the Austin-Travis County Mental Health and Mental Retardation Center (the “Issuer”) are hereby authorized to be issued and delivered in the aggregate principal amount of \$11,100,000, for the purpose of paying all or a portion of the Issuer’s operating or current expenses.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF REVENUE ANTICIPATION NOTES. Each Revenue Anticipation Note issued pursuant to this Order shall be designated: “AUSTIN-TRAVIS COUNTY MENTAL HEALTH AND MENTAL RETARDATION CENTER REVENUE ANTICIPATION NOTE, SERIES 2018,” and initially there shall be issued, sold, and delivered hereunder one fully registered Revenue Anticipation Note, without interest coupons, dated December 1, 2018 (the “Dated Date”), in the denomination and principal amount hereinafter stated, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of said Revenue Anticipation Notes or any portion or portions thereof (in each case, the “Registered Owner”).

Said Revenue Anticipation Notes shall mature and be payable in one principal installment due August 31, 2019 (“Maturity Date”).

The term “Revenue Anticipation Notes” or “Notes” as used in this Order shall mean and include collectively the Revenue Anticipation Notes issued and delivered pursuant to this Order and all substitute and replacement Revenue Anticipation Notes issued pursuant hereto, and the term “Revenue Anticipation Note” shall mean any of the Revenue Anticipation Notes.

INTEREST; PAYMENT. Each draw under the Revenue Anticipation Notes shall bear interest from the date of delivery of such draw at (a) a rate equal to LIBOR (as defined below) plus 2.25%, with said rate to be adjusted daily to account for any changes in LIBOR; provided, however, in no event shall LIBOR be less than 0.15%, or (b) the highest rate permitted by applicable law, but in no event shall interest contracted for, charged or received hereunder plus any other charges in connection herewith which constitute interest exceed the maximum interest permitted by applicable law. As used in this Section, “LIBOR” means, for any date, the “Latest” three-month Libor quoted in the “Borrowing Benchmarks | Money Rates” section (or in any successor section thereto) of the most recently published issue of *The Wall Street Journal* (U.S. Edition) (or in any successor publication thereto). Issuer understands and acknowledges that if more than one such Libor is quoted at any time by *The Wall Street Journal*, the highest of such quoted Libor shall constitute LIBOR under the Revenue Anticipation Notes. Notwithstanding anything contained in the Revenue Anticipation Notes to the contrary, if (x) at any time, the holder determines (which determination shall be conclusive in the absence of manifest error) that any applicable law or regulation or any change in, interpretation or application of, or compliance with any applicable law or regulation by the holder (i) prohibits, restricts, or makes impossible the charging of interest based on LIBOR or (ii) makes it unlawful for the holder to make or maintain the indebtedness evidenced by the Revenue Anticipation Notes in Eurodollars, or (y) at the time of or prior to the determination of the interest rate under the Revenue Anticipation Notes, the holder determines (which determination shall be conclusive in the absence of manifest error) that adequate and fair means do not or will not exist for determining the interest rate as set forth in the Revenue Anticipation Notes, then the holder may select a substitute rate that the holder determines, in the holder’s sole and absolute discretion, to be comparable to such Libor, and the substituted rate as so selected by the holder shall constitute LIBOR under the Revenue Anticipation Notes, effective as of the date the holder sends written notice of same to Issuer. Each determination by the holder of LIBOR shall be conclusive and binding upon Issuer absent manifest error and may be computed using any reasonable averaging and attribution method. Further, upon demand by the holder from time to time, Issuer shall promptly compensate the holder for, and hold the holder harmless from, any loss, cost, or expense incurred by the holder as a result of:

1. any continuation, conversion, payment, or prepayment of the loan under the Revenue Anticipation Notes on a day other than the last day of the applicable interest period (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or
2. any failure by Issuer (for a reason other than the failure of the holder to make any advance under the Revenue Anticipation Notes) to prepay, borrow, or continue the loan under the Revenue Anticipation Notes on the date or in the amount specified by Issuer by proper notice under the Revenue Anticipation Notes, including any loss of anticipated profits and any loss or expense arising from the liquidation or redeployment of funds by the holder to maintain such loan or from fees payable by the holder to terminate the deposits from which such funds were obtained.

Issuer also shall promptly pay, upon demand by the holder, any customary administrative fees charged by the holder in connection with the foregoing. For purposes of calculating amounts payable by Issuer to the holder under this Section, the holder shall be deemed to have funded each advance under the Revenue Anticipation Notes based on LIBOR by a matching deposit or other borrowing in the London interbank Eurodollar market for a comparable amount and for a comparable period as such advance, whether or not such advance was in fact so funded. All of Issuer's obligations under this Section shall survive termination of any commitments and repayment in full of all of Issuer's obligations under the Revenue Anticipation Notes.

Said interest shall be payable on the 1st day of each March, June, September and December commencing March 1, 2019, or upon earlier redemption of the Revenue Anticipation Notes.

Section 3. CHARACTERISTICS OF THE REVENUE ANTICIPATION NOTES.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the principal office of the Frost Bank, Austin, Texas (the "Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Revenue Anticipation Notes (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Book the address of the Registered Owner of each Revenue Anticipation Note to which payments with respect to the Revenue Anticipation Notes shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Book confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Revenue Anticipation Note or Revenue Anticipation Notes. Registration of assignments, transfers, conversions and exchanges of Revenue Anticipation Notes shall be made in the manner provided and with the effect stated in the FORM OF REVENUE ANTICIPATION NOTE set forth in this Order. Each substitute Revenue Anticipation Note shall bear a letter and/or number to distinguish it from each other Revenue Anticipation Note.

Except as provided in Section 4(c) of this Order, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Revenue Anticipation Note, date and manually sign said Revenue Anticipation Note, and no such Revenue Anticipation Note shall be deemed to be issued or outstanding unless such Revenue Anticipation Note is so executed. The Paying Agent/Registrar promptly shall cancel all paid Revenue Anticipation Notes and Revenue Anticipation Notes surrendered for conversion and exchange. No additional ordinances or orders need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Revenue Anticipation Note or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of

the substitute Revenue Anticipation Notes in the manner prescribed herein, and said Revenue Anticipation Notes shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, and particularly Subchapter D thereof, the duty of conversion and exchange of Revenue Anticipation Notes as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Revenue Anticipation Note, the converted and exchanged Revenue Anticipation Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Revenue Anticipation Notes which initially were issued and delivered pursuant to this Order, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

The Revenue Anticipation Notes may be transferred in principal denominations of \$1,000 or any integral multiple thereof.

(b) Payment of Revenue Anticipation Notes and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Revenue Anticipation Notes, all as provided in this Order. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Revenue Anticipation Notes, and of all conversions and exchanges of Revenue Anticipation Notes, and all replacements of Revenue Anticipation Notes, as provided in this Order. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest which shall be fifteen (15) days after the Special Record Date shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) In General. The Revenue Anticipation Notes (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Revenue Anticipation Notes to be payable only to the Registered Owners thereof, (ii) may be converted and exchanged for other Revenue Anticipation Notes, (iii) may be transferred and assigned, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Revenue Anticipation Notes shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Revenue Anticipation Notes, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF REVENUE ANTICIPATION NOTE set forth in this Order. The initial Revenue Anticipation Note issued pursuant to this Order (No. R-1) must be registered by the Comptroller of Public Accounts of the State of Texas to be valid. The Revenue Anticipation Notes initially issued and delivered pursuant to this Order are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Revenue Anticipation Note issued in conversion of and exchange for any Revenue Anticipation Notes issued under this Order the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF REVENUE ANTICIPATION NOTE.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the Registered Owners of the Revenue Anticipation Notes that at all times while the Revenue Anticipation Notes are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Revenue Anticipation Notes under this Order, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than one hundred twenty (120) days' written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Revenue Anticipation Notes, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Revenue Anticipation Notes, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Order, and a certified copy of this Order shall be delivered to each Paying Agent/Registrar.

Section 4. FORM OF REVENUE ANTICIPATION NOTE. The form of the Revenue Anticipation Notes, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Revenue Anticipation Notes initially issued and delivered pursuant to this Order, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Order.

The Initial Revenue Anticipation Note, to be submitted to the Attorney General of Texas for approval shall be numbered R-1.

