

CHRISTUS SPOHN HEALTH SYSTEM CORPORATION
AMENDED AND RESTATED MEMBERSHIP AGREEMENT

This **AMENDED AND RESTATED** MEMBERSHIP AGREEMENT (the “Agreement”) is ~~signed this ___ day of September ___, 2012,~~ effective as of ~~October 1, 2012~~ (“Effective November ___, 2015 (“Amendment Date”) by and between CHRISTUS Spohn Health System Corporation (“Spohn”), a Texas nonprofit corporation, CHRISTUS Health (“CHRISTUS Health”), a Texas nonprofit corporation, **each created under the Texas Nonprofit Corporations Act, codified at Chapter 22 of the Texas Business Organizations Code (“Nonprofit Corporations Act”)**, and the Nueces County Hospital District (the “District”), a body politic and corporate and a political subdivision of the State of Texas, established and created pursuant to Article IX, Section 4 of the Texas Constitution and Chapter 281 of the Texas Health and Safety Code, as amended (the “Act”). **This Agreement replaces and supersedes, as of the Amendment Date, the CHRISTUS Spohn Health System Corporation Membership Agreement that was effective as of October 1, 2012 (the “Original Membership Agreement”).** Spohn, CHRISTUS Health, and the District are sometimes referred to herein individually as “party” or collectively as “parties.” When referring to CHRISTUS Health or the District in their capacities as members of Spohn, CHRISTUS Health and the District are sometimes referred to herein individually as “Member” or collectively as “Members.”

RECITALS

WHEREAS, the District ~~is obligated to furnish~~ **was created to provide or arrange for the provision of** medical aid and hospital care to indigent and needy residents residing in Nueces County, Texas **and serves as the payor of last resort for health care services provided to those indigent and needy residents;**

WHEREAS, the District is authorized under the Act and under ~~Chapter~~ **Section** 285.091 of the Texas Health and Safety Code to contract, collaborate, or enter into a joint venture with any public or private entity as necessary to carry out the functions of or provide services to the District;

WHEREAS, the District is empowered by the Act and Section 61.056 of the Indigent Care and Treatment Act, codified at Chapter 61 of the Texas Health and Safety Code (as amended from time to time, the “Indigent Health Care Act”), to enter into contracts relating to or arranging for the provision of health care services;

~~**WHEREAS**, in 1996 the parties entered into several agreements, including a Master Agreement as amended through September ___, 2012 (“Master Agreement”), a Lease Agreement as amended through September ___, 2012 (“Lease”), and an Indigent Care Agreement as revised and restated on November 18, 2005 and amended through September ___, 2012 (“ICA”) (together, the “1996 Transaction Agreements”) through which the District and Spohn shared an interest in the continued operation of a public hospital in Corpus Christi that would serve the needs of the indigent population in Nueces County, Texas and surrounding areas;~~

WHEREAS, Spohn **is a Texas nonprofit corporation created under the Nonprofit Corporations Act, with certain Member(s) designated in its organizational documents;**

WHEREAS, in 2012, the parties entered into the Original Membership Agreement to more closely and comprehensively collaborate in the provision of services in Nueces County, Texas and the surrounding communities by, among other things, adding the District as a co-member of Spohn, entitled to certain rights, duties and responsibilities vested in such membership, including the sharing of certain economic risk for the operations of the public safety-net hospital in Nueces County, Texas;

WHEREAS, Spohn serves as the public, safety-net hospital in Nueces County, Texas by providing care to the ~~low-income and~~ indigent and needy (together, “Indigent” as such term is defined in Schedule 2 to this Agreement) population in Nueces County at the CHRISTUS Spohn Hospital Corpus Christi—Memorial, CHRISTUS Spohn Hospital Corpus Christi—Shoreline and CHRISTUS Spohn Hospital Corpus Christi—South hospital facilities (these Spohn hospital facilities along with the clinics, medical offices, and other health care facilities on the campuses of or affiliated with such Spohn hospital facilities that share common Medicare and Medicaid provider agreements are collectively referred to herein as the “Nueces County Facilities”) consistent with the provisions set forth in the Act, the Indigent Health Care Act, and in accordance with the ~~ICA and the~~ District's policies;

WHEREAS, as the ~~Nueces County~~ public, safety-net ~~hospital~~ provider, Spohn ~~relies and~~ its Nueces County Facilities rely on reimbursement from government programs and the District's support ~~to sustain its~~ in their ongoing operations;

