

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	§	
	§	
UNIVERSITY GENERAL HEALTH SYSTEM, INC., <u>et al.</u>,	§	Chapter 11
	§	
Debtors.¹	§	Case No. 15-31086
	§	
	§	Jointly Administered

**NOTICE OF FILING OF CORRECTED EXHIBIT B TO APPLICATION FOR ORDER
AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF
UPSHOT SERVICES LLC AS NOTICING, CLAIMS AND BALLOTING AGENT**
[Relates to Docket No. 88]

Attached hereto is the corrected Engagement Letter that is **Exhibit B** to the Application for Order Authorizing and Approving the Employment and Retention of UpShot Services LLC as Noticing, Claims and Balloting Agent [Docket No. 88].

Dated: March 23, 2015.

Porter Hedges LLP

By: /s/ Joshua W. Wolfshohl
 John F. Higgins
 State Bar No. 09597500
 Joshua W. Wolfshohl
 State Bar No. 24038592
 Aaron J. Power
 State Bar No. 24058058
 1000 Main Street, 36th Floor
 Houston, TX 77002
 (713) 226-6695
 (713) 226-6295 (fax)

Proposed Counsel for Debtors and Debtors in Possession

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: University General Health System, Inc. (2436), UGHS Autimis Billing, Inc. (3352), UGHS Autimis Coding (3425), UGHS ER Services, Inc. (6646), UGHS Hospitals, Inc. (3583), UGHS Management Services, Inc. (4100), UGHS Support Services, Inc. (3511), University General Hospital, LP (7964), and University Hospital Systems, LLP (3778).



Services Agreement

This agreement for services (the "Services Agreement") is effective as of February 22, 2015 by and between University General Health Systems, Inc., together with its affiliates and subsidiaries, (the "Client") and UpShot Services LLC ("UpShot") (together with the Client, the "Parties").

In consideration of the mutual covenants contained herein, the Parties agree as follows:

I. SERVICES

a. UpShot agrees to provide the Client with consulting services including, but not limited to, noticing, claims management and related reconciliation, solicitation, balloting, tabulation, disbursements and any other services on an as-needed basis, agreed upon by the Client and/or otherwise required by applicable law, government regulations or Court Order/rules (collectively, the "Services"). The Parties agree the Services are to be charged in accordance with the fee structure attached hereto as Exhibit A (the "Fee Structure").

b. UpShot agrees to provide the following to Client during the term of the Services Agreement: (i) UpShot's standard data reports as well as consulting and programming support for Client-requested reports, (ii) support/training for UpShot's proprietary database and related software, (iii) computer program modifications, and/or (iv) other features/services referenced in the Fee Structure.

c. Upon request from the Client, UpShot may provide (i) confidential, online workspaces or virtual data rooms and publish certain documents thereto (which shall not be deemed a violation of confidentiality provisions contained in the Services Agreement) and/or (ii) creditor communications materials to be utilized by UpShot employees.

d. Services will be provided by UpShot when (i) specifically requested by the Client or (ii) required by applicable law, government regulations or court order/rules. Services are deemed delivered and accepted by the Client when provided by UpShot.

e. Client agrees that none of the Services provided by UpShot contain legal advice or opinion, and neither UpShot nor its personnel shall be or are deemed to practice law thereunder.

II. TERM AND RETENTION

a. This Services Agreement is effective as of the date of its acceptance by both the Client and UpShot; however, UpShot acknowledges that an Order approving UpShot's engagement may be required in order to be engaged in Client's bankruptcy proceedings.

b. In the event that the Client files for protection pursuant to chapter 11 of the United States Bankruptcy Code (a "Chapter 11 Filing"), Client agrees to, by and through its legal counsel, file one or more applications (each, an "Application") with the Bankruptcy Court seeking entry of an order pursuant to 28 U.S.C. § 156(c) ("Section 156(c)") approving the Services Agreement in its entirety (the "Section 156(c) Order"). The form and substance of the Application and the Section 156(c) Order shall be reasonably acceptable to UpShot. *Any discrepancies between this Services Agreement, the Application and/or the Section 156(c) Order shall be controlled by the Section 156(c) Order.*

c. The Parties agree that all fees and expenses due under the Services Agreement shall be paid as administrative expenses of the Client's chapter 11 estate(s).



d. If any Client chapter 11 case converts to a case under chapter 7 of the United States Bankruptcy Code, UpShot will continue to be paid for its services in accordance with Section 156(c) under the terms of the Services Agreement.

