

Memorandum

To: Board of Managers
From: Jonny F. Hipp, Administrator
Date: June 12, 2020
Re: Achievement of Performance Goals in FY 2019

Board Members:

Pursuant to my Employment Agreement (“Agreement”) with the Hospital District (“District”), this is to notify the Board of Managers (“Board”) that certain Performance Goals set forth in the Agreement and relating to the District’s fiscal year ended September 30, 2019 (“Fiscal Year 2019”) were achieved and additionally to call the Board’s attention to the Goal Achievement Pay that is due to occur as a result thereof. The related information and supporting details are provided below and attached.

For your reference, I have attached a copy of the Agreement (see Exhibit #1). The Agreement’s Performance Goal Pay provisions are set forth in Paragraph 3(b) and the Performance Goals and their associated achievement pay amounts, stated as a percent of salary, are located at the end of the Agreement and identified as Attachment “A.” I have additionally attached an analysis of the Performance Goals achieved during Fiscal Year 2019 and the associated amounts of the Goal Achievement Pay to be paid (see Exhibit #2).

Concerning the above, seven of the Administrator’s Performance Goals from those listed in Attachment ‘A’ were achieved during Fiscal Year 2019.

Prior to the disbursement of any Goal Achievement Pay, the Agreement requires that the Board receive from the Administrator relevant documentation supporting the Administrator’s achievement of the specific Performance Goals being relied upon for that year’s Goal Achievement Pay as shown on the following page and in the attached Exhibits.

Jonny F. Hipp

Performance Goals Achieved in Fiscal Year 2019

- (1) **Goal #5:** Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2019.
Exhibit #: 3
Documentation: June 12, 2020 confirmation letter from State Medicaid Director.
- (2) **Goal #6:** Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2019.
Exhibit #: 3
Documentation: June 12, 2020 confirmation letter from State Medicaid Director.
- (3) **Goal #7:** Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2019.
Exhibits #: 4 & 5
Documentation: Fiscal Year ended September 30, 2019-related letters issued by Collier, Johnson & Woods, P.C., the Hospital District's independent auditors, and dated February 18, 2020:
 - (A) *Independent Auditor's Report (Exhibit #4);* and
 - (B) *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards (Exhibit #5).*
- (4) **Goal #8:** Negotiate revenue sharing percentage for Fiscal Year 2020.
Exhibit #: 6
Documentation: August 22, 2019 letter from CHRISTUS Spohn Health System substantiating negotiations and establishing the sharing percentage for Fiscal Year 2020.
- (5) **Goal #9:** Pursue Goals for 86th Texas Legislative Session.
Exhibit #: 7
Documentation: April 8, 2019 Witness List (Jonny Hipp) for Senate Intergovernmental Affairs Committee Hearing on SB2315. May 2, 2019 Witness List (DeWitt Alsup) for House County Affairs Committee Hearing on SB2315. SB2315 Texas Legislature Bill Actions List showing passage.
- (6) **Goal #23:** Secure appraisal of Memorial Medical Center property.
Exhibit #: 8
Documentation: December 7, 2018 appraisal from Smith, Kirkpatrick & Klager, LLC.
- (7) **Goal #24:** Secure appraisal of non-Memorial Medical Center property.
Exhibit #: 8
Documentation: December 7, 2018 appraisal from Smith, Kirkpatrick & Klager, LLC.

Exhibit # 1

**NUECES COUNTY HOSPITAL DISTRICT
ADMINISTRATOR EMPLOYMENT AGREEMENT
October 1, 2018 – September 30, 2022**

This Administrator Employment Agreement (the "Agreement") is made by and between the Board of Managers (the "Board") of the Nueces County Hospital District, a political subdivision of the State of Texas (the "Hospital District"), and Jonny F. Hipp, the person appointed by the Board to be the Administrator who is qualified for such by training and experience (the "Administrator"). The Board and Administrator, for and in consideration of the terms and conditions hereinafter set forth in this Agreement and pursuant to Texas Health and Safety Code, §281.026 and §281.028 hereby agree as follows:

W I T N E S S E T H:

1. **Employment.** The Board, by and on behalf of the Hospital District, does hereby employ Administrator as the District's Administrator and Chief Executive Officer, and the Administrator hereby accepts such employment. It is the intent of the parties hereto that the Administrator's employment be governed by this Agreement and the District's policies regarding compensation, separation from employment, and employment-at-will shall not be applicable to the Administrator. Except as stated above and in Paragraphs 3-5 below, the District's employee policies shall be applicable to the Administrator.

2. **Duties and Performance Goals.** Subject to the Board's policies, limitations, and reasonable direction, the Administrator shall perform those duties required by the Board, including but not limited to, supervision of the work and activities of the Hospital District and general direction of the District's affairs. The Administrator shall perform those duties required of an administrator by Texas Health and Safety Code, Chapter 281. The Administrator shall assure the Hospital District complies with the applicable provisions of Texas Health and Safety Code, Chapters 61 and 281 and other applicable laws. The Administrator shall serve as Secretary of the Board as provided in Texas Health and Safety Code, §281.023(b). In addition, the Administrator shall endeavor to reasonably achieve the Performance Goals attached hereto and identified as Attachment "A." The Administrator is hereby authorized to plan, organize, manage, supervise, and direct use of the District's personnel, equipment, and other resources in the performance of his duties and achievement of the Performance Goals under this Agreement. The Administrator is encouraged to and may continue performing higher education-level teaching activities in the community and region and the Board is supportive thereof provided that those activities do not interfere with the performance of his duties under this Agreement or create a conflict of interest.

3. **Compensation.** The Administrator shall be entitled to the following payments (collectively, the "Compensation"):

(a) **Salary.** Considering the level of expertise, education, and experience required of the Administrator by the Board, the adequacy of which is hereby confirmed by the Board, and the Board's desire to fairly compensate the Administrator for such qualities, the

Board has surveyed other similarly-situated hospital districts in the State concerning the salary and benefits paid for positions comparable with that of the Administrator. The Board, acknowledging and considering (i) the Administrator's performance in carrying out the requirements of prior employment agreements with the District; (ii) the Administrator's achievement of prior Performance Goals; (iii) the Administrator's doctoral education, collectively all of which have directly benefited and continue to benefit the taxpayers, District, community, and the region; (iv) the compensation and benefits paid and made available to administrators in similarly-situated hospital districts in the State; (v) the Board's desire that the Administrator be fairly compensated; (vi) that the greater than ever complexities of healthcare administration, quality, financing, and governmental regulations require the expertise of the Administrator; and (vii) the Board's desire to achieve consistency, stability and longevity in the Administrator's position, the Board hereby determines and agrees that the Hospital District shall pay the Administrator a salary amount of one hundred ninety-two thousand four dollars and eighty cents (\$192,004.80) per twelve-month period during the Term (the "Salary"). The Salary shall be prorated for twenty-six (26) biweekly pay periods during each twelve-month period of the Term and for any partial employment period. The Salary shall be subject to withholding taxes prescribed by applicable statutes and as additionally authorized by Administrator.

(b) **Performance Goal Pay.** The Board desires that the Hospital District maintain a leadership role in regional healthcare supplemental payment programs, achieve uneventful financial audit results, pursue needed legislation, realize non-tax revenues, and divest specified real properties. Accordingly, the Board hereby determines and agrees that on or about each February 1st during the Term, the District shall, in addition to the Salary above, pay the Administrator a lump sum amount equal to the amount(s) associated with the Administrator's reasonable achievement of Performance Goal(s) set forth in Attachment "A" (the "Goal Achievement Pay"). The Goal Achievement Pay shall be subject to withholding taxes prescribed by applicable statutes and as additionally authorized by Administrator. Prior to disbursement of any Goal Achievement Pay, the Administrator shall present to the Board relevant documentation supporting his achievement of the specific Performance Goals being relied upon for that particular year's Goal Achievement Pay.