FORM OF REVENUE ANTICIPATION NOTE

NO. R-____

PRINCIPAL
AMOUNT
\$11,100,000

UNITED STATES OF AMERICA
STATE OF TEXAS
AUSTIN-TRAVIS COUNTY MENTAL HEALTH AND MENTAL RETARDATION
CENTER
REVENUE ANTICIPATION NOTE
SERIES 2018

Interest Rate
As stated below

Dated Date of Issue
December 1, 2018

Maturity Date
August 31, 2019

ON THE MATURITY DATE specified above, AUSTIN-TRAVIS COUNTY MENTAL HEALTH AND MENTAL RETARDATION CENTER (the “Issuer”), being a governmental unit and a political subdivision of the State of Texas, hereby promises to pay to

FROST BANK

(hereinafter called the “Registered Owner”) the principal amount drawn hereunder, up to ELEVEN MILLION ONE HUNDRED THOUSAND AND 00/100 Dollars (\$11,100,000) and to pay interest thereon from the date of delivery hereof. Principal on this Revenue Anticipation Note shall be due and payable in full on the Maturity Date specified above. Interest shall be payable hereon on the 1st day of each March, June, September and December commencing March 1, 2019, unless this Revenue Anticipation Note is earlier prepaid as provided herein. Terms otherwise not defined herein shall have the same meaning as set forth in the Order (as herein defined) dated December 13, 2018.

THIS REVENUE ANTICIPATION NOTE shall bear interest from the date of delivery of such draw at (a) a rate equal to LIBOR (as defined below) plus 2.25%, with said rate to be adjusted daily to account for any changes in LIBOR; provided, however, in no event shall LIBOR be less than 0.15%, or (b) the highest rate permitted by applicable law, but in no event shall interest contracted for, charged or received hereunder plus any other charges in connection herewith which constitute interest exceed the maximum interest permitted by applicable law. As used in this Section, “LIBOR” means, for any date, the “Latest” three-month Libor quoted in the “Borrowing Benchmarks | Money Rates” section (or in any successor section thereto) of the most recently published issue of The Wall Street Journal (U.S. Edition) (or in any successor publication thereto). Issuer understands and acknowledges that if more than one such Libor is quoted at any time by The Wall Street Journal, the highest of such quoted Libor shall constitute LIBOR under the Revenue Anticipation Notes. Notwithstanding anything contained in the Revenue Anticipation Notes to the contrary, if (x) at any time, the holder determines (which determination shall be conclusive in the absence of manifest error) that any applicable law or regulation or any change in, interpretation or application of, or compliance with any applicable law or regulation by the holder (i) prohibits, restricts, or makes impossible the charging of interest based on LIBOR or

(ii) makes it unlawful for the holder to make or maintain the indebtedness evidenced by the Revenue Anticipation Notes in Eurodollars, or (y) at the time of or prior to the determination of the interest rate under the Revenue Anticipation Notes, the holder determines (which determination shall be conclusive in the absence of manifest error) that adequate and fair means do not or will not exist for determining the interest rate as set forth in the Revenue Anticipation Notes, then the holder may select a substitute rate that the holder determines, in the holder's sole and absolute discretion, to be comparable to such Libor, and the substituted rate as so selected by the holder shall constitute LIBOR under the Revenue Anticipation Notes, effective as of the date the holder sends written notice of same to Issuer. Each determination by the holder of LIBOR shall be conclusive and binding upon Issuer absent manifest error and may be computed using any reasonable averaging and attribution method. Further, upon demand by the holder from time to time, Issuer shall promptly compensate the holder for, and hold the holder harmless from, any loss, cost, or expense incurred by the holder as a result of:

1. any continuation, conversion, payment, or prepayment of the loan under the Revenue Anticipation Notes on a day other than the last day of the applicable interest period (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

2. any failure by Issuer (for a reason other than the failure of the holder to make any advance under the Revenue Anticipation Notes) to prepay, borrow, or continue the loan under the Revenue Anticipation Notes on the date or in the amount specified by Issuer by proper notice under the Revenue Anticipation Notes, including any loss of anticipated profits and any loss or expense arising from the liquidation or redeployment of funds by the holder to maintain such loan or from fees payable by the holder to terminate the deposits from which such funds were obtained.

Issuer also shall promptly pay, upon demand by the holder, any customary administrative fees charged by the holder in connection with the foregoing. For purposes of calculating amounts payable by Issuer to the holder under this Section, the holder shall be deemed to have funded each advance under the Revenue Anticipation Notes based on LIBOR by a matching deposit or other borrowing in the London interbank Eurodollar market for a comparable amount and for a comparable period as such advance, whether or not such advance was in fact so funded. All of Issuer's obligations under this Section shall survive termination of any commitments and repayment in full of all of Issuer's obligations under the Revenue Anticipation Notes.

PAYMENTS AND any other credits shall be allocated among principal, interest and fees at the discretion of the holder unless otherwise required by applicable law. Interest on this Revenue Anticipation Note is computed on a per annum basis of a year of 360 days and for the actual number of days elapsed. The Issuer will pay the Paying Agent/Registrar at the Paying Agent/Registrar's address shown on loan account statements sent to the Issuer, the Paying Agent's address shown in any payment coupon book provided to the Issuer, or at such other place as Paying Agent/Registrar may designate in writing.

THIS REVENUE Anticipation Note is a draw Note. The Issuer may draw down up to the aggregate principal amount (\$11,100,000) of this Revenue Anticipation Note, but such amounts may not be drawn, repaid and drawn again. Upon initial delivery, the Issuer shall draw at least

\$10,000 of this Revenue Anticipation Note. The registered holder shall fund each draw upon receipt from the Issuer of approval from the Texas Health and Human Services Commission of the Issuer's performance documents and evidence of the amount of intergovernmental transfer required under the Medicaid 1115 Waiver Pool program at the time of such advance. The Paying Agent/Registrar shall keep a record of each amount drawn and such records shall be final and binding absent manifest error. Only the amounts drawn and not repaid shall bear interest and such interest shall accrue from the date of each draw and not from the Dated Date of the Revenue Anticipation Note.

IF A PAYMENT is made more than 10 days after it is due, the Issuer will be charged, in addition to interest, a delinquency charge of (i) 5% of the unpaid portion of the regularly scheduled payment, or (ii) \$250.00, whichever is less. Additionally, upon maturity of this Revenue Anticipation Note, if the outstanding principal balance (plus all accrued but unpaid interest) is not paid within 10 days of the Maturity Date, the Issuer will be charged a delinquency charge of (i) 5% of the sum of the outstanding principal balance (plus all accrued but unpaid interest), or (ii) \$250.00, whichever is less. The Issuer agrees that the charges set forth herein are reasonable compensation to the holder for the handling of such late payments.

UPON THE occurrence of any Event of Default, including, but not limited to, (i) any material adverse change in the business assets, affairs, prospects or financial condition of Issuer, (ii) failing to provide financial statements, copies of Federal tax returns (if any such taxes are due) and other information relating to the financial condition, properties and affairs of the Issuer, as provided for in this Revenue Anticipation Note and/or any related document, or (iii) failure to pay this Revenue Anticipation Note upon final maturity, holder may, at holder's option and if permitted by applicable law, (a) add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Revenue Anticipation Note, including any increased rate, and/or (b) increase the interest rate on this Revenue Anticipation Note by 5.00 percentage points (the "Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no Event of Default. However, in no event will the interest rate exceed the maximum interest rate allowed by applicable law.

THE PRINCIPAL OF AND INTEREST ON this Revenue Anticipation Note are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Revenue Anticipation Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Revenue Anticipation Note at maturity, at the principal office of Frost Bank, Austin, Texas, which is the "Paying Agent/Registrar" for this Revenue Anticipation Note. The payment of interest on this Revenue Anticipation Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Order authorizing the issuance of this Revenue Anticipation Note (the "Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last Business Day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method,

acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date and the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Revenue Anticipation Note appearing on the Registration Books at the close of business on the last Business Day next preceding the date of mailing of such notice.

ACCRUED INTEREST due at maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Revenue Anticipation Note for redemption and payment at the principal office of the Paying Agent/Registrar. The Issuer covenants with the Registered Owner of this Revenue Anticipation Note that on or before each principal payment date and interest payment date for this Revenue Anticipation Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Revenue Anticipation Notes, when due.

IF THE DATE for the payment of the principal of or interest on this Revenue Anticipation Note shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the principal office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS REVENUE ANTICIPATION NOTE is dated December 1, 2018, has been authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$11,100,000 for the purpose of paying all or a portion of the Issuer's operating or current expenses.

ALL REVENUE ANTICIPATION NOTES OF THIS SERIES are issuable solely as fully registered Revenue Anticipation Notes, without interest coupons. As provided in the Order, this Revenue Anticipation Note, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Revenue Anticipation Notes, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Revenue Anticipation Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Order. Among other requirements for such assignment and transfer, this Revenue Anticipation Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Revenue Anticipation Note or any such portion or

portions hereof which is or are to be registered. The form of Assignment printed or endorsed on this Revenue Anticipation Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Revenue Anticipation Note or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Revenue Anticipation Note or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business of the next following principal or interest payment date.