III. CHARGES

a. For any and all Services and materials furnished/provided by UpShot under this Services Agreement, the Client shall pay the fees, charges and costs as detailed in the Fee Structure. UpShot will bill the client on a monthly basis; all invoices are due upon receipt. *However*, where total fees and expenses are expected to exceed \$10,000.00 in any single month, UpShot may require advance payment from the Client which is due and payable upon demand and prior to the performance of services hereunder.

b. If any outstanding amount owed to UpShot in accordance with the Services Agreement is unpaid as of thirty (30) days from the receipt of the invoice, the Client agrees to pay a late charge, calculated as one percent (1.0%) of the total amount unpaid every thirty (30) days. In the event of a dispute regarding invoice amounts, the Client shall provide written notice to UpShot with ten (10) days of receipt of the invoice by the Client. The undisputed portion of the invoice will remain due and payable immediately upon receipt of the invoice. Late charges shall not accrue on any disputed amount. Unless otherwise agreed to in writing, fees for print notice and media publications as well as certain expenses must be paid at least three (3) days in advance of those fees and expenses being incurred.

c. UpShot reserves the right to make reasonable increases to unit prices, charges and professional service rates set forth in the Fee Structure on an annual basis effective January 1st of each calendar year. Should such increases exceed 10% from the prior year's level, UpShot will provide forty-five (45) days' prior written notice to the Client of such proposed increases.

d. Client agrees to pay UpShot for all materials necessary (other than computer hardware and software) for performance under the Services Agreement and any reasonable out-of-pocket expenses including, without limitation, transportation, long-distance communications, printing, photocopying, fax, postage and related items.

e. Where Client requires services that are unusual or beyond normal business practices of UpShot, or are otherwise not provided/contemplated in the Fee Structure, the cost of such services shall be charged at a competitive rate.

f. Client shall pay or reimburse all taxes applicable to services performed under this Services Agreement and, specifically, taxes based on disbursements made on behalf of the Client, notwithstanding how such taxes may be designated, levied or based. This provision is intended to include sales, use and excise taxes, among other taxes, but is not intended to include personal property taxes or taxes based on net income of UpShot.

g. Client shall pay to UpShot for any actual charges (including fees, costs and expenses as set forth in the Fee Structure) relating to, arising out of or resulting from any Client error or omission. Such charges may include, without limitation, print or copy re-runs, supplies, long-distance phone calls and/or travel expenses/fees at the rates set forth in the Fee Structure.

h. In the event of a termination in accordance with Section IV hereof, Client shall be liable for all amounts accrued and/or due and owing to UpShot under the Services Agreement.



i. Client shall pay UpShot a retainer in the amount of \$35,000.00 (the “Retainer”) which may be held by UpShot as security for the Company’s payment obligations pursuant to the Services Agreement. The Retainer is due upon execution of the Services Agreement. UpShot shall be entitled to hold the Retainer until termination of the Services Agreement. Following termination of the Services Agreement, UpShot shall return to the Client any amount of the Retainer that remains following application of the Retainer to any outstanding and unpaid invoice amounts.

j. Payments to UpShot, under the guise and terms of the Services Agreement for services rendered, may be remitted by Client using either (or both) of the following methods:

- i. WIRE TRANSMISSION:
Wells Fargo Bank, N.A.
420 Montgomery
San Francisco, CA 94104
Account No.: 9423725226
ABA: 121000248
Beneficiary: UpShot Services LLC
SWIFT BIC - WFBIUS6S

- ii. CHECK:
UpShot Services LLC
7808 Cherry Creek South Drive, Suite 112
Denver, CO 80231

IV. TERMINATION AND SUSPENSION OF SERVICES

a. This Services Agreement shall remain valid and in effect until terminated by either party (i) upon thirty (30) days’ prior written notice to the other party or (ii) immediately upon written notice for Cause. As used herein, “Cause” shall mean (i) gross negligence or willful misconduct of/by UpShot that causes serious or material harm to the Client’s reorganization efforts under chapter 11 of the Bankruptcy Code, (ii) the failure of the Client to pay UpShot invoices for more than sixty (60) days from the issuance date of the invoice, or (iii) the accrual of invoices or unpaid services in excess of the retainer held by UpShot where UpShot reasonably believes it will not be paid.

b. In the event the Services Agreement is terminated, regardless of the reason for such termination, UpShot shall cooperate and work in good faith to transfer all information in its control in connection with the Services Agreement to the Client, its designee and/or the Bankruptcy Court. Client agrees to pay UpShot for reasonable expenses incurred in doing so.

c. UpShot shall be entitled to an administrative claim for fees and expenses outstanding at the time of termination (subject to approval by the Bankruptcy Court in the event of an unresolved dispute).

V. CONFIDENTIALITY

Data provided to UpShot during the course of term of the Services Agreement by Client or its retained professionals (the “Client Data”) shall be maintained confidentially by UpShot in the same manner and at the same level as UpShot safeguards data relating to its own business; provided, *however*, that if Client Data is publicly available, was already in UpShot’s possession or known to it, was required to be disclosed by law, was independently developed by UpShot with or without reference to any Client Data, or was rightfully obtained by UpShot from a third party, UpShot shall bear no fault/liability for public disclosure of such data. Client agrees that UpShot shall not be liable for damages or losses of any nature whatsoever arising out of the unauthorized



acquisition or use of any Client Data or other Client materials provided to UpShot in performance of the Services Agreement.

VI. DATA INTEGRITY

a. Client is responsible for the integrity and accuracy of all programs or Client Data it provides or gives access to UpShot during the term of the Services Agreement and for the output resulting from such.

b. Client shall institute and maintain backup files that would allow Client to regenerate or duplicate all programs and Client Data it provides or gives access to UpShot. Client agrees, represents and warrants to UpShot that, prior to delivery of any programs or Client Data to UpShot, Client warrants that it has full and legal right to transfer/deliver Client Data to UpShot. Client further agrees, represents and warrants to UpShot that it has obtained binding consents, permits, licenses and approval from all necessary persons, authorities or individuals, and has complied with all applicable policies, regulations and laws, required by Client, in order to allow UpShot to use all Client Data delivered thereto in connection with the Services Agreement. UpShot shall not be liable for any liability or obligation with respect to Client Data prior to UpShot's receipt, including without limitation, any liability arising during the delivery of Client Data to UpShot. Rather, Client accepts full responsibility for such delivery of Client Data to UpShot.

c. Client responsibility discussed/assigned herein extends to all data/information for and relating to the preparation of Schedules of Assets & Liabilities (the "Schedules") and Statements of Financial Affairs (the "Statements"). UpShot does not verify information provided by the Client relating to the preparation of Schedules and/or Statements. Schedules and Statements filed by or on behalf of the Client are reviewed and ultimately approved by the Client.

VII. RIGHT OF OWNERSHIP

a. The Parties understand and agree that any and all software programs and other materials furnished by UpShot in accordance with the Services Agreement and/or developed during the terms of this Services Agreement are sole property of UpShot.

b. The Client agrees not to copy or permit others to copy the source code from the support software or any other programs or materials furnished/provided under the Services Agreement.