4. **Benefits.** The Administrator shall be entitled to receive the same employee benefits, commensurate with his past service considering his original hire date, as other employees of the Hospital District (the "Common Benefits"). In addition to the Common Benefits, the Administrator shall be entitled to the following supplemental benefits during the Term (the "Supplemental Benefits"):

(a) **Automobile Allowance.** To facilitate performance of Administrator's duties and achievement of his Performance Goals under this Agreement, the Hospital District agrees to pay the Administrator an allowance of two hundred thirty-five dollars (\$235.00) per biweekly pay period during the Term for use of his personal automobile within the District's boundaries (the "Automobile Allowance"). The Automobile Allowance shall be prorated for any partial employment period.

(b) **Telephone Allowance.** To facilitate performance of Administrator's duties and achievement of his Performance Goals under this Agreement, the Hospital District agrees to pay the Administrator an allowance of fifty dollars (\$50.00) per biweekly pay period during the Term for use of his personal communications device (the "Telephone Allowance"). The Telephone Allowance shall be prorated for any partial employment period.

(c) **Retirement Contribution.** The Hospital District agrees to deposit into the District's Internal Revenue Code ("IRC"), Section 457(b) Deferred Compensation Plan (the "Deferred Compensation Plan") each calendar year for benefit of Administrator, an amount equal to the then current calendar year's annual IRC Section 457(b) contribution limit (the "Retirement Contribution"). The Retirement Contribution shall be prorated based on twenty-six (26) biweekly pay periods per calendar year and shall be further prorated for any partial employment period. All Retirement Contribution deposits shall be fully and immediately vested in the Administrator and are freely transferrable by the Administrator in the event the Administrator is no longer employed by the Hospital District, subject to the requirements of IRC Section 457(b). The Administrator shall not be restricted from depositing additional personal contributions into the Deferred Compensation Plan. In consideration of this Retirement Contribution provided by the District, the Administrator agrees he will not participate in the District's IRC, Section 403(b) Tax-Sheltered Annuity Plan.

(d) **Employee Insurance Premiums.** The Hospital District agrees to pay up to one hundred twenty-five dollars (\$125.00) per biweekly pay period during the Term toward the employee's portion of the Hospital District's health, dental, and vision insurance premiums for the Administrator and his children or family, as he shall determine for each insurance type, and the Administrator is responsible for payment of any amounts in excess of that amount.

(e) **Expense Reimbursement.** The Hospital District shall reimburse Administrator for reasonable expenses incurred by him in the performance of his duties and achievement of his Performance Goals under this Agreement and his professional development, statutorily required training, and related activities upon written approval of the required number of Board Authorities as described below. Such expenses shall be categorized as those: (i) incurred while within Nueces County; (ii) incurred while outside of Nueces County; (iii) related to Administrator's professional development, statutorily required training, and related activities; and (iv) not covered by or in addition to categories (i)-(iii) herein.

(i) Reasonable reimbursable expenses incurred while within Nueces County shall include business meals, telephone calls, parking, dues for professional organizations, and any other reasonably incurred business-related expenses. The aggregate amount of the Administrator's professional organizations-related dues expenses shall not exceed four hundred fifty dollars (\$450.00) per Hospital District fiscal year and the Administrator is responsible for payment of any dues in excess of that amount;

(ii) Reasonable reimbursable expenses incurred while outside of Nueces County shall include automobile mileage, airfare, toll charges, overnight

accommodations, business meals, personal meals, taxicab and shuttle fares, limousine fares, bus fares, train fares, rental car, parking, office supplies, photocopying expense, overnight letters, telephone calls, facsimiles and any other reasonably incurred business-related expenses;

(iii) Reasonable reimbursable expenses for the Administrator's professional development, statutorily required training, and related activities shall include annual dues, registration and course fees, mileage, airfare, toll charges, overnight accommodations, personal meals, taxicab and shuttle fares, limousine fares, bus fares, train fares, rental car, parking and any other reasonably incurred development and training related expenses, including fees, course materials, books, publications, videos, software, and other similar and related materials. The aggregate amount of the Administrator's professional development shall not exceed five thousand dollars (\$5,000.00) per biennium and the Administrator is responsible for payment of any amounts in excess of that limit; and

(iv) Any other additional, reasonable and necessary expenses incurred in the performance of or in support of Administrator's duties and Performance Goals not otherwise identified in Paragraphs 4(e)(i) and (ii) above, or as otherwise approved by the Board Authorities as set forth herein.

For purposes of this Agreement, the term "Board Authorities" shall mean the Board's Chairman, Vice Chairman, Finance Committee Chairman, and Planning Committee Chairman. Prior to reimbursement of any of the Administrator's expenses incurred under Paragraphs 4(e)(i)-(iv) above, said expenses (including appropriate detailed receipts) shall be submitted for review by and written approval of any two (2) of the Board Authorities within fifteen (15) days of incurrence. The Board Authorities shall consider reasonableness and practicality when reviewing Administrator's expenses and approve or disapprove his submissions within five (5) working days. Following approval by the Board Authorities above, the Hospital District shall reimburse Administrator within five (5) working days.

Reimbursement of Administrator's expenses under Paragraphs 4(e)(ii) and (iii) above shall be limited as follows. The aggregate amount of the Administrator's personal meal expenses shall not exceed fifty-five dollars (\$55.00) per day (excluding tips, which should not exceed fifteen percent [15%] of the bill) and the Administrator is responsible for payment of any personal meal expenses in excess of that limit. To the extent possible, Administrator's airfare expenses should not exceed Coach fare. Administrator's automobile mileage reimbursement shall be based on actual mileage incurred and paid at the Internal Revenue Service standard mileage rate for business miles in effect at the time the mileage was incurred. The Hospital District shall not reimburse Administrator for any expenses not specifically described and permitted above, including alcoholic beverages and entertainment.

(f) **Provision of Indemnification and Cost of Defense.** To the extent allowed by law, and if the Administrator was acting within the course and scope of his employment with the Hospital District, excluding any criminal acts, the District agrees to hold harmless and indemnify Administrator from any and all demands, claims, suits, actions, legal

proceedings, and defense arising from the performance of his duties, both past and present, which are or expected to be brought against him, either in his individual capacity, or in his official capacity as agent and employee of the Board and/or Hospital District. However, in no case will any individual Board member or members be considered personally liable for indemnifying Administrator against such demands, claims, suits, actions, legal proceedings, and defense. This provision shall survive termination of this Agreement.

(g) **Payment of Performance Bond.** To assure compliance with the performance bond requirement of Texas Health and Safety Code, §281.026(d), the Hospital District agrees to arrange for and pay the cost of such bond.

5. **Term and Termination.** The Administrator's term of employment shall be for four (4) years beginning October 1, 2018 and ending September 30, 2022 (the "Term"). Except for good cause, or for other than good cause as described below, a majority vote of the entire Board may terminate this Agreement not more than ninety (90) days and not less than sixty (60) days prior to the end of the Term upon written notice of such to the Administrator.

For good cause, or for other than good cause, the Board may terminate this Agreement upon sixty (60) days written notice of such to the Administrator. For purposes of this Agreement, the phrase "for good cause" shall mean: (i) the Administrator willfully breaches or habitually neglects the duties he is required to perform under terms of this Agreement; (ii) the Administrator refuses to obey reasonable Board directives; (iii) the Administrator commits clearly dishonest acts toward the Hospital District; and (iv) the Administrator is formally charged for any crime involving moral turpitude. The phrase "for other than good cause" shall mean: (i) occurrence of circumstances that make it impossible or impracticable for the business of the District to be continued; (ii) the death of the Administrator; (iii) the loss by Administrator of his legal capacity; (iv) the continued incapacity on the part of the Administrator to perform his duties for a continuous period of ninety (90) days, unless waived by the Board; and (v) the Administrator becomes permanently disabled because of sickness, physical or mental disability, or any other reason, such that it reasonably appears that he will be unable to perform his duties under this Agreement.

The Administrator may terminate this Agreement for any reason upon sixty (60) days written notice of such to the Board's Chairman.

Upon termination of this Agreement by either the Board or the Administrator as described in this Paragraph 5, the Administrator shall be entitled to the Compensation, Goal Achievement Pay, Common Benefits, and Supplemental Benefits, as provided for in this Agreement, that were earned prior to the effective date of the termination, computed pro rata up to and including the effective date of termination.