ON ANY DATE, this Revenue Anticipation Note may be redeemed prior to its scheduled maturity, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, at a price of par plus accrued interest to the date of redemption. The Issuer shall give the Paying Agent/Registrar at least seven (7) days advance written notice of redemption. This Revenue Anticipation Note shall be subject to mandatory redemption prior to maturity, within ten (10) days after receipt by the Issuer of DSRIP funds from the Texas Health and Human Services Commission pursuant to the Medicaid 1115 Waiver Pool program, in an amount equal to the portion of this Revenue Anticipation Note drawn by the Issuer with respect to such DSRIP funds.

IT IS HEREBY certified, recited and covenanted that this Revenue Anticipation Note has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Revenue Anticipation Note have been performed, existed and been done in accordance with law; that this Revenue Anticipation Note is payable from and secured by a lien on and pledge of all legally available funds and revenues of the Issuer.

BY BECOMING the Registered Owner of this Revenue Anticipation Note, the Registered Owner thereby acknowledges all of the terms and provisions of the Order, agrees to be bound by such terms and provisions, acknowledges that the Order is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Revenue Anticipation Note and the Order constitute a contract between each Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Revenue Anticipation Note to be signed with the manual or facsimile signature of the Chair of the Board of Trustees of the Issuer, countersigned with the manual or facsimile signature of the Secretary/Treasurer of the Board of Trustees of the Issuer.

Secretary/Treasurer, Board of Trustees

Chair, Board of Trustees

FORM OF REGISTRATION CERTIFICATE OF THE
COMPTROLLER OF PUBLIC ACCOUNTS

COMPTROLLER'S REGISTRATION CERTIFICATE:
REGISTER NO. _____

I hereby certify that this Revenue Anticipation Note has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Revenue Anticipation Note has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this ____ day of _____, 2018.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Revenue Anticipation Note is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas.)

It is hereby certified that this Revenue Anticipation Note has been issued under the provisions of the Order described in the text of this Revenue Anticipation Note; and that this Revenue Anticipation Note has been issued in conversion or replacement of, or in exchange for, a Revenue Anticipation Note.

Dated this ____ day of _____, 20____.

FROST BANK,
Austin, Texas,
As Paying Agent/Registrar

By: _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Revenue Anticipation Note, or duly authorized representative or attorney thereof, hereby assigns this Revenue Anticipation Note to

(Assignee's Social Security
or Taxpayer Identification Number)

(print or type Assignee's
name and address, including zip code)

and hereby irrevocably constitutes and appoints

attorney to transfer the registration of this Revenue Anticipation Note on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____

Signature of Guaranteed:

NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Revenue Anticipation Note in every particular without alteration or enlargement or any change whatsoever.

Section 5. INTEREST AND SINKING FUND; PLEDGE OF REVENUES. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Revenue Anticipation Notes, and the Interest and Sinking Fund shall be established and maintained by the Issuer at Frost Bank, Austin, Texas (if it is the holder of the Revenue Anticipation Notes), or otherwise an official depository bank of the Issuer for so long as the Revenue Anticipation Notes or interest thereon are outstanding and unpaid. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Revenue Anticipation Notes. Until expended for the purposes set forth in Section 1 hereof, the proceeds derived from the sale of the Revenue Anticipation Notes shall be pledged as further security for the timely payment of the principal and interest on the Revenue Anticipation Notes. The Issuer agrees to budget and collect sufficient funds or revenues, in an amount sufficient to pay the principal and interest on the Revenue Anticipation Notes as the same become due, and to deposit the same into the Interest and Sinking Fund in Order to provide for such payments. All legally available funds and revenues of the Issuer collected in the fiscal year in which the Revenue Anticipation Notes are issued are hereby pledged to the payment of the Revenue Anticipation Notes.

Section 6. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED REVENUE ANTICIPATION NOTES.

(a) Replacement Revenue Anticipation Notes. In the event any outstanding Revenue Anticipation Note is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Revenue Anticipation Note of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed

Revenue Anticipation Note, in replacement for such Revenue Anticipation Note in the manner hereinafter provided.

(b) Application for Replacement Revenue Anticipation Notes. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Revenue Anticipation Notes shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Revenue Anticipation Note, the Registered Owner applying for a replacement Revenue Anticipation Note shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Revenue Anticipation Note, as the case may be. In every case of damage or mutilation of a Revenue Anticipation Note, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Revenue Anticipation Note so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Revenue Anticipation Note shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on this Revenue Anticipation Note, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Revenue Anticipation Note) instead of issuing a replacement Revenue Anticipation Note, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Revenue Anticipation Notes. Prior to the issuance of any replacement Revenue Anticipation Note, the Paying Agent/Registrar shall charge the Registered Owner of such Revenue Anticipation Note with all legal, printing, and other expenses in connection therewith. Every replacement Revenue Anticipation Note issued pursuant to the provisions of this Section by virtue of the fact that any Revenue Anticipation Note is lost, stolen, or destroyed shall constitute a Revenue Anticipation Note of the Issuer whether or not the lost, stolen, or destroyed Revenue Anticipation Note shall be found at any time, to be enforceable by anyone, and shall be entitled to all the benefits of this Order equally and proportionately with any and all other Revenue Anticipation Notes duly issued under this Order.

(e) Authority for Issuing Replacement Revenue Anticipation Notes. In accordance with Chapter 1201, Texas Government Code, Subchapter D, this Section of this Order shall constitute authority for the issuance of any such replacement without necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Revenue Anticipation Notes is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Revenue Anticipation Notes in the form and manner and with the effect, as provided in Section 5(a) of this Order for Revenue Anticipation Notes issued in conversion and exchange of other Revenue Anticipation Notes.

Section 7. CONTRACTUAL UNDERTAKING WITH REGISTERED OWNER. The Issuer hereby, and by the acceptance of each of the Revenue Anticipation Notes, contractually obligates and commits itself to utilize the net proceeds available from the issuance and delivery of the Revenue Anticipation Notes, after payment of costs of issuance related thereto, for operating or current expenses of the Issuer.

Section 8. REMEDIES IN EVENT OF DEFAULT. In addition to all of the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees that in the event it fails to make payment of principal or interest on any of the Revenue Anticipation Notes when due, or fails to make the payments required to be made into the Interest and Sinking Fund, or fails to perform any other of the contracts, covenants, conditions or obligations set forth in this Order or in the Revenue Anticipation Notes, or it is terminated from the Medicaid 1115 Waiver Pool program, or it fails to meet the performance metrics required by the Texas Health and Human Services Commission as determined by a final and un-appealable ruling (each of the foregoing events shall be an “Event of Default”), the following remedies shall be available:

(a) the Registered Owner shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Issuer and the officials thereof to observe and perform the contracts, covenants, obligations or conditions prescribed in this Order; and

(b) Issuer grants to the holder of the Revenue Anticipation Notes a security interest in, as well as a right of setoff against, and hereby assigns, conveys, delivers, pledges and transfers to holder, as security for repayment of the Revenue Anticipation Notes, all Issuer’s right, title and interest in and to all Issuer’s funds in the Issuer’s accounts (whether checking, savings, or some other account) with holder or any subsidiary or affiliate of holder (each hereafter referred to as a “Lender Affiliate”) at any time owing by holder. This includes all of the Issuer’s funds in all accounts Issuer may open in the future. However, this does not include any accounts for which the grant of a security interest would be prohibited by law. Issuer authorizes the holder, without prior notice to Issuer and irrespective of (i) whether or not holder has made any demand under the Revenue Anticipation Notes or (ii) whether such indebtedness is contingent, matured or unmatured, to the extent permitted by law, to collect, charge and/or setoff all sums owing on the indebtedness against any and all such accounts and other obligations.

(c) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 9. CUSTODY, APPROVAL, AND REGISTRATION OF REVENUE ANTICIPATION NOTES. The Chair of the Board of Trustees of the Issuer is hereby authorized to have control of the Initial Revenue Anticipation Note issued hereunder and all necessary records and proceedings pertaining to the Initial Revenue Anticipation Note pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Revenue Anticipation Note said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller’s Registration Certificate on the Initial Revenue Anticipation Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Revenue Anticipation Note.

Section 10. SALE OF REVENUE ANTICIPATION NOTES. The sale of the Revenue Anticipation Notes to Frost Bank at par and for the interest rates stated in the form of Revenue Anticipation Note in Section 5 of this Order is hereby approved. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably

obtainable by the Issuer. The Revenue Anticipation Notes shall initially be registered in the name of the Purchaser or its designee. Upon the sale of the Revenue Anticipation Notes, delivery thereof to the purchaser shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale.

Section 11. INTEREST EARNINGS ON REVENUE ANTICIPATION NOTES. Interest earnings derived from the investment of proceeds from the sale of the Revenue Anticipation Notes shall be used along with other Revenue Anticipation Note proceeds for the purpose for which the Revenue Anticipation Notes are issued set forth in Section 1 hereof; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund.