VIII. SYSTEM IMPROVEMENTS

As part of its ongoing efforts to better client services/offering, UpShot is continually improving/bettering its proprietary database and related reports. UpShot therefore reserves the right to make changes in operating procedures/systems, programming languages, application programs and time-period accessibility so long as such changes do not materially interfere with ongoing services provided to Client in accordance with the Services Agreement and/or Client's Chapter 11 Filing.

IX. JURISDICTION

The Services Agreement is subject to approval by the Bankruptcy Court and the Bankruptcy Court shall retain jurisdiction over all matters relating thereto.



X. GOVERNING LAW

The Services Agreement will be governed by and construed in accordance with the laws of the State of Colorado (without reference to its conflict of law provisions).

XI. ATTORNEY FEES

In the event that any legal action, including an action for declaratory relief, is brought to enforce the performance of or interpret the provisions of the Services Agreement, the parties agree to reimburse the prevailing party's reasonable attorney fees, court costs and other related expenses.

XII. SEVERABILITY

All clauses and covenants set forth in the Services Agreement are severable. In the event any of them be held invalid by any court, such clause or covenant shall be valid and enforced to the maximum extent as to which it may be valid and enforceable, and the Services Agreement will be interpreted as if such invalid clauses or covenants were not contained therein.

XIII. ASSIGNMENT

The Services Agreement and the rights and obligations of UpShot and the Client hereunder shall bind and inure to the benefit or any successors or assigns thereto.

XIV. NON-SOLICITATION

Client agrees to not directly or indirectly solicit for employment, employ or otherwise retain employees of UpShot during the term of the Services Agreement and for a period of twelve (12) months following termination of the Services Agreement unless UpShot provides prior written consent to such solicitation or retention.

XV. FORCE MAJEURE

Except for Client's obligation to pay fees, expenses and charges hereunder when due, should performance by the Parties of any of obligations contemplated under the Services Agreement be substantially prevented by any act of God, strike, lock-out or other industrial or transportational disturbance, fire, lack of materials, law, regulation or ordinance, war or war-like conditions, or by reason of any other matter beyond the Parties' respective and reasonable control, then such performance shall be excused and the Services Agreement shall be deemed suspended during such disturbance and for a reasonable time thereafter.

XVI. COUNTERPARTS

The Services Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together will constitute one and same agreement. The Services Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, which delivery may be made by exchange of copies of the signature page by facsimile or electronic mail.

XVII. ENTIRE AGREEMENT

The Parties agree that the Services Agreement is the complete and exclusive statement of the agreement between the Parties. The Services Agreement is intended to supersede all proposals or prior agreements, oral or written, and all other communications between the Parties relating to thereto.



XVIII. NOTICE

Notices to be given or submitted by either party to the other, pursuant to the Services Agreement, shall be sufficiently given if made in writing and sent by hand-delivery, overnight or certified mail (postage pre-paid) or via electronic transmission and addressed as follows:

IF TO UPSHOT:

UPSHOT SERVICES LLC
Attn: Travis K. Vandell
7808 Cherry Creek South Drive, Suite 112
Denver, CO 80231
tvandell@upshotservices.com

IF TO CLIENT:

WITH A COPY TO:

IN WITNESS HEREOF, the parties have executed the Services Agreement as of the day and year set forth below.

UPSHOT SERVICES LLC

A handwritten signature in blue ink, appearing to read "Travis K. Vandell", is written over a horizontal line.

