

CHRONOLOGY OF THE RELATIONSHIP BETWEEN SPOHN AND DISTRICT

Date	Key Changes to Relationship	Agreements Modified by Change	Agreements in Effect after Change
October 1996	Spohn and the District enter into a major transformative transaction pursuant to which Spohn leased from the District and assumed the operations of Memorial Medical Center (“MMC”) and certain outpatient clinics, and became the primary provider of indigent care services for Nueces Aid enrollees.	<u>New agreements:</u> <ul style="list-style-type: none"> • Master Agreement • Lease • Indigent Care Agreement (“ICA”) <u>Assigned to Spohn:</u> <ul style="list-style-type: none"> • Contract for Medical Services at the Nueces County Jail 	<ul style="list-style-type: none"> • Master Agreement • Lease • ICA • Contract for Medical Services at the Nueces County Jail (“1996 Agreements”)
November 2005	<p>Spohn agrees to make \$3 million in capital expenditures at MMC.</p> <p>Parties agree on caps on the number of additional Nueces Aid enrollees.</p>	<u>Amended:</u> <ul style="list-style-type: none"> • Master Agreement • Lease • ICA 	<ul style="list-style-type: none"> • Master Agreement • Lease • Revised and Restated ICA • Contract for Medical Services at the Nueces County Jail
May 2007	Parties agree to increase the levels of Spohn’s capital expenditure obligations for MMC and medical office buildings leased by Spohn from \$3 million to \$6 million a year.	<u>Amended:</u> <ul style="list-style-type: none"> • Master Agreement • Lease 	<ul style="list-style-type: none"> • Master Agreement • Lease • Revised and Restated ICA • Contract for Medical Services at the Nueces County Jail
November 2010	Parties terminate the Revised and Restated Nueces County Jail Facilities Health Services Agreement (which replaced original Contract for Medical Services at the Nueces County Jail).	<u>Terminated:</u> <ul style="list-style-type: none"> • Nueces County Jail Facilities Health Services Agreement (which 	<ul style="list-style-type: none"> • Master Agreement • Lease • Revised and Restated

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	District enters into a Health Services Agreement for Nueces County Correctional Facilities with a third party vendor.	replaced Contract for Medical Services at the Nueces County Jail)	ICA
September 2012	<p>Parties terminate existing 1996 Agreements and enter into a Membership Agreement, pursuant to which:</p> <ul style="list-style-type: none"> • District becomes a member of the Spohn corporate entity. • District receives right to a portion of Spohn’s revenues. (Spohn is no longer required to make rental payments and the District is not required to pay Spohn for indigent healthcare services.) • District agrees to consider requests by Spohn to make material alterations to the MMC campus. <p>Parties enter into a Memorandum of Understanding (“MOU”), pursuant to which the 1996 Agreements, as amended, will be reinstated upon the expiration or termination of the Membership Agreement.</p>	<p><u>Terminated/suspended:</u></p> <ul style="list-style-type: none"> • Master Agreement • Lease • Revised and Restated ICA <p><u>New agreements:</u></p> <ul style="list-style-type: none"> • Membership Agreement • MOU 	<ul style="list-style-type: none"> • Membership Agreement • MOU <p><u>Suspended:</u></p> <ul style="list-style-type: none"> • Master Agreement • Lease • Revised and Restated ICA
September 2014	<p>Spohn issues a Notice of Material Alteration to the District, requesting to (among other things)—</p> <ul style="list-style-type: none"> • Construct a 40,000 square foot outpatient clinic on the MMC campus to be known as the Dr. Hector P. Garcia—Memorial Family Health Center (“Family Health Center”), • Relocate MMC’s inpatient beds and trauma services to Shoreline hospital following the redesign of Shoreline, and • Demolish the MMC hospital building. 	No agreements modified	<ul style="list-style-type: none"> • Membership Agreement • MOU <p><u>Suspended:</u></p> <ul style="list-style-type: none"> • Master Agreement • Lease • Revised and Restated ICA
September 2014	<p>Parties enter into a Letter of Intent (“LOI”), pursuant to which the parties agree to:</p> <ul style="list-style-type: none"> • Authorize Spohn to construct the Family Health Center 	<p><u>New Agreement:</u></p> <ul style="list-style-type: none"> • LOI 	<ul style="list-style-type: none"> • Membership Agreement • MOU