Section 12. FURTHER PROCEDURES. (a) The Chair or Vice Chair and Secretary/Treasurer of the Board of Trustees of the Issuer, the President and CEO of the Issuer and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in Order to carry out the terms and provision of this Order, the Revenue Anticipation Notes and the sale of the Revenue Anticipation Notes. In case any officer whose signature shall appear on any Revenue Anticipation Note, no longer holds such office, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(b) The obligation of the initial purchasers to accept delivery of the Revenue Anticipation Notes is subject to the initial purchasers being furnished with an opinion of counsel to the Issuer.

Section 13. FINANCIAL STATEMENTS. The Issuer hereby agrees to furnish to the holder of the Revenue Anticipation Notes (1) within 45 days after each fiscal quarter, its quarterly financial statements including a balance sheet and a year-to-date income statement, (2) within 180 days after each fiscal year, its annual audited financial statements including a balance sheet and income statement, (3) semiannual reports detailing DSRIP related project information, to include percentage of completion, expected value, and expected cost, and (4) such other information in such detail as such holder may reasonably request.

**AUSTIN-TRAVIS COUNTY MENTAL
HEALTH AND MENTAL RETARDATION CENTER**

December 13, 2018

The Attorney General of Texas
Public Finance Division
William P. Clements Building, 7th Floor
300 West 15th Street
Austin, Texas 78701

The Comptroller of Public Accounts
Public Finance Division
208 East 10th Street
Austin, Texas 78701

Re: \$11,100,000 Austin-Travis County Mental Health and Mental Retardation Center
Revenue Anticipation Notes, Series 2018

Ladies and Gentlemen:

The captioned Notes are being sent to the Office of the Attorney General and it is requested that such office examine and approve the Notes in accordance with law. After such approval, it is requested that the Attorney General deliver the Notes to the Comptroller of Public Accounts for registration.

Enclosed with the Notes is a signed but undated copy of the Signature Identification and No Litigation Certificate relating to the Notes. The Attorney General is hereby authorized and directed to date the Signature Identification and No Litigation Certificate concurrently with the date of approval of the Notes. If any litigation or contest should develop pertaining to the Notes or any other matters covered by said Signature Identification and No Litigation Certificate, the undersigned will notify the Attorney General thereof immediately by telephone. With this assurance the Attorney General can rely on the absence of any such litigation or contest, and on the veracity and currency of said Signature Identification and No Litigation Certificate, at the time the Attorney General approves the Notes unless the Attorney General is notified otherwise as aforesaid.

The Comptroller is hereby requested to register the Notes as required by law and the proceedings authorizing the Notes. After such registration the Comptroller is hereby authorized and directed to deliver the Notes, together with three copies of each of the Attorney General's approving Opinion and Comptroller's Certificate to Hoang T. Vu, Orrick, Herrington & Sutcliffe LLP, 609 Main Street, 40th Floor, Houston, Texas 77002.

**AUSTIN-TRAVIS COUNTY MENTAL
HEALTH AND MENTAL RETARDATION CENTER**

By: _____
Chair, Board of Trustees

FROST BANK

December 13, 2018

Austin-Travis County Mental Health
and Mental Retardation Center
1430 Collier St.
Austin, Texas 78704

Re: Purchase of Revenue Anticipation Notes, Series 2018

Ladies and Gentlemen:

This letter (the “Purchaser Letter”) will evidence the commitment of Frost Bank (the “Purchaser”) to purchase the \$11,100,000 Austin-Travis County Mental Health and Mental Retardation Center Revenue Anticipation Notes, Series 2018 (the “Notes”). The purchase price for the Notes shall be at par, up to \$11,100,000 depending on the amount drawn on the Notes by Austin-Travis County Mental Health and Mental Retardation Center (the “Issuer”), and with interest to accrue from the date of each draw under the Notes.

The Purchaser understands that the Notes are being issued pursuant to an Order of the Board of Trustees of the Issuer adopted on December 13, 2018, and that the Notes are subject to the terms of such Order.

The Purchaser is a financial institution, to wit: a bank within the definition of Section 3(a)(2) of the Securities Act of 1933, engaged in the business of purchasing obligations such as the Notes.

In connection with our purchase of the Notes, the Purchaser hereby acknowledges that no offering document or prospectus has been prepared with respect to the sale of the Notes to the Purchaser, and that the Purchaser is buying the Notes as evidence of a loan to the Issuer from the Purchaser. The Purchaser hereby acknowledges and represents that it is familiar with the financial condition of the Issuer and the ability of the Issuer to timely pay the principal of and interest on the Notes. The Purchaser has been furnished with such information as it needs from the Issuer in order to make an informed purchase decision.

The Purchaser acknowledges that the Notes will not be listed on any securities exchange. Further, no trading market now exists in the Notes, and none may exist in the future. Accordingly, the Purchaser understands that it may need to bear the risks of the purchase of the Notes for an indefinite time, since any sale prior to the maturity for the Notes may not be possible or may be at price below that which the Purchaser is paying for the Notes.

The undersigned intends to purchase the principal amount of the Notes for its own account (and not on behalf of another) and has no present intention of reselling the Notes; but the Purchaser reserves the right to sell, pledge, transfer, convey, hypothecate, mortgage, or dispose of the Notes at some future date as determined by the Purchaser.

The Purchaser hereby verifies and warrants that at the time of execution and delivery of this Purchaser Letter neither the Purchaser nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchaser (i) engages in business with Iran, Sudan or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller under Sections 806.051, 807.051 or 2252.153 of the Texas Government Code. The term “foreign terrorist organization” as used in this subsection (b) has the meaning assigned to such term in section 2252.151 of the Texas Government Code.

To the extent this Purchaser Letter is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the Purchaser hereby verifies that the Purchaser does not boycott Israel and will not boycott Israel through the term of this agreement. For purposes of this verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Purchaser is a company as defined in Section 808.001(2) of the Texas Government Code, which means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.

Very truly yours,

FROST BANK

By: _____

Name: _____

Title: Authorized Officer

Accepted and Acknowledged:

AUSTIN-TRAVIS COUNTY MENTAL
HEALTH AND MENTAL RETARDATION
CENTER

By: _____
Chair, Board of Trustees

NO. R-1

PRINCIPAL
AMOUNT
\$11,100,000

**UNITED STATES OF AMERICA
STATE OF TEXAS
AUSTIN-TRAVIS COUNTY MENTAL HEALTH
AND MENTAL RETARDATION CENTER
REVENUE ANTICIPATION NOTE
SERIES 2018**

Interest Rate
As stated below

Dated Date of Issue
December 1, 2018

Maturity Date
August 31, 2019

ON THE MATURITY DATE specified above, AUSTIN-TRAVIS COUNTY MENTAL HEALTH AND MENTAL RETARDATION CENTER (the “Issuer”), being a governmental unit and a political subdivision of the State of Texas, hereby promises to pay to

FROST BANK

(hereinafter called the “Registered Owner”) the principal amount drawn hereunder, up to ELEVEN MILLION ONE HUNDRED THOUSAND AND 00/100 Dollars (\$11,100,000) and to pay interest thereon from the date of delivery hereof. Principal on this Revenue Anticipation Note shall be due and payable in full on the Maturity Date specified above. Interest shall be payable hereon on the 1st day of each March, June, September and December commencing March 1, 2019, unless this Revenue Anticipation Note is earlier prepaid as provided herein. Terms otherwise not defined herein shall have the same meaning as set forth in the Order (as herein defined) dated December 13, 2018.