6. **Subsequent Employment.** The Administrator's subsequent employment shall be governed as follows:

(a) **Consultant for Hospital District.** In the event this Agreement shall expire at the end of the Term or be terminated by the Administrator or the Board at any other time, the Administrator may be called upon from time to time as a consultant by the Board for a period of one hundred eighty (180) days from the date of expiration or termination of the Agreement.

(b) **Indigent Health Care Providers.** During the one hundred eighty (180)-day period following the expiration or termination of this Agreement, the Administrator shall not consult to or be employed by any entities located in Nueces County, Texas then under contract to the Hospital District to provide indigent health care. In the event the Board terminates this Agreement, or in the event any action is taken by the Board or any other body or entity to abolish, dissolve, or materially diminish the powers or duties of the Hospital District and the Administrator terminates this Agreement, there shall not be any form of subsequent employment constraint enforceable on the Administrator at any time.

(c) **Payment.** In consideration of the Hospital District's requirements in Paragraphs 6(a) and (b) above, the Board agrees the Administrator shall be paid for being a consultant to the Hospital District and his agreement not to consult to or be employed by any entities located in Nueces County, Texas then under contract to the Hospital District to provide indigent health care. As payment, the Board agrees the Administrator shall be paid at the end of the one hundred eighty (180)-day period a lump sum amount equal to the amount(s) associated with the Administrator's reasonable achievement of any previously unclaimed or unpaid Performance Goal(s) described in Paragraph 3(b) and set forth in Attachment "A," including any Performance Goal(s) achieved and documented following the expiration or termination of this Agreement. Such payment shall be made whether or not the Administrator is requested to consult with the Hospital District as described in Paragraph 6(a) above. Prior to disbursement of the payment, the Administrator shall present to the Board relevant documentation supporting his achievement of the specific Performance Goal(s) being relied upon for the payment and the Board agrees the District will provide the Administrator such documentation if needed.

7. **Severability.** If any provision contained in this Agreement is determined by a court of competent jurisdiction to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect as if the provision which was determined to be void, illegal, or unenforceable had not been contained herein.

8. **Amendment, Modification, and Waiver.** This Agreement may not be changed orally but only by written agreement signed by both parties. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by any party. This instrument contains the entire agreement of the Parties concerning employment and supersedes all prior and contemporaneous representations, understandings and agreements, either oral or in writing between the parties hereto with respect

to the employment of the Administrator by the Board and all such prior or contemporaneous representations, understandings and arrangements, both oral and in written, are hereby terminated upon the beginning date of this Agreement.

9. **Governing Law and Venue.** Unless specifically provided otherwise, the parties intend that the laws of the State of Texas should govern the validity of the Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties hereto. Venue for all matters arising from this Agreement or other related matters subject to the provisions herein relating to binding arbitration shall be in Nueces County, Texas.

10. **Attachments, Schedules, and Exhibits.** Attachments, schedules, and exhibits mean the attached documents setting out certain particulars of this Agreement and any replacement documents thereof. All attachments, schedules, and exhibits referred to in this Agreement are incorporated herein by reference and are hereby made part of this Agreement.

11. **Binding Arbitration.** In lieu of litigation, the parties agree that any dispute between them arising from this Agreement shall be submitted to binding arbitration. The parties shall share equally the fees and costs payable to the arbitrator. The award of the arbitrator may be entered in, and enforced through, any court of competent jurisdiction in Nueces County, Texas. Any action to enforce or vacate the obligation to arbitrate or to enforce or vacate an arbitrator's award shall be governed by state law. Unless agreed to in writing between the parties, there shall be no other court action.

IN WITNESS WHEREOF, the parties have hereunto undertaken this Agreement and executed it as of the 14th day of September 2018.

**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**
("Board" and "Hospital District")

By: _____

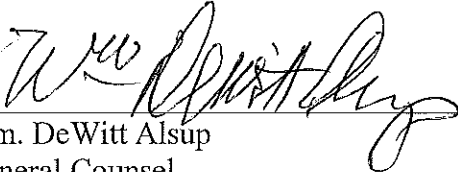
Van Huseman, Chairman
Board of Managers

JONNY F. HIPPI
("Administrator")

By: _____

Jonny F. Hipp, ScD, FACHE

APPROVED AS TO FORM:



Wm. DeWitt Alsup
General Counsel

Attachment "A"

PERFORMANCE GOALS		
Goal	Description	Goal Achievement Pay as Percent of Salary
Fiscal Year 2018		
1	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2018.	5%
2	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2018.	5%
3	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2018.	7.5%
4	Negotiate revenue sharing percentage for Fiscal Year 2019.	7.5%
Fiscal Year 2019		
5	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2019.	5%
6	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2019.	5%
7	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2019.	7.5%
8	Negotiate revenue sharing percentage for Fiscal Year 2020.	7.5%
9	Pursue goals for 86 th Texas Legislative Session.	5%
Fiscal Year 2020		
10	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2020.	5%
11	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2020.	5%
12	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2020.	7.5%
13	Negotiate revenue sharing percentage for Fiscal Year 2021.	7.5%

PERFORMANCE GOALS		
Fiscal Year 2021		
14	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2021.	5%
15	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2021.	5%
16	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2021.	7.5%
17	Negotiate revenue sharing percentage for Fiscal Year 2022.	7.5%
18	Pursue goals for 87 th Texas Legislative Session.	5%
Fiscal Year 2022		
19	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2022.	5%
20	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2022.	5%
21	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2022.	7.5%
22	Negotiate revenue sharing percentage for Fiscal Year 2023.	7.5%
During Any Fiscal Year		
23	Secure appraisal of Memorial Medical Center property.	4%
24	Secure appraisal of non-Memorial Medical Center properties.	4%
25	Secure platting of Memorial Medical Center property.	4%
26	Accomplish sale of Memorial Medical Center property.	8%
27	Accomplish sale of non-Memorial Medical Center properties.	8%

#

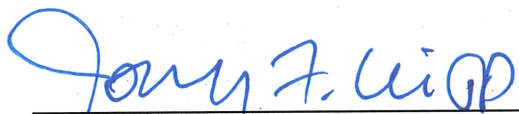
Administrator Employment Agreement Oct 2018 - Sept 2022 (1.3).doc

NUECES COUNTY HOSPITAL DISTRICT
ADMINISTRATOR EMPLOYMENT AGREEMENT
OCTOBER 1, 2018 – SEPTEMBER 30, 2022

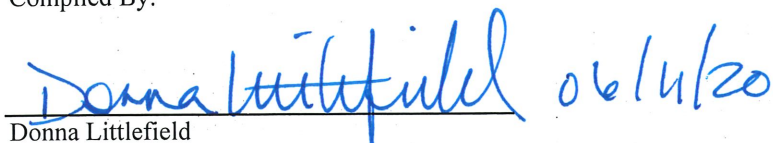
Exhibit # 2

**NUECES COUNTY HOSPITAL DISTRICT
ADMINISTRATOR'S EMPLOYMENT AGREEMENT ANALYSIS
FOR THE FISCAL YEAR ENDED 09/30/2019
DUE AFTER FEBRUARY 1, 2020**

Goal	Description	% Salary	Amount
5	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2019	5.0%	\$9,600.24
6	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2019	5.0%	\$9,600.24
7	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2019	7.5%	\$14,400.36
8	Negotiate sufficient sharing percentage for Fiscal Year 2020	7.5%	\$14,400.36
9	Pursue Goals for 86th Texas Legislative Session	5.0%	\$9,600.24
23	Secure appraisal of Memorial Medical Center property	4.0%	\$7,680.19
24	Secure appraisal of non-Memorial Medical Center properties	4.0%	\$7,680.19
Total			\$72,961.82


 Administrator, Jonny Hipp
 01/11/20

Compiled By:


 Donna Littlefield

Reviewed by:



 Belinda Chism

Exhibit # 3



June 12, 2020

John B. Martinez, J.D., Chairman
Board of Managers
Nueces County Hospital District
555 N. Carancahua St., Suite 950
Corpus Christi, Texas 78401-0835

Dear Mr. Martinez,

My office has been asked to confirm that for the period of October 1, 2018 to September 30, 2019, the Nueces County Hospital District has fulfilled its Regional Healthcare Partnership 4 Anchor Entity responsibilities under the Texas Healthcare Transformation and Quality Improvement Program and its Nueces Service Delivery Area Liaison responsibilities under the Uniform Hospital Rate Increase Program.

