

Cause No. GV204523

STATE OF TEXAS

v.

AMCARE HEALTH PLANS
OF TEXAS, INC. and
AMCARE MANAGEMENT, INC.

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§
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§
§
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

200th JUDICIAL DISTRICT

Application for Authority to Sell Furniture

TO THE HONORABLE JUDGE OF THIS COURT:

Come now Jose Montemayor, Receiver of AmCare Health Plans of Texas, Inc. and AmCare Management, Inc., and file this *Application for Authority to Sell Furniture* (the "Application"), and would respectfully show the Court the following:

1. On December 16, 2002, this Court entered the *Agreed Temporary Injunction and Order Appointing Temporary Receiver* against AmCare Health Plans of Texas, Inc. and AmCare Management, Inc. Although Jean Johnson has been designated the Special Deputy Receiver, the proposed sale was negotiated by the Conservator and his staff before the Temporary Injunction was entered. The Texas Insurance Code grants the Receiver authority to file this Application. See TEX. INS. CODE ANN. art. 21.28, §§ 2(b) and 2(g).

2. Before receivership, the Conservator of AmCare Health Plans of Texas, Inc, sold its Medicare+Choice book of business to HealthSpring, Inc. d/b/a Texas HealthSpring, Inc. ("Texas HealthSpring"). Texas HealthSpring is owned by GulfQuest, Inc. ("GulfQuest"). Attached to this Application as Exhibit A and incorporated herein by reference as if fully set out is a copy of the proposed Sales Agreement, which includes a list of furniture owned by AmCare Management, Inc. that GulfQuest has agreed to purchase for \$30,000. Attached to this Application as Exhibit B and incorporated herein by reference as if fully set out is a shorter list of furniture that GulfQuest needed immediately in order to furnish operations to run the

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CLERK OF DISTRICT COURT

Medicare+Choice business and process claims. Owing to GulfQuest's immediate need for the items shown on Exhibit B, the Receiver authorized GulfQuest to pick up those items in exchange for a down-payment of \$10,000.

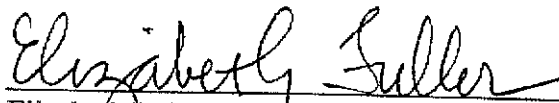
3. The transaction described in this Application is in the best interest of the receivership estate. The Conservator's staff determined that it was unlikely that a higher price could be obtained for AmCare Management's used furniture in the Houston market. Ratifying and approving this transaction will also eliminate any need for the Special Deputy Receiver to incur administrative expense to market this furniture or negotiate a purchase and sale agreement and will, therefore, reduce administrative expenses. Consequently, the Receiver asks for authority to execute an agreement substantially similar to Exhibit A and enter into the transaction as described in this Application. Because the items shown in Exhibit A were owned by AmCare Management as of the date of receivership, the Special Deputy Receiver will reflect this furniture on AmCare Management's Inventory of Assets.

WHEREFORE, PREMISES CONSIDERED, the Receiver respectfully asks that this Court:

1. ratify the Receiver's agreement to turn over the items shown on Exhibit B in exchange for the \$10,000 down-payment;
2. authorize the Receiver to sell the remaining items on Exhibit A for an additional payment of \$20,000;
3. require the Special Deputy Receiver to reflect these items on AmCare Management's Inventory of Assets;
4. authorize the Receiver and Special Deputy Receiver to take any action and execute any documents, including an agreement substantially similar to Exhibit A, proposed necessary to implement this Court's order; and

5. grant any further relief to which the Receiver may be entitled.

Respectfully submitted,



Elizabeth Fuller

State Bar No. 00790725

Attorney for the Receiver

Street Address:

333 Guadalupe Street, Tower One

Austin, Texas 78701

Phone: 512-322-4157

Fax: 512-475-1843

Mailing Address:

P.O. Box 149104

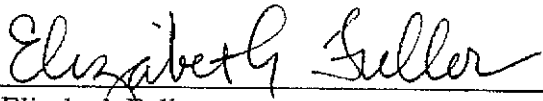
Mail Code 110-1A

Austin, Texas 78714-9104

Notice of Submission

Pursuant to the terms of the Order of Reference to Master entered by the District Court in this cause, the Final Report and Application to Make Final Distribution is hereby set for written submission before the Special Master, Tom Collins, on January 20, 2003. In accordance with the Order of Reference and the procedures established by the Special Master under Rule 171 of the Texas Rules of Civil Procedure, any interested party objecting must observe the following rules:

1. Any objection must be filed with the Travis County District Clerk at least seven calendar days before the submission date.
2. A copy of any objection shall be served by such date on:
 - a. The Special Master's Docket Clerk, Ms. Jean Sustaita, Texas Department of Insurance, 333 Guadalupe Street, Hobby Tower III, Room 550, Austin, Texas (by hand delivery); or P. O. Box 149104, Mail Code 305-1D, Austin, Texas 78714-9104 (by mail); and
 - b. Counsel for any parties that have filed an appearance in this cause.
3. The objecting party shall coordinate with the opposing counsel and the Docket Clerk at 512-463-6450 to obtain an oral hearing setting for argument on the Application and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for the objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.