THIS REVENUE ANTICIPATION NOTE shall bear interest from the date of delivery of such draw at (a) a rate equal to LIBOR (as defined below) plus 2.25%, with said rate to be adjusted daily to account for any changes in LIBOR; provided, however, in no event shall LIBOR be less than 0.15%, or (b) the highest rate permitted by applicable law, but in no event shall interest contracted for, charged or received hereunder plus any other charges in connection herewith which constitute interest exceed the maximum interest permitted by applicable law. As used in this Section, “LIBOR” means, for any date, the “Latest” three-month Libor quoted in the “Borrowing Benchmarks | Money Rates” section (or in any successor section thereto) of the most recently published issue of The Wall Street Journal (U.S. Edition) (or in any successor publication thereto). Issuer understands and acknowledges that if more than one such Libor is quoted at any time by The Wall Street Journal, the highest of such quoted Libor shall constitute LIBOR under the Revenue Anticipation Notes. Notwithstanding anything contained in the Revenue Anticipation Notes to the contrary, if (x) at any time, the holder determines (which determination shall be conclusive in the absence of manifest error) that any applicable law or regulation or any change in, interpretation or application of, or compliance with any applicable law or regulation by the holder (i) prohibits, restricts, or makes impossible the charging of interest based on LIBOR or (ii) makes it unlawful for the holder to make or maintain the indebtedness evidenced by the Revenue Anticipation Notes in Eurodollars, or (y) at the time of

or prior to the determination of the interest rate under the Revenue Anticipation Notes, the holder determines (which determination shall be conclusive in the absence of manifest error) that adequate and fair means do not or will not exist for determining the interest rate as set forth in the Revenue Anticipation Notes, then the holder may select a substitute rate that the holder determines, in the holder's sole and absolute discretion, to be comparable to such Libor, and the substituted rate as so selected by the holder shall constitute LIBOR under the Revenue Anticipation Notes, effective as of the date the holder sends written notice of same to Issuer. Each determination by the holder of LIBOR shall be conclusive and binding upon Issuer absent manifest error and may be computed using any reasonable averaging and attribution method. Further, upon demand by the holder from time to time, Issuer shall promptly compensate the holder for, and hold the holder harmless from, any loss, cost, or expense incurred by the holder as a result of:

1. any continuation, conversion, payment, or prepayment of the loan under the Revenue Anticipation Notes on a day other than the last day of the applicable interest period (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

2. any failure by Issuer (for a reason other than the failure of the holder to make any advance under the Revenue Anticipation Notes) to prepay, borrow, or continue the loan under the Revenue Anticipation Notes on the date or in the amount specified by Issuer by proper notice under the Revenue Anticipation Notes, including any loss of anticipated profits and any loss or expense arising from the liquidation or redeployment of funds by the holder to maintain such loan or from fees payable by the holder to terminate the deposits from which such funds were obtained.

Issuer also shall promptly pay, upon demand by the holder, any customary administrative fees charged by the holder in connection with the foregoing. For purposes of calculating amounts payable by Issuer to the holder under this Section, the holder shall be deemed to have funded each advance under the Revenue Anticipation Notes based on LIBOR by a matching deposit or other borrowing in the London interbank Eurodollar market for a comparable amount and for a comparable period as such advance, whether or not such advance was in fact so funded. All of Issuer's obligations under this Section shall survive termination of any commitments and repayment in full of all of Issuer's obligations under the Revenue Anticipation Notes.

PAYMENTS AND any other credits shall be allocated among principal, interest and fees at the discretion of the holder unless otherwise required by applicable law. Interest on this Revenue Anticipation Note is computed on a per annum basis of a year of 360 days and for the actual number of days elapsed. The Issuer will pay the Paying Agent/Registrar at the Paying Agent/Registrar's address shown on loan account statements sent to the Issuer, the Paying Agent's address shown in any payment coupon book provided to the Issuer, or at such other place as Paying Agent/Registrar may designate in writing.

THIS REVENUE Anticipation Note is a draw Note. The Issuer may draw down up to the aggregate principal amount (\$11,100,000) of this Revenue Anticipation Note, but such amounts may not be drawn, repaid and drawn again. Upon initial delivery, the Issuer shall draw at least \$10,000 of this Revenue Anticipation Note. The registered holder shall fund each draw

upon receipt from the Issuer of approval from the Texas Health and Human Services Commission of the Issuer's performance documents and evidence of the amount of intergovernmental transfer required under the Medicaid 1115 Waiver Pool program at the time of such advance. The Paying Agent/Registrar shall keep a record of each amount drawn and such records shall be final and binding absent manifest error. Only the amounts drawn and not repaid shall bear interest and such interest shall accrue from the date of each draw and not from the Dated Date of the Revenue Anticipation Note.

IF A PAYMENT is made more than 10 days after it is due, the Issuer will be charged, in addition to interest, a delinquency charge of (i) 5% of the unpaid portion of the regularly scheduled payment, or (ii) \$250.00, whichever is less. Additionally, upon maturity of this Revenue Anticipation Note, if the outstanding principal balance (plus all accrued but unpaid interest) is not paid within 10 days of the Maturity Date, the Issuer will be charged a delinquency charge of (i) 5% of the sum of the outstanding principal balance (plus all accrued but unpaid interest), or (ii) \$250.00, whichever is less. The Issuer agrees that the charges set forth herein are reasonable compensation to the holder for the handling of such late payments.

UPON THE occurrence of any Event of Default, including, but not limited to, (i) any material adverse change in the business assets, affairs, prospects or financial condition of Issuer, (ii) failing to provide financial statements, copies of Federal tax returns (if any such taxes are due) and other information relating to the financial condition, properties and affairs of the Issuer, as provided for in this Revenue Anticipation Note and/or any related document, or (iii) failure to pay this Revenue Anticipation Note upon final maturity, holder may, at holder's option and if permitted by applicable law, (a) add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Revenue Anticipation Note, including any increased rate, and/or (b) increase the interest rate on this Revenue Anticipation Note by 5.00 percentage points (the "Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no Event of Default. However, in no event will the interest rate exceed the maximum interest rate allowed by applicable law.

THE PRINCIPAL OF AND INTEREST ON this Revenue Anticipation Note are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Revenue Anticipation Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Revenue Anticipation Note at maturity, at the principal office of Frost Bank, Austin, Texas, which is the "Paying Agent/Registrar" for this Revenue Anticipation Note. The payment of interest on this Revenue Anticipation Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Order authorizing the issuance of this Revenue Anticipation Note (the "Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last Business Day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of,

the Registered Owner. In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date and the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Revenue Anticipation Note appearing on the Registration Books at the close of business on the last Business Day next preceding the date of mailing of such notice.

ACCRUED INTEREST due at maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Revenue Anticipation Note for redemption and payment at the principal office of the Paying Agent/Registrar. The Issuer covenants with the Registered Owner of this Revenue Anticipation Note that on or before each principal payment date and interest payment date for this Revenue Anticipation Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Revenue Anticipation Notes, when due.

IF THE DATE for the payment of the principal of or interest on this Revenue Anticipation Note shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the principal office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS REVENUE ANTICIPATION NOTE is dated December 1, 2018, has been authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$11,100,000 for the purpose of paying all or a portion of the Issuer's operating or current expenses.

ALL REVENUE ANTICIPATION NOTES OF THIS SERIES are issuable solely as fully registered Revenue Anticipation Notes, without interest coupons. As provided in the Order, this Revenue Anticipation Note, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Revenue Anticipation Notes, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Revenue Anticipation Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Order. Among other requirements for such assignment and transfer, this Revenue Anticipation Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Revenue Anticipation Note or any such portion or portions hereof which is or are to be registered. The form of Assignment printed or endorsed

on this Revenue Anticipation Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Revenue Anticipation Note or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Revenue Anticipation Note or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business of the next following principal or interest payment date.

ON ANY DATE, this Revenue Anticipation Note may be redeemed prior to its scheduled maturity, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, at a price of par plus accrued interest to the date of redemption. The Issuer shall give the Paying Agent/Registrar at least seven (7) days advance written notice of redemption. This Revenue Anticipation Note shall be subject to mandatory redemption prior to maturity, within ten (10) days after receipt by the Issuer of DSRIP funds from the Texas Health and Human Services Commission pursuant to the Medicaid 1115 Waiver Pool program, in an amount equal to the portion of this Revenue Anticipation Note drawn by the Issuer with respect to such DSRIP funds.

IT IS HEREBY certified, recited and covenanted that this Revenue Anticipation Note has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Revenue Anticipation Note have been performed, existed and been done in accordance with law; that this Revenue Anticipation Note is payable from and secured by a lien on and pledge of all legally available funds and revenues of the Issuer.

BY BECOMING the Registered Owner of this Revenue Anticipation Note, the Registered Owner thereby acknowledges all of the terms and provisions of the Order, agrees to be bound by such terms and provisions, acknowledges that the Order is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Revenue Anticipation Note and the Order constitute a contract between each Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Revenue Anticipation Note to be signed with the manual or facsimile signature of the Chair of the Board of Trustees of the Issuer, countersigned with the manual or facsimile signature of the Secretary/Treasurer of the Board of Trustees of the Issuer.

Secretary/Treasurer, Board of Trustees

Chair, Board of Trustees

COMPTROLLER'S REGISTRATION CERTIFICATE:
REGISTER NO. _____

I hereby certify that this Revenue Anticipation Note has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Revenue Anticipation Note has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____ day of _____, 2018.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Revenue Anticipation Note, or duly authorized representative or attorney thereof, hereby assigns this Revenue Anticipation Note to

(Assignee's Social Security
or Taxpayer Identification Number)

(print or type Assignee's
name and address, including zip code)

and hereby irrevocably constitutes and appoints

attorney to transfer the registration of this Revenue Anticipation Note on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____

Signature of Guaranteed:

NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Revenue Anticipation Note in every particular without alteration or enlargement or any change whatsoever.