The Texas Health and Human Services Commission (HHSC) sponsored both the Medicaid supplemental payment and quality improvement programs during the stated period and continues to do so. Both programs are important to the citizens and providers in the served areas, and HHSC is appreciative of the efforts of the Nueces County Hospital District toward making them successful.

It is my pleasure to confirm to the Board of Managers that for the period of October 1, 2018 to September 30, 2019, the Nueces County Hospital District has fulfilled its Regional Healthcare Partnership 4 Anchor Entity responsibilities under the Texas Healthcare Transformation and Quality Improvement Program and its Nueces Service Delivery Area Liaison responsibilities under the Uniform Hospital Rate Increase Program.

Respectfully,
stephanie
stephens

Digitally signed by
stephanie stephens
Date: 2020.06.12
08:25:24 -05'00'

Stephanie Stephens
State Medicaid Director

Exhibit # 4

INDEPENDENT AUDITOR'S REPORT

February 18, 2020

The Board of Managers of the
Nueces County Hospital District
Corpus Christi, Texas

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of the Nueces County Hospital District, a component unit of Nueces County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Nueces County Hospital District as of September 30, 2019, and the respective changes in financial position and budgetary comparisons for the general fund, indigent care fund and tobacco settlement fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 18, 2020 on our consideration of the Nueces County Hospital District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Nueces County Hospital District's internal control over financial reporting and compliance.

Collier, Johnson & Woods

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

February 18, 2020

The Board of Managers
Nueces County Hospital District
Corpus Christi, Texas

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the governmental activities and each major fund of the Nueces County Hospital District, a component unit of Nueces County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nueces County Hospital District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nueces County Hospital District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

Exhibit # 5

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

February 18, 2020

The Board of Managers
Nueces County Hospital District
Corpus Christi, Texas

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the governmental activities and each major fund of the Nueces County Hospital District, a component unit of Nueces County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nueces County Hospital District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nueces County Hospital District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

Exhibit # 6



RECEIVED

AUG 22 2019

NCHD-ADMINISTRATION

August 22, 2019

Jonny Hipp
Chief Executive Officer
Nueces County Hospital District
555 North Carancahua Street, Suite 950
Corpus Christi, Texas 78401-0835

Re: 2020 Revenue Allocation Percentage

Dear Jonny:

Subsequent to the discussions between CHRISTUS Spohn Health System Corporation ("Spohn"), CHRISTUS Health ("CHRISTUS"), and the Nueces County Hospital District ("District") required under Section 5.03 of the Amended and Restated CHRISTUS Spohn Health System Corporation Membership Agreement (the "Membership Agreement"), I am writing to memorialize the Specified Annual Percentage for the Ensuing Year (October 1, 2019 – September 30, 2020). While Section 5.03 of the Membership Agreement requires that the parties agree to the Specified Annual Percentage by July 1, the parties mutually agreed to extend this deadline.

In preparation for establishing the Specified Annual Percentage for the Ensuing Year, CHRISTUS and Spohn prepared a hospital budget and projected Spohn's Net Patient Revenue (as defined in Section 5.01 of the Membership Agreement). Preparing these figures assisted Spohn and CHRISTUS in projecting Spohn's operational needs during the Ensuing Year and the Net Patient Revenue that would be available to share with the District. On July 9 and August 21, Spohn and the District met to discuss Spohn's proposed budget and projected Net Patient Revenue for the Ensuing Year. The parties also discussed the many factors that are considered each year when negotiating the Specified Annual Percentage, including (but not limited to) Spohn's role in operating residency and trauma programs in the community, and the District's role in acting as the Region 4 Anchor and enrolling indigent patients into the Indigent Program. Finally, the parties discussed the specific circumstances expected to affect the parties' respective operations in the Ensuing Year, including (but not limited to) the District's efforts to maintain its tax collections, the ongoing Texas 1115 Demonstration Waiver, Spohn Shoreline's new facilities and expanded operations, and increased investment in behavioral health projects and services.

Based on these discussions, the parties agreed that the Specified Annual Percentage for the Ensuing Year will be seventy-four percent (74%) and that the remaining twenty-six percent (26%) will be transferred to the District in accordance with the provisions of Section 5.02 of the Membership Agreement and in recognition of its membership in Spohn and role in Spohn's continued delivery of high-quality, integrated, and accessible services to patients in Nueces County.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Osbert Blow", written over a horizontal line.

Osbert Blow, MD, PhD, FACS
President & Chief Medical Officer
CHRISTUS Spohn Health System Corporation

Exhibit # 7

AN ACT

relating to the creation and operations of a health care provider participation program by the Nueces County Hospital District.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle D, Title 4, Health and Safety Code, is amended by adding Chapter 298C to read as follows:

CHAPTER 298C. NUECES COUNTY HOSPITAL DISTRICT HEALTH CARE PROVIDER PARTICIPATION PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 298C.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of hospital managers of the district.

(2) "District" means the Nueces County Hospital District.

(3) "Institutional health care provider" means a hospital that is not owned and operated by a federal or state government and provides inpatient hospital services.

(4) "Paying provider" means an institutional health care provider required to make a mandatory payment under this chapter.

(5) "Program" means the health care provider participation program authorized by this chapter.

Sec. 298C.002. APPLICABILITY. This chapter applies only to the Nueces County Hospital District.

1 Sec. 298C.003. HEALTH CARE PROVIDER PARTICIPATION PROGRAM;
2 PARTICIPATION IN PROGRAM. The board may authorize the district to
3 participate in a health care provider participation program on the
4 affirmative vote of a majority of the board, subject to the
5 provisions of this chapter.

6 Sec. 298C.004. EXPIRATION. (a) Subject to Section
7 298C.153(d), the authority of the district to administer and
8 operate a program under this chapter expires December 31, 2021.

9 (b) This chapter expires December 31, 2021.

10 SUBCHAPTER B. POWERS AND DUTIES OF BOARD

11 Sec. 298C.051. LIMITATION ON AUTHORITY TO REQUIRE MANDATORY
12 PAYMENT. The board may require a mandatory payment authorized
13 under this chapter by an institutional health care provider located
14 in the district only in the manner provided by this chapter.

15 Sec. 298C.052. RULES AND PROCEDURES. The board may adopt
16 rules relating to the administration of the program, including
17 collection of the mandatory payments, expenditures, audits, and any
18 other administrative aspects of the program.

19 Sec. 298C.053. INSTITUTIONAL HEALTH CARE PROVIDER
20 REPORTING. If the board authorizes the district to participate in a
21 program under this chapter, the board shall require each
22 institutional health care provider located in the district to
23 submit to the district a copy of any financial and utilization data
24 required by and reported to the Department of State Health Services
25 under Sections [311.032](#) and [311.033](#) and any rules adopted by the
26 executive commissioner of the Health and Human Services Commission
27 to implement those sections.

1 SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

2 Sec. 298C.101. HEARING. (a) In each fiscal year that the
3 board authorizes a program under this chapter, the board shall hold
4 a public hearing on the amounts of any mandatory payments that the
5 board intends to require during the year and how the revenue derived
6 from those payments is to be spent.

7 (b) Not later than the fifth day before the date of the
8 hearing required under Subsection (a), the board shall publish
9 notice of the hearing in a newspaper of general circulation in the
10 district and provide written notice of the hearing to each
11 institutional health care provider located in the district.

12 Sec. 298C.102. DEPOSITORY. (a) If the board requires a
13 mandatory payment authorized under this chapter, the board shall
14 designate one or more banks as a depository for the district's local
15 provider participation fund.

16 (b) All funds collected under this chapter shall be secured
17 in the manner provided for securing other district funds.