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	<p>on the MMC campus, transition MMC inpatient beds, emergency room, and trauma services to Shoreline, and subsequently demolish the MMC hospital facility.</p> <ul style="list-style-type: none"> • Require Spohn to <ul style="list-style-type: none"> (1) continue to provide inpatient and outpatient indigent care services to Nueces Aid enrollees at the same levels as during prior periods through 2036; (2) make certain outpatient services available to Nueces Aid enrollees at the Family Health Center; (3) provide emergency department services, Level II trauma services, and other inpatient hospital services at Shoreline prior to the demolition of the MMC hospital facility; (4) continue to provide psychiatric services; (5) continue to maintain at least two GME programs; and (6) make adequate space available at the Family Health Center for District’s enrollment officers. • Require Spohn to renovate Shoreline to enable it to have sufficient inpatient beds, achieve Level II Trauma designation, and address ED capacity issues prior to the demolition of the MMC hospital facility. • Following any future termination of the Membership Agreement, (1) obligate Spohn to continue to provide lease payments to the District as previously required prior to termination of the Lease and pay \$1 million per year in lease payments from 2026 through 2036 and (2) reduce the District’s payments to Spohn for providing indigent care services to Nueces Aid enrollees to \$29m/year, with 		<ul style="list-style-type: none"> • LOI <p><u>Suspended:</u></p> <ul style="list-style-type: none"> • Master Agreement • Lease • Revised and Restated ICA

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	<p>no inflator.</p> <ul style="list-style-type: none"> Gradually reduce Spohn’s obligations to make capital expenditures related to the MMC campus, provided that Spohn will place in escrow the difference between the amounts it would have been obligated to make for capital expenditures and the reduced capital expenditure obligations until Spohn completes its obligations under the LOI and the 2015 Agreements. <p>Following the parties’ entry into the LOI, the District’s Board of Managers adopted a resolution formally authorizing the closure and demolition of the MMC hospital facility, which was approved by Commissioners Court.</p>		
November 2015	<p>Parties will memorialize the parties’ various agreements under the LOI by amending and revising the Membership Agreement.</p> <p>The parties will enter into an Escrow Agreement with Bank of America as escrow agent, to maintain the funds that Spohn will deposit into escrow to secure its commitments under the LOI and revised Membership Agreement.</p> <p>During November 2015 – September 2023, Spohn is obligated to perform its commitments under the LOI and 2015 Agreements and make annual escrow payments in the amount of the difference between original capital expenditure obligations under the 1996 Agreements (i.e., \$6 million) and its reduced capital expenditure obligation. If Spohn fails to perform its obligations, the remaining escrow funds balance will be released to the District.</p>	<p><u>Revised:</u></p> <ul style="list-style-type: none"> Membership Agreement (including new Schedules 1 and 2) MOU (including amendments to the suspended Master Agreement, Lease, and ICA) <p><u>New agreement:</u></p> <ul style="list-style-type: none"> Escrow Agreement 	<ul style="list-style-type: none"> Amended and Restated Membership Agreement Amended and Restated MOU Escrow Agreement (“2015 Agreements”) <p><u>Suspended:</u></p> <ul style="list-style-type: none"> Master Agreement Lease Revised and Restated ICA

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September 2022	<p>Amended and Restated Membership Agreement will terminate but is subject to an automatic 5-year renewal term unless either party provides written notice of termination to the other party. Upon termination of the Amended and Restated Membership Agreement, the 1996 Agreements (as amended through November 2015 by the MOU) will be reinstated.</p> <p>Spohn will be required to make rental payments under the reinstated Lease (i.e., \$6,253,865 per year) and the District will be obligated to make reduced indigent care payments to Spohn under the reinstated Revised and Restated ICA (i.e., \$29 million per year).</p>	<p><u>Up for automatic 5 year renewal:</u></p> <ul style="list-style-type: none"> Amended and Restated Membership Agreement 	<ul style="list-style-type: none"> Amended and Restated Membership Agreement (if renewed) Amended and Restated MOU Escrow Agreement
September 2023 or September 2026	<p>September 2023 is the deadline for Spohn to complete its obligations under the 2015 Agreements, although the deadline may be extended to 2026 in case of an occurrence of an act beyond Spohn’s control.</p> <p>If Spohn has not completed its various obligations under the 2015 Agreements and those obligations have not been extended, then any remaining escrow funds will be released to the District.</p> <p>Spohn’s rental payments under the Lease are reduced to \$1 million; and the District’s payments to Spohn under the Revised and Restated ICA are reduced to \$29 million with no inflator.</p>	<p><u>Terminated/Expire:</u></p> <ul style="list-style-type: none"> Membership Agreement (unless extended) MOU Escrow Agreement 	<ul style="list-style-type: none"> Master Agreement Lease Revised and Restated ICA
September 2036	<p>The Revised and Restated ICA and Lease will expire by their terms unless Spohn exercises its option to renew these agreements for up to four five-year renewals (i.e., through 2056).</p>	<p><u>Expire (unless Spohn renews):</u></p> <ul style="list-style-type: none"> Revised and Restated ICA Lease 	<p><u>If renewed:</u></p> <ul style="list-style-type: none"> Master Agreement Lease Revised and Restated ICA
September 2056	<p>The Revised and Restated ICA and Lease will expire by their terms if extended through this date.</p>	<p><u>Expire (if extended through this date):</u></p>	<p>None</p>

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		<ul style="list-style-type: none">• Revised and Restated ICA• Lease	