Elizabeth Fuller

Certificate of Service

I certify that a copy of the foregoing application was sent by hand delivery, certified mail/return receipt requested, first class mail, facsimile, or overnight delivery to the following persons on January 6, 2003:

Ms. Amy Jeanne Welton
Attorney at Law
3214 Raging River Drive
Austin, TX 787
Phone: 512-246-9707
Fax: 512-255-6237

Ms. Jean Sustaita
Special Master's Docket Clerk
Texas Department of Insurance
333 Guadalupe Street
Hobby Tower III, Room 550
Austin, Texas 78701.



Elizabeth Fuller

SALE AGREEMENT

This Sale Agreement herein referred to as ("Agreement") is made and entered into this 30th day of December, 2002, by and between AmCare Management, Inc. in Receivorship herein referred to as ("Seller") and GulfQuest, L.P. herein referred to as ("Buyer").

RECITALS

WHEREAS, Seller is a management company for a licensed health maintenance organization currently in receivorsip in the Sate of Texas;

WHEREAS, Seller desires to have Buyer purchase certain items of furniture for an agreed upon amount as set forth below;

WHEREAS, Buyer has agreed to purchase certain items of furniture for a specific price as set forth below;

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto agree as follows:

AGREEMENT

Agreement to Sell. Seller hereby agrees to transfer title to and assist in the delivery to buyer, of the items as set forth on Exhibit A (Purchased Assets) in return for the purchase price as set forth below. The sale of the items on Exhibit A shall be subject to the approval of the Travis County Receivorship Court, which shall be obtained prior to the delivery of the balance of the Purchased Assets.

Agreement to Purchase. Buyer hereby agrees to accept the Purchased Assets and pay for them in accordance with the terms of this Agreement.

Fulfillment. Buyer and Seller agree that the contract shall be fulfilled at the time Buyer has possession of all the Purchased Assets and Seller has received all monies owed under the terms of this Agreement.

Purchase Price. Buyer agrees to pay for the Purchased Assets in two installments equaling the agreed upon purchase price of thirty thousand (\$30,000) dollars. The first installment in the amount of ten thousand (\$10,000) dollars shall be paid to Seller upon the delivery to Buyer of the first set of furniture and miscellaneous items on January 2, 2003. The second installment of twenty thousand (\$20,000) dollars shall be paid in full when the balance of the Purchased Assets are made available to Buyer.

Delivery Costs. Buyer shall be responsible for the costs of moving the Purchased Assets to Buyer's desired location and Seller shall not be responsible for physical delivery of the Purchased Assets. Notwithstanding the above, Seller shall use best efforts to ensure timely release of the Purchased Assets to Buyer and shall use best efforts to cooperate in the efforts to remove such items from the physical location where the Assets are located at the time of delivery. Until such time as said Purchased Assets have been received by Buyer, all risk of loss from any casualty to said goods shall be on Seller.

Warranty. Seller warrants that the Purchased Assets are now free from any security interest or other lien or encumbrance, that they shall be free from same at the time of delivery, and that Seller neither knows nor has reason to know of any outstanding title or claim of title hostile to his rights in the goods.



Captions. The captions and headings used in this Agreement are for convenience only and do not in any way effect, limit, amplify, or modify the terms and provisions hereof, nor shall they be utilized in the construction or interpretation of this Agreement.

Notices. Whenever this Agreement or law requires or permits any consent, approval, notice, request or demand, from one party to another, such consent, approval, notice, request or demand must be in writing to be effective (including, without limitation, telex or other telegraphic communications), and shall be deemed to have been given the earlier of (i) receipt, or (ii) the third business day after it is enclosed in an envelope, addressed to the party to be notified at the address stated below (or at such other addresses as may have been designated by written notice in accordance with this section), properly stamped, sealed and deposited in the United States mail, certified, return receipt requested. The initial address of each party for the purposes of this Agreement is as listed for that party on the signature page hereof.

Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable during the term of this Agreement, including any renewal hereof, such provision shall be fully severable from the other provisions hereof. This Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised part of this Agreement. The remaining provisions of this Agreement shall remain in full force and effect and shall not be effected by the illegal, invalid, or unenforceable provision or by the severance thereof from this Agreement.

Amendments. This Agreement may be amended at any time and from time to time in whole or in part by an instrument in writing setting forth the particulars of such amendment duly executed by an authorized officer of each of the parties.

Entire Agreement. This Agreement (including any instruments, documents, agreements, schedules, and exhibits delivered pursuant hereto) constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, if any, relating to the subject matter hereof, except for the Member Purchase Agreement and the agreements contemplated thereby.

Laws Governing. This Agreement shall be construed and interpreted in accordance with the laws of the state of Texas.

Binding Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective representatives, successors and assigns.

Waivers and Consents. One or more waivers of any covenant, term or provision of this Agreement by any party shall not be construed as a waiver of any other existing or subsequent default or breach of the same or other covenant, term, or provision. The consent or approval by either party to or with respect to any act by the other party requiring such consent or approval shall not be deemed to be a waiver or render unnecessary consent to or approval of any subsequent similar act. No custom or practice of either party shall constitute a waiver of either party's rights to insist upon strict compliance with the terms of this Agreement.

Extraordinary Circumstances. Neither party hereto shall be held responsible for delay or failure to perform hereunder when such delay or failure is due to fire, flood, epidemic, strikes, acts of God or the public enemy, unusually severe weather, legislative or regulatory acts of public authorities, or delays or defaults caused by public carriers, or other circumstances which cannot reasonably be forecast or provided against.



Duplicate Counterparts. This Agreement may be executed in duplicate identical counterparts, each of which, for all purposes, is deemed to be an original, and all of which constitute, collectively, the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

AMCARE MANAGEMENT, INC. IN RECEIVORSHIP

By: _____
Name: _____
Title: _____
Address: _____

GULQUEST, L.P.

By:



Name: Teresa R. J. Jordan
Title: General Counsel
Address: 1235 North Loop West, Suite 450
Houston, Texas 77008

EXHIBIT
A

EXHIBIT A

QUANTITY	ITEM DESCRIPTION
26	6X8 cubicle with chair (High Walls)
7	6X8 cubicle with chair (Low Walls)
27	6X6 cubicle with chair (High Walls)
40	Task Chairs
21	Office Cube with chair
20	Executive Chair
1	Conference Table with chairs
1	Conference Phone
50	Monitors 19" and up
60	Trash cans
N/A	Misc. Supplies (Paper/folders/binders)
1	Receptionist Desk & Furniture
1	Refrigerator
1	Projector (InFocus LP725)
8	Printers (SSI or better)
30	Tall File cabinets

EXHIBIT
A

Exhibit B

1. 12-15 6x6 high wall cubicles with chairs
2. 20 plus 19" monitors
3. 20 trash cans
4. 3 or more (5SI or better) printers

EXHIBIT
B

STATE OF TEXAS	Cause No. GV204523	
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	§	TRAVIS COUNTY, TEXAS
AMCARE HEALTH PLANS	§	
OF TEXAS, INC. and	§	
AMCARE MANAGEMENT, INC.	§	200th JUDICIAL DISTRICT

Order Granting Authority to Sell Furniture

On this day, the Court heard the *Application for Authority to Sell Furniture* (the "Application") filed by José Montemayor as Receiver of AmCare Health Plans of Texas, Inc. and AmCare Management, Inc. The Receiver appeared by and through his counsel. Although duly notified, no one appeared on behalf of any other interested party.

Having considered the Receiver's Application and counsel's arguments, the Court finds that it would be in the best interest of the receivership estate to grant the authority requested and that, consequently, the Application should be fully granted.

The Court, THEREFORE, ORDERS, ADJUDGES AND DECREES that:

1. ratify the Receiver's agreement to turn over the items shown on the Exhibit B attached to the Application in exchange for the \$10,000 down-payment;
2. authorize the Receiver to sell the remaining items on the Exhibit A attached to the Application for an additional payment of \$20,000;
3. require the Special Deputy Receiver to reflect these items on AmCare Management's Inventory of Assets;
4. authorize the Receiver and Special Deputy Receiver to take any action and execute any documents, including an agreement substantially similar to the Exhibit A attached to the Application, proposed necessary to implement this Court's order; and
5. grant any further relief to which the Receiver may be entitled.

SIGNED this _____ day of January 2003.

Judge Presiding