18 Sec. 298C.103. LOCAL PROVIDER PARTICIPATION FUND;
19 AUTHORIZED USES OF MONEY. (a) If the district requires a
20 mandatory payment authorized under this chapter, the district shall
21 create a local provider participation fund.

22 (b) The local provider participation fund consists of:

23 (1) all revenue received by the district attributable
24 to mandatory payments authorized under this chapter;

25 (2) money received from the Health and Human Services
26 Commission as a refund of an intergovernmental transfer under the
27 program, provided that the intergovernmental transfer does not

1 receive a federal matching payment; and

2 (3) the earnings of the fund.

3 (c) Money deposited to the local provider participation
4 fund of the district may be used only to:

5 (1) fund intergovernmental transfers from the
6 district to the state to provide the nonfederal share of Medicaid
7 payments for:

8 (A) uncompensated care payments to hospitals in
9 the Medicaid managed care service area in which the district is
10 located, if those payments are authorized under the Texas
11 Healthcare Transformation and Quality Improvement Program waiver
12 issued under Section 1115 of the federal Social Security Act (42
13 U.S.C. Section 1315);

14 (B) delivery system reform incentive payments,
15 if those payments are authorized under the Texas Healthcare
16 Transformation and Quality Improvement Program waiver issued under
17 Section 1115 of the federal Social Security Act (42 U.S.C. Section
18 1315);

19 (C) uniform rate enhancements for hospitals in
20 the Medicaid managed care service area in which the district is
21 located;

22 (D) payments available under another waiver
23 program authorizing payments that are substantially similar to
24 Medicaid payments to hospitals described by Paragraph (A), (B), or
25 (C); or

26 (E) any reimbursement to hospitals for which
27 federal matching funds are available;

1 (2) subject to Section 298C.151(d), pay the
2 administrative expenses of the district in administering the
3 program, including collateralization of deposits;

4 (3) refund a mandatory payment collected in error from
5 a paying provider;

6 (4) refund to paying providers a proportionate share
7 of the money that the district:

8 (A) receives from the Health and Human Services
9 Commission that is not used to fund the nonfederal share of Medicaid
10 supplemental payment program payments or uniform rate enhancements
11 described by Subdivision (1)(C); or

12 (B) determines cannot be used to fund the
13 nonfederal share of Medicaid supplemental payment program payments
14 or uniform rate enhancements described by Subdivision (1)(C);

15 (5) transfer funds to the Health and Human Services
16 Commission if the district is legally required to transfer the
17 funds to address a disallowance of federal matching funds with
18 respect to programs for which the district made intergovernmental
19 transfers described by Subdivision (1); and

20 (6) reimburse the district if the district is required
21 by the rules governing the uniform rate enhancement program
22 described by Subdivision (1)(C) to incur an expense or forego
23 Medicaid reimbursements from the state because the balance of the
24 local provider participation fund is not sufficient to fund that
25 rate enhancement program.

26 (d) Money in the local provider participation fund may not
27 be commingled with other district funds.

1 (e) Notwithstanding any other provision of this chapter,
2 with respect to an intergovernmental transfer of funds described by
3 Subsection (c)(1) made by the district, any funds received by the
4 state, district, or other entity as a result of that transfer may
5 not be used by the state, district, or any other entity to expand
6 Medicaid eligibility under the Patient Protection and Affordable
7 Care Act (Pub. L. No. 111-148) as amended by the Health Care and
8 Education Reconciliation Act of 2010 (Pub. L. No. 111-152).

9 SUBCHAPTER D. MANDATORY PAYMENTS

10 Sec. 298C.151. MANDATORY PAYMENTS BASED ON PAYING PROVIDER
11 NET PATIENT REVENUE. (a) Except as provided by Subsection (e), if
12 the board authorizes a health care provider participation program
13 under this chapter, the board may require a mandatory payment to be
14 assessed, either annually or periodically throughout the fiscal
15 year at the discretion of the board, on the net patient revenue of
16 each institutional health care provider located in the district.
17 The board shall provide an institutional health care provider
18 written notice of each assessment under this subsection, and the
19 provider has 30 calendar days following the date of receipt of the
20 notice to pay the assessment. In the first fiscal year in which the
21 mandatory payment is required, the mandatory payment is assessed on
22 the net patient revenue of an institutional health care provider as
23 determined by the data reported to the Department of State Health
24 Services under Sections [311.032](#) and [311.033](#) in the most recent
25 fiscal year for which that data was reported. If the institutional
26 health care provider did not report any data under those sections,
27 the provider's net patient revenue is the amount of that revenue as

1 contained in the provider's Medicare cost report submitted for the
2 previous fiscal year or for the closest subsequent fiscal year for
3 which the provider submitted the Medicare cost report. If the
4 mandatory payment is required, the district shall update the amount
5 of the mandatory payment on an annual basis.

6 (b) The amount of a mandatory payment assessed under this
7 chapter by the board must be uniformly proportionate with the
8 amount of net patient revenue generated by each paying provider in
9 the district as permitted under federal law. A health care provider
10 participation program authorized under this chapter may not hold
11 harmless any institutional health care provider, as required under
12 42 U.S.C. Section 1396b(w).

13 (c) If the board requires a mandatory payment authorized
14 under this chapter, the board shall set the amount of the mandatory
15 payment, subject to the limitations of this chapter. The aggregate
16 amount of the mandatory payments required of all paying providers
17 in the district may not exceed six percent of the aggregate net
18 patient revenue from hospital services provided by all paying
19 providers in the district.

20 (d) Subject to Subsection (c), if the board requires a
21 mandatory payment authorized under this chapter, the board shall
22 set the mandatory payments in amounts that in the aggregate will
23 generate sufficient revenue to cover the administrative expenses of
24 the district for activities under this chapter and to fund an
25 intergovernmental transfer described by Section 298C.103(c)(1).
26 The annual amount of revenue from mandatory payments that shall be
27 paid for administrative expenses by the district is \$150,000, plus

1 the cost of collateralization of deposits, regardless of actual
2 expenses.

3 (e) A paying provider may not add a mandatory payment
4 required under this section as a surcharge to a patient.

5 (f) A mandatory payment assessed under this chapter is not a
6 tax for hospital purposes for purposes of Section 4, Article IX,
7 Texas Constitution, or Section 281.045 of this code.

8 Sec. 298C.152. ASSESSMENT AND COLLECTION OF MANDATORY
9 PAYMENTS. (a) The district may designate an official of the
10 district or contract with another person to assess and collect the
11 mandatory payments authorized under this chapter.

12 (b) The person charged by the district with the assessment
13 and collection of mandatory payments shall charge and deduct from
14 the mandatory payments collected for the district a collection fee
15 in an amount not to exceed the person's usual and customary charges
16 for like services.

17 (c) If the person charged with the assessment and collection
18 of mandatory payments is an official of the district, any revenue
19 from a collection fee charged under Subsection (b) shall be
20 deposited in the district general fund and, if appropriate, shall
21 be reported as fees of the district.

22 Sec. 298C.153. PURPOSE; CORRECTION OF INVALID PROVISION OR
23 PROCEDURE; LIMITATION OF AUTHORITY. (a) The purpose of this
24 chapter is to authorize the district to establish a program to
25 enable the district to collect mandatory payments from
26 institutional health care providers to fund the nonfederal share of
27 a Medicaid supplemental payment program or the Medicaid managed

1 care rate enhancements for hospitals to support the provision of
2 health care by institutional health care providers located in the
3 district.

4 (b) This chapter does not authorize the district to collect
5 mandatory payments for the purpose of raising general revenue or
6 any amount in excess of the amount reasonably necessary to fund the
7 nonfederal share of a Medicaid supplemental payment program or
8 Medicaid managed care rate enhancements for hospitals and to cover
9 the administrative expenses of the district associated with
10 activities under this chapter.

11 (c) To the extent any provision or procedure under this
12 chapter causes a mandatory payment authorized under this chapter to
13 be ineligible for federal matching funds, the board may provide by
14 rule for an alternative provision or procedure that conforms to the
15 requirements of the federal Centers for Medicare and Medicaid
16 Services. A rule adopted under this section may not create, impose,
17 or materially expand the legal or financial liability or
18 responsibility of the district or an institutional health care
19 provider in the district beyond the provisions of this chapter.
20 This section does not require the board to adopt a rule.

