# MORTON COUNTY HEALTH SYSTEMS, INC.

**Minutes of the Board of Trustees**

*Special / Regular Meeting — Approval of Raistone Capital Bankruptcy Trustee Settlement*

## Call to Order and Attendance

The Board of Trustees of Morton County Health Systems, Inc. ("MCHS" or the "Corporation") convened on July 2, 2026, at 10:00 AM, at Morton County Hospital, 445 Hilltop Street, Elkhart, Kansas. A quorum being present, Chair Troy Barnett called the meeting to order.

Trustees Present: Troy Barnett, Chair; Karen Gates, Vice Chair; Ronn Martin, Secretary; Craig Sinclair, Trustee Member.

Also Present: Richard Adams, Chief Executive Officer.

## Agenda Item: Raistone Capital Chapter 7 Trustee Settlement

Mr. Adams introduced the agenda item concerning the proposed settlement of claims asserted by the Chapter 7 Bankruptcy Trustee for Raistone Capital LLC and Raistone Financial Corp. (the "Trustee") arising out of the November 2022 ERC Receivables Purchase Agreement between MCHS and Raistone (the "Raistone Agreement").

Mr. Adams summarized the background for the Board, including that: (a) Raistone had advanced $829,083 to MCHS against an expected IRS Employee Retention Credit ("ERC") refund of $1,295,442; (b) the IRS imposed a moratorium on ERC processing and placed MCHS's claim under appeal, such that no refund had been received; (c) Raistone Capital LLC and Raistone Financial Corp. filed Chapter 7 bankruptcy in the Southern District of New York (Case Nos. 26-10371 and 26-10372) in February 2026; (d) in May 2026 the Trustee's contractor asserted a claim of $1,265,442 against MCHS, which amount improperly included a $229,088 fee owed under a separate agreement with a third party, Oncentive, that is unrelated to Raistone; and (e) through negotiation conducted by counsel, the claim was reduced to a proposed settlement amount of $400,000, representing a 68.4% reduction from the Trustee's asserted claim.

The Board reviewed and discussed the proposed material terms of the settlement, including that: MCHS would pay $200,000 within thirty (30) days of Bankruptcy Court approval and an additional $200,000 sixty (60) days thereafter; MCHS would retain 100% of any proceeds from its pending IRS ERC appeal, with the Trustee waiving all rights thereto; the settlement would provide a full and final release of all claims by Raistone, its affiliated debtors, and the Trustee against MCHS; the Raistone Agreement would terminate immediately upon settlement with no further obligations owed by MCHS thereunder; and each party would bear its own attorneys' fees and costs.

Following discussion, and upon consideration of the alternative of continued litigation risk, the Trustees present determined that the proposed settlement is fair, reasonable, and in the best interests of the Corporation.

## Resolutions

**RESOLVED 1: Ratification of Settlement Framework.**

That the Board hereby ratifies and approves the settlement of the claims asserted by the Chapter 7 Bankruptcy Trustee for Raistone Capital LLC and Raistone Financial Corp. in the amount of

$400,000, payable in two installments of $200,000 each as described above, with MCHS retaining all proceeds of its pending IRS ERC appeal, substantially on the terms presented to the Board.

**RESOLVED 2: Authorization of CEO Execution.**

That Richard Adams, Chief Executive Officer, and Troy Barnett, Board Chair, are each authorized, empowered, and directed to execute the final Settlement Agreement and Release, and any related documents, on behalf of the Corporation, once such documents have been prepared by counsel, subject to approval of the settlement by the U.S. Bankruptcy Court for the Southern District of New York.

**RESOLVED 3: Authorization of Budget Transfer.**

That Braden Anderson, Chief Financial Officer, is authorized and directed to plan for and execute the two settlement payments of $200,000 each, due within thirty (30) and ninety (90) days, respectively, of the Bankruptcy Court's approval order, from operating reserves or such other appropriate funding sources as the CFO deems prudent, and to take all further actions necessary or convenient to effectuate the settlement.

## Vote

Upon motion duly made and seconded, the foregoing resolutions were put to a vote of the Trustees present. The resolutions were approved unanimously by a vote of 4 in favor, 0 opposed, 0 abstaining.

Mr. Adams advised the Board that counsel, Catherine Walberg of GSEP Law, would prepare the formal Stipulation for execution by the parties, and that Bankruptcy Court approval of the settlement is expected within thirty (30) to forty-five (45) days of filing. No further business was raised with respect to this matter.

## Adjournment

There being no further business, the meeting was adjourned at 10:41 AM.

Respectfully submitted,

Ronn Martin, Secretary, Board of Trustees

Approved:

Troy Barnett

Troy Barnett, Chair, Board of Trustees