Name: Travis K. Vandell
Title: Chief Executive Officer
Date: February 24, 2015

CLIENT

Name:
Title:
Date:



XVIII. NOTICE

Notices to be given or submitted by either party to the other, pursuant to the Services Agreement, shall be sufficiently given if made in writing and sent by hand-delivery, overnight or certified mail (postage pre-paid) or via electronic transmission and addressed as follows:

IF TO UPSHOT:

UPSHOT SERVICES LLC
Attn: Travis K. Vandell
7808 Cherry Creek South Drive, Suite 112
Denver, CO 80231
tvandell@upshotservices.com

IF TO CLIENT:

UGHS
7501 Fanning St.
Houston, Texas 77054

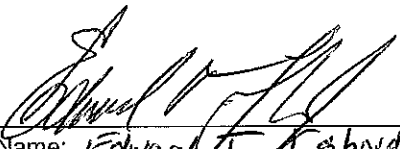
WITH A COPY TO:

IN WITNESS HEREOF, the parties have executed the Services Agreement as of the day and year set forth below.

UPSHOT SERVICES LLC

Name: Travis K. Vandell
Title: Chief Executive Officer
Date:

CLIENT



Name: Edward T. LaBorde, Jr.
Title: General Counsel
Date: 2/24/2015



Pricing Schedule

CONSULTING¹

Clerical	\$35.00 / hour
Case Assistant	\$75.00 / hour
IT Manager	\$125.00 / hour
Case Consultant	\$135.00 / hour
Case Director	\$195.00 / hour
Public Securities Director	\$205.00 / hour

NOTICING

Printing	\$0.10 / image
Personalization/Labels	<i>Waived</i>
Email Noticing	<i>Waived</i>
Facsimile Noticing	\$0.10 / image
Document Imaging	\$0.10 / image
Publication Noticing	Quoted at time of request

SCHEDULES & SOFAs

Schedules & SOFAs Prep	Discounted hourly rates
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SOLICITATION, BALLOTING & TABULATION

Tabulation & Certification ²	Discounted hourly rates
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DATA MANAGEMENT

Database Maintenance	\$0.05 / record / month
Data Import / Transfer	No per creditor charge
Manual Claim Input	No per creditor charge
Physical Document Storage	<i>Waived</i>

CALL CENTER

Standard Call Center Setup	<i>Waived</i>
Call Center Operator	Discounted hourly rates
Voice-Recorded Message & Dedicated, Toll-Free Line	<i>Waived</i>
Support/Maintenance	Discounted hourly rates

ONLINE CLAIMS FILING

UpShot SmartSign POC™: Electronic Claims Submission	\$2.00 / claim
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ONLINE BALLOT FILING

UpShot SmartSign Ballot™: Electronic Ballot Submission	\$2.00 / ballot
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CASE WEBSITE

Website Creation & Related Updates	Discounted hourly rates
Monthly Maintenance Fee	<i>Waived</i>
Live, Online Chat Feature	<i>Waived</i>

DISBURSEMENT SERVICES

Check and/or 1099 Form Issuance	Quoted at time of request
Record to Transfer Agent	Quoted at time of request
W-9 Mailing & Maintenance of TIN Database	Quoted at time of request

VIRTUAL DATA ROOM

Confidential Online Workspace	Quoted at time of request
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¹ Weekend, holidays, working meals and overtime *waived*. Travel expenses billed at cost.

² Includes coordination with nominees, Broadridge, DTC, Euroclear & Clearstream, as necessary, processing of master ballots, tabulation, verification and certification of voting results.



Scope of Services

PRE-FILING SERVICES

- Accumulate, format and track pertinent data for inclusion the creditor matrix
- Compile various creditor lists for targeted service throughout the duration of case
- Create and maintain a customizable, case-specific website; provide real-time case docket access
- Aggregate, organize and review executory contracts; create post-confirmation contract database

PUBLIC SECURITIES

- Coordinate & oversee noticing to holders of public securities, including notification to depositories, banks, brokers & their respective agents; coordinate with transfer agent for notification to registered holders of securities
- Advise on solicitation procedures appropriate for holders of publicly-traded securities including design of Master Ballots and beneficial holder ballots
- Coordinate with counsel and company to determine outstanding issues of publicly-traded securities
- Provide specialized responses to inquiries from holders of securities as well as depositories, banks, brokers & other agents
- Coordinate dissemination of solicitation materials to holders of public securities through depositories, banks, brokers & their agents; customize and disseminate ballots directly to registered holders