21 (d) The district may only assess and collect a mandatory
22 payment authorized under this chapter if a waiver program, uniform
23 rate enhancement, or reimbursement described by Section
24 298C.103(c)(1) is available to at least one institutional health
25 care provider located in the district.

26 SECTION 2. As soon as practicable after the expiration of
27 the authority of the Nueces County Hospital District to administer

1 and operate a health care provider participation program under
2 Chapter 298C, Health and Safety Code, as added by this Act, the
3 board of hospital managers of the Nueces County Hospital District
4 shall transfer to each institutional health care provider in the
5 district that provider's proportionate share of any remaining funds
6 in any local provider participation fund created by the district
7 under Section 298C.103, Health and Safety Code, as added by this
8 Act.

9 SECTION 3. If before implementing any provision of this Act
10 a state agency determines that a waiver or authorization from a
11 federal agency is necessary for implementation of that provision,
12 the agency affected by the provision shall request the waiver or
13 authorization and may delay implementing that provision until the
14 waiver or authorization is granted.

15 SECTION 4. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 2315 passed the Senate on April 17, 2019, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 23, 2019, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 2315 passed the House, with amendment, on May 17, 2019, by the following vote: Yeas 127, Nays 20, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor

WITNESS LIST

Intergovernmental Relations

April 8, 2019 9:30 AM

SB 253

FOR:

Reed, Evan Daine Assistant City Attorney (City of El Paso), El Paso, TX

Registering, but not testifying:

FOR:

Bakko, Sally Legislative Coordinator (City of Galveston), Galveston, TX

Cuellar, Guadalupe Legislative Attorney (City of El Paso), El Paso, TX

Franco, Brie Intergovernmental Relations Officer (City of Austin), Austin, TX

Patterson, T.J. (City of Fort Worth), Ft. Worth, TX

Rocha, JJ Legislative Liaison (Texas Municipal League), Austin, TX

Smith, Jamaal Dep Director Government Relations (City of Houston, Office of Mayor),
Houston, TX

Wright, Christine Legislative Mgr. (City of San Antonio), San Antonio, TX

SB 335

Registering, but not testifying:

FOR:

Duncan, Charlie (Texas Housers), TX

Franco, Brie Intergovernmental Relations Officer (City of Austin), Austin, TX

Gerami, Wayne VP of Client Services (Austin Habitat for Humanity), Austin, TX

Hale, J.D. (Texas Assn. of Builders), Austin, TX

Rogers, Mark Executive Director (Guadalupe Neighborhood Development Corporation),
Austin, TX

Smith, Jamaal R. Dep Director Gov Relations (City of Houston, Office of the Mayor),
Houston, TX

Tatum, Alexis Legislative Associate (Travis County Commissioners Court), Austin, TX

Thetford, Timothy Policy Manager (Tx Assoc. of Community Development Corporations),
Austin, TX

Wright, Christine Legislative Mgr. (City of San Antonio), San Antonio, TX

ON:

Way, Heather (Self), Austin, TX

SB 493

Registering, but not testifying:

FOR:

Franco, Brie Intergovernmental Affairs Officer (City of Austin), Austin, TX

Guerrero, Debra President (TAAHP), San Antonio, TX

Hale, J.D. (Texas Assn. of Builders), Austin, TX

Harris, Ashley R. Director of Policy (United Ways of Texas), Austin, TX

Kroll, John (Bonner Carrington), Austin, TX

McCasland, Tom Director, Housing & Community Development (City of Houston),
Houston, TX

Rocha, JJ Legislative Liaison (Texas Municipal League), Austin, TX

WITNESS LIST

Intergovernmental Relations

April 8, 2019 9:30 AM

Shannon, Melissa Governmental Affairs Director (Bexar County Commissioners Court),
San Antonio, TX
Sisak, Janine 1st V.P (TAAHP), Austin, TX
Smith, Jamaal R. Deputy Director Government Relations (City of Houston, Office of the
Mayor), Houston, TX
Tatum, Alexis Travis County Legislative Associate (Travis County Commissioners Court),
Austin, TX

ON:

Holloway, Marni Director of Multifamily Finance (Texas Department of Housing and
Community Affairs), Austin, TX

SB 542

Registering, but not testifying:

FOR:

Franco, Brie (City of Austin), Austin, TX
Hale, J.D. (Texas Assn. of Builders), Austin, TX
Harris, Ashley R. Director of Policy (United Ways of Texas), Austin, TX
Kroll, John (Bonner Carrington), Austin, TX
Moreau, Walter Executive Director (Foundation Communities), Austin, TX
Shannon, Melissa Governmental Affairs Director (Bexar Co. Commissioners Court), San
Antonio, TX
Sisak, Janine (TAAHP), Austin, TX
Tatum, Alexis Legislative Associate (Travis County Commissioners Court), Austin, TX
Thetford, Timothy Policy Manager (Tx Assoc. of Community Development Corps), Austin,
TX
Wright, Christine Legislative Mgr. (City of San Antonio), San Antonio, TX

ON:

Holloway, Marni Director of Multifamily Finance (Texas Department of Housing and
Community Affairs), Austin, TX

SB 544

Registering, but not testifying:

FOR:

Garrett, Kendra (Texas Affiliation of Affordable Housing Providers), TX
Harris, Ashley R. Director of Policy (United Ways of Texas), Austin, TX
Kroll, John Economist (Bonner Carrington), Austin, TX
Miller, Jeff Policy Specialist (Disability Rights Texas), Austin, TX
Moreau, Walter Executive Director (Foundation Communities), Austin, TX
Shannon, Melissa Governmental Affairs Director (Bexar Co. Commissioners Court), San
Antonio, TX
Thetford, Timothy Policy Manager (Tx Association of Community Development Corps),
Austin, TX

WITNESS LIST

Intergovernmental Relations

April 8, 2019 9:30 AM

ON:

Boston, Brooke Director of Programs (Texas Department of Housing and Community Affairs), Austin, TX

SB 746

FOR:

Quintero, James Analyst (also providing written testimony) (Texas Public Policy Foundation), Austin, TX

Registering, but not testifying:

FOR:

Borgelt, Roger (Self), Austin, TX

Cahn, Adam (Cahnman's Musings), Austin, TX

Fuchs, Jeremy Director of Public Affairs (Texas & Southwestern Cattle Raisers Association), Austin, TX

King, Laura Special Projects Coordinator (Republican Party of Texas), Round Rock, TX

AGAINST:

Franco, Brie Intergovernmental Affairs Officer (City of Austin), Austin, TX

Kennard, Karen (City of Port Arthur), TX

SB 1000

FOR:

Graham, Alan CEO (Mobile Loaves & Fishes), Austin, TX

AGAINST:

Saenz, Jonathan Attorney & President (Texas Values), Austin, TX

Registering, but not testifying:

FOR:

Duncan, Charlie (Texas Housers), TX

Houston, Joshua General Counsel (Texas Impact), Austin, TX

Norman, Scott Executive Director (Texas Assoc. of Builders), Austin, TX

AGAINST:

Sparks, Clifford Legislative Director (City of Dallas), Dallas, TX

SB 1115

FOR:

Allison, Jim General Counsel (County Judges & Commissioners Assn. of Tx), Austin, TX

Duncan, Charlie Advocacy Director (also providing written testimony) (Texas Housers), Austin, TX

Norman, Scott Executive Director (Texas Association of Builders), Austin, TX

ON:

Danenfelzer, David Senior Director (Tx State Affordable Housing Corp), TX

Registering, but not testifying:

FOR:

Bresnen, Steve Attorney (El Paso County), Austin, TX

Flores, Aurora (Texas Association of Counties), Austin, TX

WITNESS LIST

Intergovernmental Relations

April 8, 2019 9:30 AM

Franco, Brie Intergovernmental Relations Officer (City of Austin), Austin, TX
Haynes, Adam Policy Director (Conference of Urban Counties), Austin, TX
Reed, Ender Legislative Coordinator (Harris County Commissioners Court), Houston, TX
Shannon, Melissa Governmental Affairs Director (Bexar County Commissioners Court), San Antonio, TX
Tatum, Alexis Legislative Associate (Travis County Commissioners Court), Austin, TX