GENERAL CERTIFICATE

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

We, the undersigned officers of the Board of Trustees of the Austin-Travis County Mental Health and Mental Retardation Center (the “Issuer”), hereby certify as follows:

1. This certificate is executed for and on behalf of said Issuer with reference to the issuance of the proposed AUSTIN-TRAVIS COUNTY MENTAL HEALTH AND MENTAL RETARDATION CENTER REVENUE ANTICIPATION NOTES, SERIES 2018, dated December 1, 2018, in the maximum aggregate principal amount of \$11,100,000 (the “Revenue Anticipation Notes”).

2. The Issuer is a “community center”, operating and existing under the laws of the State of Texas, particularly Chapter 534 of the Texas Health and Safety Code (formerly Article 5547-201, et seq. Tex. Rev. Civ. Stat.). Under the provisions of Section 534.022(f) of the Texas Health and Safety Code, the Issuer is granted the right to issue anticipation notes for current or operating expenses.

3. The Issuer was created pursuant to order of Travis County, City of Austin, Austin Independent School District and the University of Texas at Austin. A copy of the Amended and Restated Articles of Organization of the Issuer is attached hereto as Exhibit “A”. The last obligations issued by the Issuer and approved by the Attorney General of the State of Texas were the Issuer’s Revenue Anticipation Notes, Series 2017. The legal existence of the Issuer has never been declared invalid; and since its creation no litigation or proceedings whatsoever have been filed questioning the validity or the existence of said Issuer; and no such litigation or proceedings are pending.

4. No litigation of any nature has ever been filed pertaining to, affecting, questioning or contesting: (a) the issuance, delivery, payment, security or validity of said Issuer’s proposed Revenue Anticipation Notes; or, (b) the authority of the Board of Trustees and the officers of the Issuer to issue, execute and deliver said Revenue Anticipation Notes.

5. That the Issuer has no other debt outstanding other than the proposed Revenue Anticipation Notes now in the process of issuance. The Revenue Anticipation Notes are being issued only after a budget for the current fiscal year was adopted prior to adoption of the order authorizing issuance of the Revenue Anticipation Notes.

6. The principal amount of the Revenue Anticipation Notes does not in the fiscal year in which the Attorney General approves the Notes for the Issuer, exceed 50 percent of the revenue anticipated to be collected by the Issuer in this same fiscal year (being the fiscal year ending August 31, 2019). The Issuer’s anticipated revenue for this same fiscal year is approximately \$101,885,657.

7. The following are the duly elected officers and members of the Board of Trustees of the Issuer:

Hal Katz	Chair
Luanne Southern	Vice Chair
Sarah Churchill Llamas	Secretary/Treasurer
H. Ed Calahan	Trustee
Emmitt W. Hayes, Jr.	Trustee
Cynthia Ramos	Trustee
David Springer	Trustee
Tom Young	Trustee
Guadalupe Zamora	Trustee

8. Proceeds of the Revenue Anticipation Notes will be used entirely to pay current or operating expenses of the Issuer.

9. Attached to this Certificate as Exhibit B is a certificate issued by the Texas Department of Mental Health and Mental Retardation (“MHMR”), dated March 30, 1989, stating the Issuer is designated as the Mental Health Authority for Travis County. The Issuer hereby certifies that it made those submissions to MHMR required by applicable law (now codified as Section 534.001(d), Texas Health and Safety Code) and that MHMR gave its approval to establishment of the Issuer as required by applicable law (now Section 534.001(d), Texas Health and Safety Code) with such approval being evidenced by the certificate attached as Exhibit B.

10. The Issuer’s fiscal year ends each August 31. An estimated debt service schedule for the Revenue Anticipation Notes is attached as Exhibit C.

11. With respect to the contracts executed in connection with the authorization and issuance of the Revenue Anticipation Notes, all disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provisions, have been made.

12. There is hereby appropriated from funds currently on hand and available for such purpose an amount sufficient to pay the interest payment on the Notes due on or before August 31, 2019.

13. The Issuer has not entered into and will not enter into a contract with a counterparty that is a company identified on a list prepared and published by the Comptroller pursuant to Sections 2270.0201 and 225.153 of the Texas Government Code.

14. The Issuer’s budget for fiscal year ending August 31, 2019 is attached hereto as Exhibit D.

14. The following is a true, full and current schedule of the Issuer's revenues ("Revenues") for the past three fiscal years:

<u>Fiscal Year Ending:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Local Funds	\$28,301,252	\$37,158,533	\$30,787,197
State Funds	\$35,587,934	\$34,422,630	\$28,697,343
Federal Funds	<u>\$33,085,568</u>	<u>\$26,236,827</u>	<u>\$26,855,503</u>
Revenues	\$96,974,754	\$97,817,991	\$86,340,043

15. The amount of bond proceeds to be drawn at closing is \$10,000, which will be used entirely to pay current or operating expenses of the Issuer.

SIGNED this 13th day of December, 2018.

Secretary/Treasurer, Board of Trustees

Chair, Board of Trustees

EXHIBIT “A”
AMENDED AND RESTATED ARTICLES OF ORGANIZATION

See Attached

EXHIBIT "B"

CERTIFICATION DESIGNATING THE ISSUER



**Texas Department of Mental Health
and Mental Retardation**

This is to certify that

Austin-Travis County MHMR Center

*in accordance with the provisions of the
Texas Mental Health and Mental Retardation Act, Texas Civil
Statutes, Article 5547-201, et seq,
is hereby designated as the*

Mental Health Authority

for the following county:

Travis

*This designation remains in effect until suspended or revoked by the
Department or surrendered by designee.*

Date: March 30, 1989

Commissioner 

EXHIBIT “C”
ESTIMATED DEBT SERVICE SCHEDULE

EXHIBIT “D”

BUDGET

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT is entered into as of December 13, 2018 (this "Agreement"), by and between Austin-Travis County Mental Health and Mental Retardation Center (the "Issuer") and FROST BANK, San Antonio, Texas (the "Bank").

RECITALS OF THE ISSUER

The Issuer has duly authorized and provided for the issuance of its "AUSTIN-TRAVIS COUNTY MENTAL HEALTH AND MENTAL RETARDATION CENTER REVENUE ANTICIPATION NOTES, SERIES 2018" (the "Notes") in an aggregate principal amount of \$11,100,000 to be issued as registered notes without coupons;

All things necessary to make the Notes the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

The Issuer is desirous that the Bank act as the Paying Agent/Registrar of the Issuer in paying the principal, premium (if any) and interest on the Notes, in accordance with the terms thereof, and that the Bank act as Registrar for the Notes;

The Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT/REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to act as Paying Agent/Registrar with respect to the Notes, in paying to the holders of the Notes the principal, premium (if any) and interest on all or any of the Notes.

The Bank hereby accepts its appointment as, and agrees to act as, the Paying Agent/Registrar.

Section 1.02. Compensation.

There shall be no fee for the Bank's services as Paying Agent/Registrar hereunder.

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Note means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Note which has become accelerated pursuant to the terms of the Note.

"Bank Office" means the principal office of the Bank set forth on the signature page of this Agreement. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Fiscal Year" means the fiscal year of the Issuer.

"Holder" and "Note Holder" each means a Person in whose name a Note is registered in the Register.

"Issuer Request" means a written request or order signed in the name of the Issuer by the Chair of the Board of Trustees or the Chief Financial Officer of the Issuer and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Order" means the resolution, order or ordinance of the governing body of the Issuer pursuant to which the Notes are issued certified by the Secretary/Treasurer or any other officer of the Issuer and delivered to the Bank.

"Redemption Date" when used with respect to any Note to be redeemed means the date fixed for such redemption pursuant to the terms of the Order.

"Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration of Notes and of transfers of Notes.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary/Treasurer, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a

particular corporate trust matter, any other officer to whom such matter is referred because of this knowledge of and familiarity with the particular subject.

"Stated Maturity" means the date specified in the Order as the fixed date on which the principal of the Note is due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer" and "Notes" have the meanings assigned to them in the opening paragraph of this Agreement or in the portion of this Agreement entitled "Recitals of the Issuer."

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE

PAYING AGENT/REGISTRAR

Section 3.01. Duties of Paying Agent/Registrar.

As Paying Agent/Registrar, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Note at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Note to the Bank at the Bank Office.

As Paying Agent/Registrar, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Note when due, by computing the amount of interest to be paid each Holder, preparing the checks and mailing the checks on the payment date, to the Holders of the Notes on the Record Date (as defined in the Order), addressed to their addresses appearing on the Register.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Notes at the dates specified in the Order.

ARTICLE FOUR

REGISTRAR

Section 4.01. Transfer and Exchange.

