



NUECES COUNTY HOSPITAL DISTRICT

Administrative Offices

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BOARD OF MANAGERS RESOLUTION **SEPTEMBER 8, 2020**

A RESOLUTION RELATING TO AMENDED AND RESTATED MEMBERSHIP AGREEMENT REVENUE ALLOCATION PERCENTAGE IN HOSPITAL DISTRICT FISCAL YEAR 2021

WHEREAS, the Nueces County Hospital District (“Hospital District” or “District”) is a body politic and corporate and a political subdivision of the State of Texas, established and created pursuant to the Texas Constitution, Article IX, Section 4 and the Texas Health and Safety Code (“Health Code”), Chapter 281, and operated in accordance with the Health Code and other applicable laws of the State of Texas;

WHEREAS, pursuant to the collective authorities of the Health Code, §281.047 and §281.048, the Board of Managers of the Hospital District (“Board”) has, and at the time of adoption of this Resolution had, full power and authority to manage, control, administer, and to adopt rules governing operation of the Hospital District;

WHEREAS, on November 18, 2015, CHRISTUS Spohn Health System Corporation (“CHRISTUS Spohn”), CHRISTUS Health (“CHRISTUS Health”), and the Hospital District (collectively, the “Parties”) entered into an agreement titled “CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement” (“Amended and Restated Membership Agreement”) and Article V thereof relates to member distributions of net patient revenue;

WHEREAS, Amended and Restated Membership Agreement, Section 5.03 (a) established a procedure for the Parties to confer and agree on the percentage of net patient revenue that will be made available during each ensuing year to CHRISTUS Health (the “Specified Annual Percentage”) in exchange for its contributions to support CHRISTUS Spohn, and the remaining percentage of the net patient revenue that will be made available to the Hospital District in exchange for its continued support for the operations of CHRISTUS Spohn as a public, safety-net hospital in Nueces County, Texas;

WHEREAS, Amended and Restated Membership Agreement, Section 5.03 (b) provides that if the Parties fail to agree on a Specified Annual Percentage of any year of the Amended and Restated Membership Agreement, then the CHRISTUS Spohn Board of Directors, or its designee, shall determine the Specified Annual Percentage for the ensuing year; and

WHEREAS, the Parties have conferred but were unable to agree on a Specified Annual Percentage for the ensuing year October 1, 2020 – September 30, 2021 and the CHRISTUS Spohn Board of Directors has determined the Specified Annual Percentage for that year as shown in Exhibit “A” attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MANAGERS OF THE NUECES COUNTY HOSPITAL DISTRICT, THAT

1. The Board acknowledges that the Parties have conferred but were unable to agree on a Specified Annual Percentage for the ensuing year October 1, 2020 – September 30, 2021 and that the CHRISTUS Spohn Board of Directors has determined the Specified Annual Percentage for such ensuing year as shown in Exhibit “A’ attached hereto.
2. The Administrator, in his capacity as the Secretary of the Hospital District Board, be and is hereby legally authorized and empowered to perform all acts described above and certify these resolutions and that the provisions hereof are in conformance with the laws of the State of Texas and the Governing Board Bylaws of the Hospital District.
3. This Resolution shall take effect and be in full force and effect upon and after its passage.

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**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

John B. Martinez, J.D.
Chairman

Sylvia Tryon Oliver
Vice Chairman

Belinda Flores, R.N.
Member

Vishnu V. Reddy, M.D.
Member

Daniel W. Dain
Member

John E. Valls
Member

Mariana Garza
Member

Exhibit “A”



August 27, 2020

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

Re: 2021 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, 2020 – September 30, 2021). 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 August 20, 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 programs in the community and the District’s role in acting as the Region 4 Anchor. 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 establish a COVID-19 alternate care site, the impact of COVID-19 on Spohn’s operations, the ongoing Texas 1115 Demonstration Waiver, Spohn’s investment in behavioral health projects and services, and community behavioral health initiatives.

The parties were unable to agree to a Specified Annual Percentage for the Ensuing Year. As a result, the Spohn Board of Directors exercised their authority under Section 5.03 of the Membership Agreement to unilaterally determine the Specified Annual Percentage for the Ensuing Year. Pursuant to the Board’s determination, the Specified Annual Percentage will be ninety-eight percent (98%), and the remaining two percent (2%) 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

Jonny Hipp
August 27, 2020
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Spohn's continued delivery of high-quality, integrated, and accessible services to patients in Nueces County.

Very truly yours,

A handwritten signature in black ink, appearing to read "Osbert Blow", with a horizontal line drawn underneath it.

Osbert Blow, MD, PhD, FACS
President and Chief Medical Officer

A handwritten signature in blue ink, appearing to read "Dominic Dominguez", with a horizontal line drawn underneath it.

Dominic Dominguez
Senior Vice President, Group Operations
Chief Executive Officer

#199982

all as shown in the official Minutes of the Board for the Meeting.

5. The attached Resolution is a true and correct copy of the original on file in the official records of the Hospital District; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, Texas Government Code, as amended.

6. I am the Secretary of the Board having been duly appointed pursuant to Health Code, §281.023(b).

7. The foregoing Resolution is in full force and effect; that the same has not been rescinded, nor has it been amended or modified in any way.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Hospital District on this the **8th day of September 2020**.

Jonny F. Hipp
Secretary, Board of Managers
Nueces County Hospital District

{HOSPITAL DISTRICT SEAL}