NOTICING

- Distribute documents to requisite creditor constituencies; draft and file related affidavits of service
- Customize and merge data to Court forms and related filings for more effective service
- Track documents served; instant updates to proprietary database allow for real-time service statistics
- Verify creditor address information received per USPS guidelines; update data received, as necessary

SCHEDULES & SOFAs

- Gather & interpret pertinent information; prepare & file Schedules and SOFAs with Court
- Travel on-site to Client, as needed, to coordinate data transfer, formatting & presentation
- Utilize data produced to generate customized proof of claim forms for creditors

CLAIMS PROCESSING & ANALYSIS

- Design & serve customized proof of claim forms on creditor body; receive & process proofs of claim
- Forward-looking ability to receive and process electronically-filed proofs of claim³
- Maintain database allowing for real-time access to claim images
- Coordinate with Debtor's professionals to create exhibits for various omnibus objections
- Monitor Court docket and pleadings received; update and maintain claim amount outstanding
- File quarterly claims register with Bankruptcy Court as required by jurisdiction

SOLICITATION, BALLOTING & TABULATION

- Review proposed solicitation procedures; advise as to best & most common practices
- Ability to disseminate, receive and process electronically-filed ballots⁴
- Prepare & finalize voting amounts based on review of the Schedules and validated proofs of claim
- Generate, disseminate and track customized ballots and related solicitation documentation
- Receive, process & tabulate ballots based on Plan specifications; provide instant tabulation results
- Manage publication of various solicitation materials; file related affidavits
- Certify final voting results and testify before the Court, as necessary

³ UpShot SmartSign POC™, an industry first, allows creditors to fill out a B10 form, attach supporting documentation and apply a legally binding signature faster than the time it takes to fill out a shipping label. In doing so, the tasks of data entry & document scanning are essentially transferred to creditors, which UpShot estimates will reduce costs to the Debtor by up to 95%.

⁴ UpShot is the first claims & noticing agent in the country to receive Court approval for electronic ballot submission. UpShot SmartSign Ballot™ allows creditors to receive and complete approved ballots and subsequently submit online with a few simple button clicks. Data entry & document scanning tasks on UpShot's behalf are all but eliminated. In addition, costs to Debtor are significantly reduced while also providing Debtor's counsel with up-the-minute tabulation results.



CALL CENTER; CREDITOR COMMUNICATIONS & INQUIRIES

- Experienced, live operators providing 24/7 solutions; proficient in high-volume scenarios
- Interactive online chat feature providing a unique and interactive service⁵
- Dedicated toll-free lines & customizable email distribution for targeted creditor communications
- Provide online statistics measuring effectiveness of varying creditor communications strategies
- Devise and distribute creditor FAQs for the timely dissemination of accurate information
- Assist in creating public relations materials for internal and/or external distribution

VIRTUAL DATA ROOM

- Cloud-based technology designed specifically for a variety of needs involving secure data
- Ease of use & easy setup/creation allows for immediate & secure sharing of voluminous documents
- Highest security & encryption available; enables custom-tailored, tiered access for various parties
- Single-screen dashboard results in faster, more efficient data access
- Customer support provided 24/7/365 for all Client needs; if you're working, so are we

DISBURSEMENT SERVICES

- Review & verify claims data; facilitate disbursement process as outlined in Court-filed pleadings
- Coordinate bank account set-up with selected financial institutions
- Track payments made; provide real-time updates of cashed checks & amounts outstanding
- Secure online access to clients for review of funds remaining and payment status/tracking
- Escrow services for funds to be held and eventually disseminated to Court-approved classes
- Oversee W-9 form dissemination & collection; provide 1099 & W-2 reporting to IRS

⁵ Innovative, live, online chat is another industry first. Manned during business hours; save for traditional hourly billing rates, no additional charges are incurred by Debtor.