The Issuer shall keep at the Bank Office a register (herein sometimes referred to as the "Register") in which, subject to such reasonable written regulations as the Issuer may prescribe (which regulations shall be furnished the Bank herewith or subsequent hereto by an Issuer order), the Issuer shall provide for the registration of Notes and of transfers of Notes. The Bank is hereby

appointed "Registrar" for the purpose of registering Notes and transfers of Notes as herein provided. The Bank agrees to maintain the Register while it is Registrar.

Every Note surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Notes Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

Registrar may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02. Form of Register.

The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.03. List of Note Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the content of the Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order, or otherwise as may be required by law. Upon receipt of a subpoena or court order, the Bank will promptly notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.04. Return of Cancelled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Notes certificates in lieu of which or in exchange for which other Notes have been issued, or which have been paid.

Section 4.05. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Notes it has paid pursuant to 3.01, Notes it has delivered upon the Transfer or exchange of any Notes pursuant to Section 4.01.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.01. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent or engaged in willful misconduct in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believe by it to be genuine and to have been signed or presented by the property party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Notes, but is protected in acting upon receipt of Notes containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein and in the Notes shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Note or any other Person for any amount due on any Note from its own funds.

Section 5.04. May Hold Notes.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

Money held by the Bank hereunder need not be segregated from any other funds provided. All funds received by the Paying Agent/Registrar hereunder shall be used to pay the Notes, and for no other purpose.

The Bank shall be under no liability for interest on any money received by it hereunder.

All funds held by the Paying Agent/Registrar under this Agreement in excess of amounts insured by the Federal Deposit Insurance Corporation, shall be collateralized in accordance with applicable law.

Any money deposited with the Bank for the payment of the principal, premium (if any) or interest on any Note and remaining unclaimed for four (4) years after final maturity of the Note has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Note shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. The disposition of any funds held hereunder is subject to the unclaimed property laws of the State of Texas.

Section 5.06. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit, in either the District Court of Travis County, Texas or the United States Federal District Court for the Western District of Texas. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming interest herein.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on page 9.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by any party shall bind that party's successors and assigns, whether so expressed or not.

Section 6.06. Separability.

In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar, and if any conflict exists between this Agreement and the Order, the Order shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal and interest of the Notes.

This Agreement may be earlier terminated upon sixty (60) days' written notice by either party; provided, however, that this Agreement may not be terminated (i) by the Bank until a successor Paying Agent/Registrar that is a national or state banking institution and a corporation or association organized and existing under the laws of the United States of America or of any state which possesses trust powers and is subject to supervision or examination by a federal or state regulatory agency has been appointed by the Issuer and has accepted such appointment, or (ii) at any time during which such termination might, in the judgment of the Issuer, disrupt, delay, or otherwise adversely affect the payment of the principal, premium, if any, or interest on the Notes. Prior to terminating this Agreement, the Issuer may reasonably require the Bank to show that such termination will not occur during a period described in (ii) above.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

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

Section 6.12. Compliance with Subchapter F of Chapter 2252 of the Texas Government Code. To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the Bank hereby verifies that the Bank does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Bank is a company as defined in Section 808.001(2) of the Texas Government Code, which means a for profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.

Section 6.13. Compliance with Subchapter F of Chapter 2252 of the Texas Government Code. The Bank hereby verifies and warrants that at the time of execution and delivery of this Agreement neither the Bank nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Bank (i) engage in business with Iran, Sudan or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller under Sections 806.051, 807.051 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this subsection (b) has the meaning assigned to such term in section 2252.151 of the Texas Government Code.

IT WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

FROST BANK

By: _____
Name: _____
Title: _____

Address: 401 Congress Avenue
12th Floor
Austin, Texas 78701

AUSTIN-TRAVIS COUNTY MENTAL
HEALTH AND MENTAL RETARDATION
CENTER

By: _____
Chair, Board of Trustees

Address: 1430 Collier St.
Austin, Texas 78704

ATTEST:

By: _____
Secretary/Treasurer, Board of Trustees

VIII. Update on Transformation 1115 Waiver

David Weden



1115 Waiver Update

December 10, 2018

1115 Waiver – October Reporting

Category	Description	Summary	Dollar Value (Federal & IGT)
A	Core Activities and Required Reporting		\$0.00
B	Medicaid Low Income or Uninsured (MLIU) Patient Population by Provider (PPP)	Baseline 84.72% Required > 82.72% Actual 82.91%	\$3,308,139.90
C	Measure Bundle	Baselines Reporting for 21 Measures	\$4,548,692.24
D	Community Mental Health Center Statewide Reporting Measures	Effective Crisis Response Crisis Follow-up Community Tenure (Adult and Child/Youth) Reduction in Juvenile Justice Involvement Adult Jail Diversion	\$4,962,209.85
Total			\$12,819,041.99

1115 Waiver – October Reporting

- October reporting under review by Health and Human Services Commission (HHSC)
- If all approved, January payment will be as follows:

Description	Amount
Intergovernmental Transfer	\$5,359,641.346
Federal Match	\$7,459,400.53
Total	\$12,819,041.99








1115 Waiver – Status for April Reporting

- Budgeted for meeting 20 of the 21 measures
- Currently meeting 20 of the 21 measures
- Measurement period ends December 31 and results will be reported in April to Health and Human Services Commission (HHSC)
- Estimated July Payment Based on April Reporting











Description	Total	Federal Portion
Reporting Measures	\$4,548,692.40	\$2,646,884.11
Achievement of Measures*	\$8,664,349.31	\$5,041,784.86
Total	\$13,213,041.71	\$7,688,668.97

*Based on 1 measure carrying forward

1115 Waiver – Status for April Reporting

Required	Measure	Baseline Performance	Monthly Trend (Starting w/ Baseline)	Year-to-Date	DY7 Goal	DY8 Goal	% Variance
Access to Services							
DSRIP/CCBHC	M1-342* Time to initial evaluation; percent within 10 days ¹	33.40%		45.51%	35.06%	40.06%	10.45%
DSRIP/CCBHC	M1-390* Time to initial evaluation; mean number of days ¹	17.83		7.46	17.38	16.04	57.08%
Substance Use							
DSRIP	M1-261 Assessment for substance abuse problems	21.04%		55.90%	23.01%	28.94%	32.89%
DSRIP/CCBHC	M1-317* Unhealthy alcohol use screening and brief counseling	13.80%		35.41%	15.95%	22.42%	19.46%
DSRIP	M1-340 Counseling for treatment of opioid dependence	51.00%		65.09%	52.23%	55.90%	12.86%
DSRIP	M1-341 Counseling for treatment of alcohol dependence	15.12%		40.15%	17.24%	23.61%	22.91%
DSRIP	M1-405 Appraisal for alcohol or substance use for bipolar disorder and major depression	15.74%		61.44%	17.84%	24.16%	43.60%

1115 Waiver – Status for April Reporting

Required	Measure	Baseline Performance	Monthly Trend (Starting w/ Baseline)	Year-to-Date	DY7 Goal	DY8 Goal	% Variance
Behavioral Health							
DSRIP/CCBHC/BCBS	M1-146* Screening for clinical depression and follow-up plan	40.26%		71.76%	41.75%	46.23%	30.01%
DSRIP/BCBS	M1-160 Follow-up after hospitalization for mental illness (by LPHA or RN):						
	a. Follow-up within 30 days	73.73%		71.41%	74.22%	75.68%	-2.81%
	b. Follow-up within 7 days	61.58%		56.63%	62.18%	63.98%	-5.55%
CCBHC	M1-165* Depression remission at 12 months ²	1.08%		4.70%	3.55%	10.95%	1.15%
DSRIP	M1-181 Depression response at 12 months ²	3.42%		8.91%	5.83%	13.08%	3.08%
DSRIP/BCBS	M1-255 Follow-up care for children prescribed ADHD medication						
	a. 1+ follow-up visit the initiation phase.	19.23%		29.35%	21.25%	27.31%	8.10%
	b. 1+ follow-up visit in the initiation phase plus 2+ visits in the maintenance phase	10.20%		25.56%	12.45%	19.18%	13.11%
DSRIP	M1-262 Assessment of risk to self or others	38.04%		53.52%	39.59%	44.23%	13.93%
DSRIP/CCBHC/BCBS	M1-305* Child and adolescent Major Depressive Disorder: Suicide risk assessment	81.89%		84.79%	82.34%	83.70%	2.45%
DSRIP/CCBHC/BCBS	M1-319* Adult Major Depressive Disorder: Suicide risk assessment	56.34%		76.91%	57.43%	60.71%	19.48%

