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October 13, 2023

Lion Star Nacogdoches Hospital, LLC  
1204 North Mound Street  
Nacogdoches, Texas 75961  
Attn: Sean Fowler, Chief Executive Officer

**Via CM/RRR and FedEx Overnight**

Lion Star Group, LLC  
5351 N. Eagle View Drive  
Lehi, Utah 84043  
Attn: Sean Fowler, Chief Executive Officer

**Via CM/RRR and FedEx Overnight**

Reed Claymon Meeker & Hargett, PLLC  
Registered Agent  
5608 Parkcrest Drive, Suite 200  
Austin, Texas 78731  
Attn: Kevin Reed, Esq.  
kreed@reedclaymon.com

**Via CM/RRR and FedEx Overnight and  
Electronic Mail**

Re: Default of Hospital Facility Lease Agreement and Notice of Termination of Lease

Dear Sirs:

My firm represents Nacogdoches County Hospital District d/b/a Nacogdoches Memorial Hospital ("NCHD"). I am contacting you regarding that certain Hospital Facility Lease Agreement executed on or around July 14, 2021 between NCHD as landlord and Lion Star Nacogdoches Hospital, LLC ("Lion Star") as tenant (the "Lease").

- Lion Star has admitted that it is not paying all claims as they become due. Lion Star is past-due and/or has missed payments to various vendors and has failed and/or refused to meet its various financial obligations as they come due. For example, various collections lawsuits have been filed against Lion Star, including without limitation lawsuits filed by Ralph Loggins Plumbing, Emergency Staffing Solutions, Inc. & HCI. Lion Star has also failed to pay for utilities in a timely manner. On information and belief, there are numerous other vendors which have claims which have not been paid as they become due.

Section XVIII.A.5. of the Lease provides that Lion Star being or becoming insolvent constitutes an event of default and material breach of the Lease. The Texas Business Organization Code defines "insolvent" as "a person who is unable to pay the person's debts as they become due in

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the ordinary course of business or affairs.” TEX. BUS. ORGS. CODE § 1.002(39). “[G]enerally insolvency means a debtor’s failure or refusal to pay his debts in the due course of business.” *Parkway/Lamar Ptnrs., L.P. v. Tom Thumb Stores, Inc.*, 877 S.W.2d 848, 850 (Tex. App.—Fort Worth 1994, writ denied) (citing *Bandy v. First State Bank*, 835 S.W.2d 609, 621 (Tex. 1992)).

As stated above, Lion Star is unable and/or unwilling to pay all of its debts as they are due in the ordinary course of business, and therefore is insolvent. Accordingly, pursuant to Section XIX.A.1. of the Lease, NCHD hereby exercises its right to terminate the Lease upon the expiration of 15 days’ notice from the date of this letter (the “Termination Date”).

Further, pursuant to Section XIX.A.2. of the Lease, NCHD exercises its right to terminate Lion Star’s possession of the Premises without judicial process, and expel and remove Lion Star in compliance with applicable law on the Termination Date. NCHD hereby exercises such right, and terminates Lion Star’s possession of the Premises as of the Termination Date. NCHD will also fully enforce and defend its sovereign immunity from any claims alleged by Lion Star.

In addition, NCHD exercises its right to declare a default under the Hospital Asset Purchase Agreement (the “APA”) including, without limitation, termination of rights under the Intellectual Property License therein.

*Please be advised that nothing contained herein or omitted here from shall constitute a waiver, modification, or alteration of any of NCHD’s rights, interests, claims, remedies or defenses, all of which are expressly reserved.*

Sincerely,

**Dykema Gossett PLLC**

A handwritten signature in black ink, appearing to read 'A. Green', with a long horizontal flourish extending to the right.

Andrew T. Green

cc: Nacogdoches County Hospital District, via email  
Scott Skelton, via email: sskelton@ssbww.law