SB 1117

FOR:

Duncan, Charlie Advocacy Director (also providing written testimony) (Texas Housers), TX
Norman, Scott Executive Director (Texas Association of Builders), Austin, TX

ON:

Danenfelzer, David Senior Director (Tx State Affordable Housing Corp), TX
Way, Heather (Self), Austin, TX

Registering, but not testifying:

FOR:

Franco, Brie Intergovernmental Relations Officer (City of Austin), Austin, TX
Haynes, Adam Policy Director (Conference of Urban Counties), Austin, TX
Patterson, T.J. (City of Fort Worth), Ft. Worth, TX
Rocha, JJ Legislative Liaison (Texas Municipal League), Austin, TX
Russell, Claudia (City of San Marcos), Austin, TX

SB 1129

FOR:

Duncan, Charlie (Texas Housers), TX
Noguera, David Housing Director (City of Dallas), Dallas, TX

Registering, but not testifying:

FOR:

Patterson, T.J. (City of Fort Worth), Fort Worth, TX

SB 1132

FOR:

Reed, Charles Assistant County Administrator (Dallas County Commissioners Court), Dallas, TX

Registering, but not testifying:

FOR:

Haynes, Adam Policy Director (Conference of Urban Counties), Austin, TX
Rocha, JJ Legislative Liaison (Texas Municipal League), Austin, TX

SB 1196

FOR:

Reid, Omar C. SVP Human Resources (also providing written testimony) (Harris Health System), Houston, TX

WITNESS LIST

Intergovernmental Relations

April 8, 2019 9:30 AM

Registering, but not testifying:

FOR:

Dahill, John Executive Director (Texas Conference of Urban Counties), Austin, TX
Hamill, Joe Political & Legislative Director (American Federation of State County & Municipal Employees Local 1550), Austin, TX
Haynes, Adam Policy Director (Conference of Urban Counties), Austin, TX
Lopez, Cesar J. Associate General Counsel (Texas Hospital Association), Austin, TX
Milligan, Maureen Pres & CEO (Teaching Hosp of Texas), Austin, TX
Reed, Ender Legislative Coordinator (Harris County Commissioners Court), Houston, TX

SB 1474

FOR:

McIver, Diana Chair, Legislative Committee (TALHFA), West Lake Hills, TX

ON:

Latsha, Rob Executive Director (Bond Review Board), Austin, TX
Martin, Ken Assistant Commissioner (Texas Higher Coordinating Board), Austin, TX

Registering, but not testifying:

FOR:

Guerrero, Debra Ann President (TAAHP), TX
Litle, Ben CEO (Brazos Higher Ed), Waco, TX
Rocha, JJ Legislative Liaison (Texas Municipal League), Austin, TX
Smith, Jamaal Deputy Director of Gov Relations (Office of Mayor, City of Houston), Houston, TX
Tatum, Alexis Legislative Associate (Travis County Commissioners Court), Austin, TX
Turman, Ricky CFO | COO (Brazos Higher Education Authority), Waco, TX
Wambsganss, Phillip Executive Director (North Texas Higher Education Authority), Arlington, TX
Wright, Christine Legislative Mgr. (City of San Antonio), San Antonio, TX

ON:

Parsons, Braxton Financial Analyst (Texas Bond Review Board), Austin, TX

SB 1861

Registering, but not testifying:

FOR:

Plummer, Jim (San Antonio Housing Trust Public Facility Corporation), San Antonio, TX

SB 1918

FOR:

Baldwin, Bill Broker/Owner (Boulevard Realty), Houston, TX
Castillo, Mario Board Member (Houston Land Bank), Houston, TX
Gatling Haynes, Anne CEO/President (Houston Land Bank), Houston, TX
Hall, Nick Chair of the Board (Houston Land Bank), Houston, TX
Richards, Assata President of Board (Houston Community Land Trust), Houston, TX

WITNESS LIST

Intergovernmental Relations

April 8, 2019 9:30 AM

AGAINST:

Duncan, Charlie (Texas Housers), TX

Registering, but not testifying:

FOR:

Dike, Samuel Vice President (Houston Land Bank), Houston, TX

Norman, Scott Executive Director (Texas Association of Builders), Austin, TX

Reed, Ender Legislative Coordinator (Harris County Flood Control District), Houston, TX

Reed, Ender Legislative Coordinator (Harris County Commissioners Court), Houston, TX

Smith, Jamaal R. Deputy Director Gov. Relations (City of Houston, Office of the Mayor), Houston, TX

SB 1950

Registering, but not testifying:

FOR:

Farris, Jan Board Member (Donley County Hospital District), Clarendon, TX

McAnear, Melinda President of the Board (Donley County Hospital District), TX

SB 2022

Registering, but not testifying:

FOR:

Ambrose, Ryan Director (Memorial Hermann Health System), Houston, TX

Dahill, John Executive Director (Texas Conference of Urban Counties), Austin, TX

Haley, Anthony (Texas Essential Healthcare Partnerships), Austin, TX

Haley, Anthony (Houston Methodist Hospital), Houston, TX

Haley, Anthony (Adelanto Healthcare Ventures), Austin, TX

Haynes, Adam Policy Director (Conference of Urban Counties), Austin, TX

Hoppe, Christina Director of Public Policy (Children's Hospital Association of Texas), Austin, TX

Kerker, Juliana Director - Government Relations (HCA Healthcare), Austin, TX

Lopez, Cesar J. Associate General Counsel (Texas Hospital Association), Austin, TX

Milligan, Maureen President CEO (Teaching Hosp of Texas), Austin, TX

Reed, Ender Legislative Coordinator (Harris County Commissioners Court), Houston, TX

SB 2194

FOR:

De La Rosa, Manny City Manager (City of San Benito, Texas), San Benito, TX

Joslove, Scott President & CEO (Texas Hotel Assn.), Austin, TX

SB 2212

ON:

Dies, Martin W Attorney for OCDD (Orange County Drainage District ("OCDD")), Austin, TX

Williams, Tony Director of Planning (Texas General Land Office), Austin, TX

WITNESS LIST

Intergovernmental Relations

April 8, 2019 9:30 AM

SB 2315

FOR:

Canales, Barbara County Judge (Nueces County), Corpus Christi, TX

Hipp, Jonny Administrator (Nueces County Hospital District), Corpus Christi, TX

Registering, but not testifying:

FOR:

Berlawga, Hugo (Nueces County), Austin, TX

Haynes, Adam Policy Director (Conference of Urban Counties), Austin, TX

Hoppe, Christina Director of Public Policy (Children's Hospital Association of Texas), Austin, TX

Kerker, Juliana Director - Government Relations (HCA Healthcare), Austin, TX

Laroche, Sebastien Research and policy analyst (Methodist Healthcare Ministries of South Texas, Inc.), San Antonio, TX

Lopez, Cesar J. Associate General Counsel (Texas Hospital Association), Austin, TX

Milligan, Maureen President & CEO (Teaching Hosp of Texas), Austin, TX

Townsend, Linda System Director of Advocacy & Public Policy (CHRISTUS Health), Austin, TX

ON:

Greenberg, Charlie Director Hospital Finance & Waiver Program (Health & Human Services Commission), Austin, TX

SB 2448

FOR:

Beck, Steve Senior Vice President of Administration (Covenant Health), Lubbock, TX

Registering, but not testifying:

FOR:

Gilbert, Matt (Self), Austin, TX

Hoppe, Christina Director of Public Policy (Children's Hospital Association of Texas), Austin, TX

Lopez, Cesar J. Associate General Counsel (Texas Hospital Association), Austin, TX

Milligan, Maureen President CEO (Teaching Hosp of Texas), Austin, TX

ON:

Dane, Jeffrey CFO (Lubbock County Hospital District), Lubbock, TX

SB 2506

FOR:

Lary, Trey Attorney, ABHR LLP (New Quest Properties), Austin, TX

Registering, but not testifying:

FOR:

Norman, Scott Executive Director (Texas Assoc. of Builders), Austin, TX

WITNESS LIST

County Affairs Committee
May 2, 2019 - 9:00 AM
SB 1480

For:

Gonzalez, Joe A. (Nueces County)
Little, Tyner (Nueces County)

Registering, but not testifying:

For:

Berlanga, Hugo (Nueces County)
Luna, Vilma (Driscoll Children's Hospital)
Romo, Joel (Nueces County)

Against:

Alsup, Dewitt (Nueces County Hospital District)

SB 2315

Registering, but not testifying:

For:

Alsup, Dewitt (Nueces County Hospital District)
Berlanga, Hugo (Nueces County)
Gonzalez, Joe A. (Nueces County)
Hawkins, John (Texas Hospital Association)
Little, Tyner (Nueces County)
Romo, Joel (Nueces County)
Townsend, Linda (CHRISTUS Health)
Villareal, Gabriela (Texas Conference of Urban Counties)
Wilson, Stacy (Children's Hospital Association of Texas)
Yanas, Christine (Methodist Healthcare Ministries of South Texas , Inc.)

On:

Greenberg, Charlie (Texas Health and Human Services Commission)

Texas Legislature Online Actions

Bill: SB 2315**Legislative Session:** 86(R)**Author:** Hinojosa**Actions:** (descending date order)

Viewing Votes: Most Recent House Vote | Most Recent Senate Vote

	Description	Comment	Date ▼	Time	Journal Page
E	Effective immediately		06/10/2019		
E	Signed by the Governor		06/10/2019		3977
E	Sent to the Governor		05/25/2019		3877
H	Signed in the House		05/25/2019		6142
S	Signed in the Senate		05/25/2019		3489
S	Reported enrolled		05/23/2019		3484
H	Senate concurs in House amendment(s)-reported		05/23/2019		5133
S	Record vote		05/23/2019		2696
S	Senate concurs in House amendment(s)		05/23/2019		2696
S	Read		05/23/2019		2696
S	House amendment(s) laid before the Senate		05/23/2019		2691
S	House passage as amended reported		05/19/2019		2042
H	Nonrecord vote recorded in Journal		05/17/2019		3942
H	Record vote	RV#1449	05/17/2019		3942
H	Passed		05/17/2019		3942
H	Read 3rd time		05/17/2019		3942
H	Nonrecord vote recorded in Journal		05/17/2019		3936
H	Passed to 3rd reading		05/17/2019		3936
H	Read 2nd time		05/17/2019		3936
H	Placed on Local, Consent, and Res. Calendar		05/17/2019		
H	Considered in Local & Consent Calendars		05/14/2019		
H	Comm. report sent to Local & Consent Calendar		05/10/2019		
H	Committee report distributed		05/09/2019	07:14 PM	
H	Comte report filed with Committee Coordinator		05/09/2019		3635
H	Reported favorably as substituted		05/08/2019		
H	Recommended to be sent to Local & Consent		05/08/2019		
H	Committee substitute considered in committee		05/08/2019		
H	Considered in public hearing		05/08/2019		
H	Left pending in committee		05/02/2019		
H	Testimony taken/registration(s) recorded in committee		05/02/2019		
H	Considered in public hearing		05/02/2019		
H	Posting rule suspended		05/01/2019		2554
H	Referred to County Affairs		04/26/2019	12:31 PM	2353
H	Read first time		04/26/2019		2353
H	Received from the Senate		04/18/2019		1910
S	Reported engrossed		04/17/2019		1240
S	Record vote		04/17/2019		1180
S	Passed		04/17/2019		1180
S	Read 3rd time		04/17/2019		1180
S	Record vote		04/17/2019		1180
S	Three day rule suspended		04/17/2019		1180
S	Vote recorded in Journal		04/17/2019		1180
S	Read 2nd time & passed to engrossment		04/17/2019		1180

S	Laid before the Senate	04/17/2019	1180
S	Placed on local & uncontested calendar	04/17/2019	
S	Committee report printed and distributed	04/11/2019 11:15 AM	
S	Recommended for local & uncontested calendar	04/11/2019	
S	Reported favorably w/o amendments	04/11/2019	908
S	Testimony taken in committee	04/08/2019	
S	Considered in public hearing	04/08/2019	
S	Scheduled for public hearing on . . .	04/08/2019	
S	Referred to Intergovernmental Relations	03/21/2019	578
S	Read first time	03/21/2019	578
S	Filed	03/08/2019	
S	Received by the Secretary of the Senate	03/08/2019	

Exhibit # 8

SMITH, KIRKPATRICK & KLAGER, LLC

REAL ESTATE APPRAISAL & CONSULTING
3230 REID DR, STE A, CORPUS CHRISTI, TX 78404
MAIN 361.855.8258 · FACSIMILE 361.853.0403

December 7, 2018

Mr. Jonny F. Hipp, ScD, FACHE
Administrator/Chief Executive Officer
Nueces County Hospital District
555 North Carancahua, Suite 950
Corpus Christi, Texas 78401

re: Valuation of Memorial Medical Center Properties, Corpus Christi, Texas

Dear Mr. Hipp:

At your request, we have prepared Appraisal Reports pertaining to the above referenced properties. The purpose of this report is to provide an opinions of the Market Value of the properties as of October 1, 2018. The Intended Use of the report is to assist the client in asset valuation for property management purposes. The intended user is the Nueces County Hospital District or assigns.

As time is of the essence, this letter is delivered indicating the opinion(s) of value. The appraisals in our files are in a rough format at this time.

In our opinion, the **MOST PROBABLE MARKET VALUE** as described in the appraisal reports to follow are:

2500 Blk. Morgan Ave, Lot A, Block 1, Medical Center Subdivision

A +/-24,980 sq. ft. of one story multi-tenant medical offices on a +/-1.157 acre site was valued utilizing the Sales Comparison Approach to support an opinion of value of \$30 per sq. ft., or **\$750,000.**

2601 Hospital Blvd., Lot B, Block 1, Medical Center Subdivision

+/-54,263 sq. ft. of net rentable area in (2) two story multi-tenant medical office buildings on a +/-1.38 acre site was valued utilizing the Sales Comparison Approach to support an opinion of value of \$25.00 per sq. ft., or **\$1,360,000.**

2400 Blk. Morgan Ave., Block 2, Medical Center Subdivision

+/-51,982 sq. ft. of one story multi-tenant medical offices on a +/-2.82 acre site was valued utilizing the Sales Comparison Approach to support an opinion of value of \$20 per sq. ft. for the improvements, or **\$1,040,000.**

**The West +/-14.32 acres out of Block 3, Medical Center Subdivision and
Lots 1-12, Block 7, Tierra Alta Addition, (16.02 acre hospital site)**

As the improvements on the site are to be removed, the property was valued as vacant, under the *hypothetical condition* that the Subject Site is available for development as of the date of value. Comparable sales of undeveloped land were adjusted to reflect the amenities of the Subject Site, and support an opinion of value of **\$700,000**.

Lot 4, Block 2, Portmoor Addition (Nueces County Medical Examiner)

The property is under a 50 ground lease for \$1.00 per year, with 26 years remaining. The improvements revert to the owner of the land at the end of the lease. It is the opinion of the appraisers that the improvements will have exceeded their useful life and will not contribute to the value of the property in 2044. The estimated value of the site at the end of the lease was discounted to present value to provide a value of **\$30,000**.

Lots 1, 2, 3, 4, 5, 26, 27, & 28, Block 4, Tierra Alta Addition

1.29 acre site, zoned for multi-family and single family use, is currently a parking lot. The property was valued at \$1.45 per sq. ft., or \$81,000, plus a contributory value for the parking area of \$21,000, or a total value of **\$102,000**.

Sincerely,

A handwritten signature in black ink, reading "Adam Klager". The signature is written in a cursive, flowing style.

Adam Klager, Vice President
Certified General Real Estate Appraiser
Texas State Certificate TX-1324850-G