1115 Waiver – Status for April Reporting

Required	Measure	Baseline Performance	Monthly Trend (Starting w/ Baseline)	Year-to-Date	DY7 Goal	DY8 Goal	% Variance
Physical Health							
DSRIP/CCBHC	M1-105* Tobacco use screening and cessation intervention	83.59%		88.03%	84.00%	85.23%	4.03%
DSRIP/CCBHC	M1-147* BMI screening and follow-up for adults	72.40%		78.12%	76.51%	78.11%	1.61%
DSRIP	M1-210 Screening for high blood pressure and follow-up	27.15%		57.83%	28.98%	34.44%	28.85%
DSRIP/CCBHC	M1-211* BMI assessment for children and adolescents						
	a. BMI	4.77%		68.45%	54.50%	57.69%	13.95%
	b. Nutrition	0.25%		66.97%	51.84%	54.61%	15.13%
	c. Physical Activity	0.25%		66.97%	45.09%	47.74%	21.88%
DSRIP	M1-400 Tobacco use and help with quitting among adolescents	91.34%		92.62%	91.55%	92.20%	1.07%
Safety							
DSRIP	M1-265 Housing assessment for individuals with schizophrenia	6.33%		12.22%	8.67%	15.70%	3.55%
DSRIP	M1-287 Documentation of current medications in the medical record ³	3.14%		40.76%	5.56%	12.82%	35.20%

1115 Waiver – Future



1115 Waiver – Future

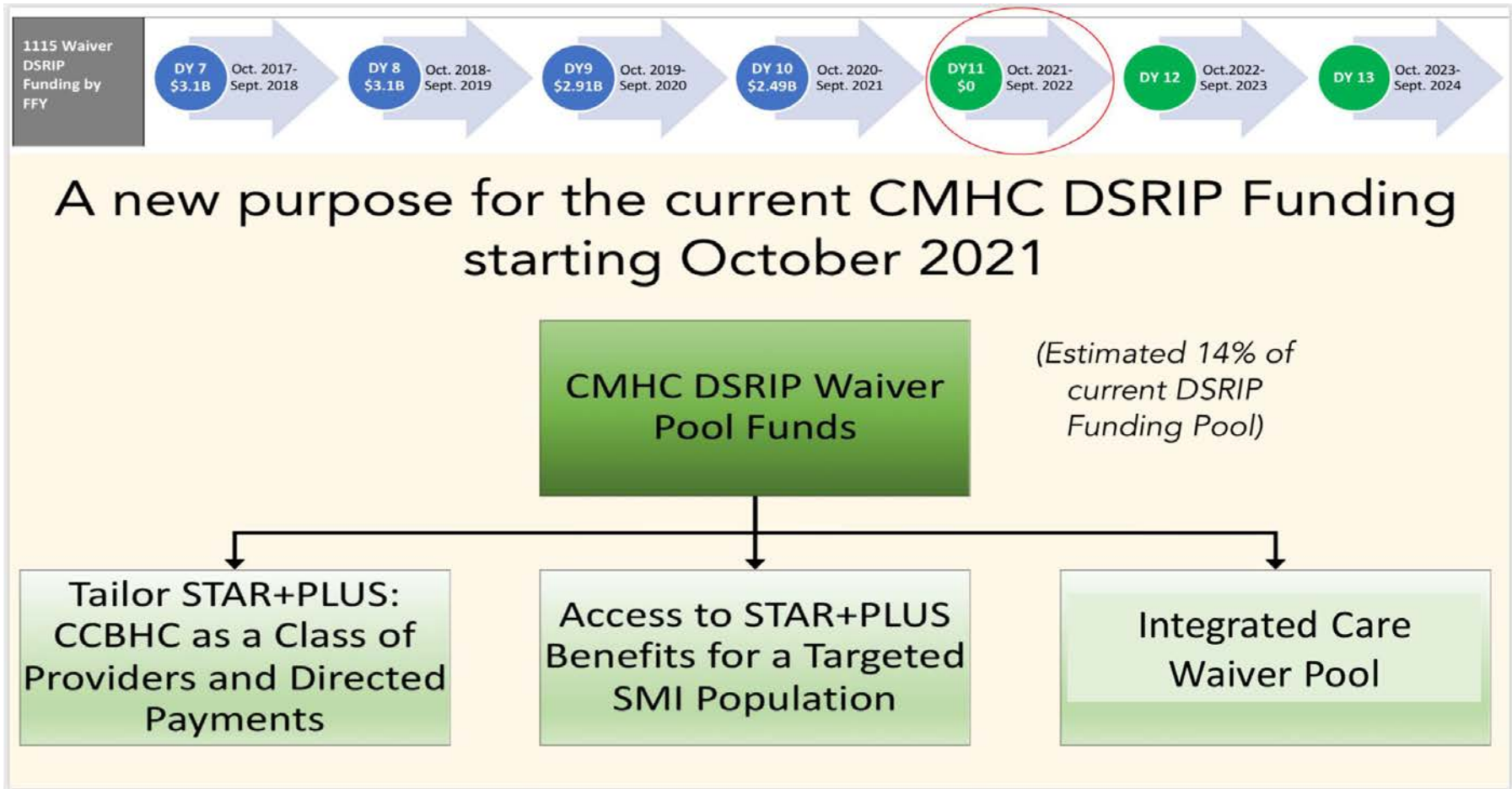
Health and Human Services Commission sought stakeholder input on possible programs under the 1115 Waiver to continue to transform the Texas healthcare delivery system after the current DSRIP program ends.

Submissions were due by close of business Friday, November 30, 2018

Two of the submissions we are aware of include:

- AMH Waiver Amendment submitted by Texas Council
- Texas Care Connection (TC²) submitted by numerous organizations including Texas Council

1115 Waiver – Future



CMHC – Community Mental Health Center

DSRIP – Delivery System Reform Incentive Payment

CCBHC – Certified Community Behavioral Health Clinic

IX. Update on New Milestones Foundation

Mary Hearon



Supporting Mental Health
Through Integral Care

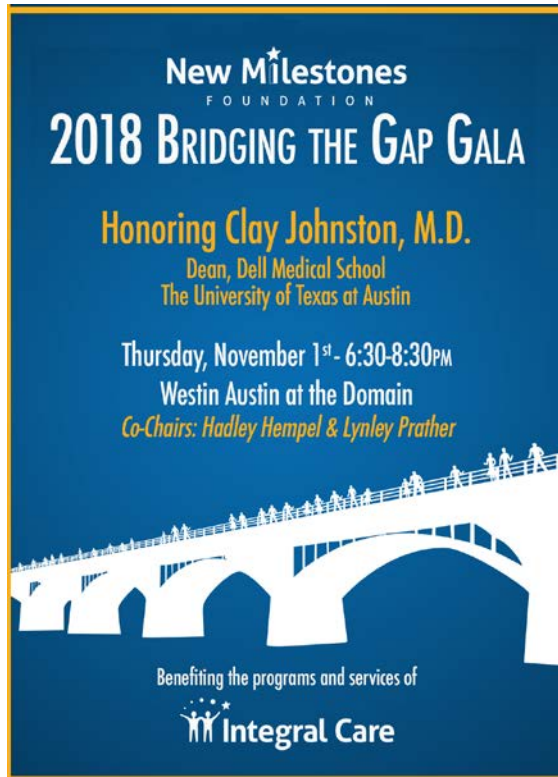
New Milestones Foundation Report

FY 2018-2019 ★ 1st Quarter Report

December 10, 2018



EVENT RECAP SUMMARY



- Attendance: 90% [194 out of 216]
- Preliminary Budget Report
 - Revenue = \$124,075
 - Expense = \$ 44,735
 - **NET = \$ 79,339**

SPONSORS

\$10,000

Joan and Kurt Wade
Howard and Mary G. Yancy, Ph.D. /
Hancock Wellness Center

\$5,000 - \$9,999

HEB
Susan and Scott Hector
Husch Blackwell Winstead PC
Netsmart

\$2,500 - \$4,999

Austin Regional Clinic
Gary S. Daniel
Meadows Mental Health Policy Institute
Southwest Strategies Group
Superior HealthPlan
Stacy and Steve Strakowski
Winstead PC



GALA CO-CHAIRS

Hadley Hempel
Lynley Prather



IMPACT STORY

Genaro sharing his positive experience at The Inn and with Integral Care.



Scott Hector, NMF President, giving the 2018 Mental Health Champion Award to Dr. Clay Johnston.

BOARD OF DIRECTORS 2019

Rachel Gunner, PRESIDENT

Scott Hector, IMMEDIATE PAST PRESIDENT

Nickie Froiland, SECRETARY

Frank Hoffman, TREASURER

Hadley Hempel

Richard Hopkins

Hal Katz

Lynley Prather

David Evans, CEO Integral Care

*Up to two appointments possibly from Integral Care
Board of Trustees.*

Resignations – December 2018

- Bill Robbins
- Stacy Strakowski

X. Announcements

XI. New Business

- **Identify Consent/Non-Consent Agenda Items**
 - **Consent: Items III, V, VI, VII**
 - **Non-Consent: Item IV**

XII. Citizens' Comments