~~WHEREAS, based on material changes in government program reimbursement resulting from the pending expansion of the use of Medicaid managed care in Texas and the implementation by the Texas Health and Human Services Commission (“HHSC”) of a Medicaid Section 1115 Waiver, titled “The Texas Healthcare Transformation and Quality Improvement Program” (“Waiver”), Spohn issued notice to the District of the need to negotiate changes to the terms of the 1996 Transaction Agreements, in accordance with Section 11.24 of the Master Agreement, Section 10.23(b) of the Lease, and Section 9.6 of the ICA;~~ Spohn and the District entered into a Letter of Intent on September 10, 2014, that will permit Spohn to renovate and transform the Nueces County Facilities and the delivery of care to Nueces County residents, consistent with the goals of providing a more robust and comprehensive collaboration focusing efforts on improving the delivery of care, providing more suitable healthcare services to improve the health of the community, reducing duplication of services, achieving efficiencies, and reducing the overall costs of care;

~~WHEREAS, Spohn is a Texas nonprofit corporation created under the Texas Nonprofit Corporations Act, codified at Chapter 22 of the Texas Business Organizations Code, with certain Member(s) designated in its organizational documents;~~

~~WHEREAS, through good faith negotiations, the parties determined that it is in their mutual interest to transition to a joint membership structure of Spohn by CHRISTUS Health and the District, such that CHRISTUS Health and the District will be Members of Spohn, consistent with the related amended organizational documents of Spohn and the continued operation of Spohn as the public, safety-net hospital in Nueces County, Texas;~~

~~WHEREAS, in connection with the Members' collaborative efforts to facilitate operation~~

of a public, safety-net hospital in Nueces County, the parties have amended and terminated each of the 1996 Transaction Agreements effective not later than September 30, 2012;

~~WHEREAS, Spohn and CHRISTUS Health are parties to that certain Master Trust Indenture amended, restated and dated as of July 1, 2007 between CHRISTUS Health, the members of the Obligated Group (as defined under the Master Trust Indenture) and The Bank of New York Mellon Trust Company, N.A., together with various banking and insurance agreements relating to same (collectively, the “CHRISTUS Indenture”);~~

~~WHEREAS, the CHRISTUS Indenture secures certain outstanding debt of CHRISTUS and Spohn, and grants a security interest in their gross revenues, and imposes numerous financial and other covenants and requirements on CHRISTUS and Spohn and their properties and operations;~~

~~WHEREAS, the parties hereto acknowledge the CHRISTUS Indenture and agree that CHRISTUS Health may terminate this Agreement immediately to the extent (but only to the extent) that application or enforcement of this Agreement would cause a material violation, breach or default under the CHRISTUS Indenture;~~CHRISTUS Health and ~~WHEREAS, the parties~~District have mutually agreed to the Member ~~contributions~~support each shall ~~make~~provide to Spohn as part of and for the duration of this Agreement as set forth in Article II below; and

WHEREAS, CHRISTUS Health and its members shall retain those reserved powers set forth in Spohn’s Bylaws.

NOW, THEREFORE, in consideration of the premises, the mutual benefits to the parties to be derived from ~~the joint~~ their co-membership in Spohn and the obligations and responsibilities of each party set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree, with the intent to be legally bound, as follows:

ARTICLE I. SPOHN AS A PUBLIC SAFETY-NET HOSPITAL

Section 1.01. Public Safety-Net Hospital and Delivery of Indigent Care Services. Spohn has operated and will continue, during the term of this Agreement, to operate a safety-net hospital available for the provision of inpatient and outpatient hospital services to the ~~indigent and needy~~Indigent residents in Nueces County, Texas at the Nueces County Facilities, ~~in accordance with the District's obligations under the Texas Constitution and the Act and~~ as more fully set forth in Section ~~8.036.03~~8.036.03 and Schedule 2 of this Agreement.

Section 1.02. Graduate Medical Education. During the term of this Agreement, Spohn will maintain at least two Graduate Medical Education (“GME”) programs in medical specialties appropriate to community needs with comprehensive resident training applicable to such programs. Spohn will maintain, support, and fill at least the number of residents slots needed to obtain Medicare payment at Spohn’s annual Medicare full-time equivalent GME cap.

Section 1.03. Trauma Services. Spohn shall provide trauma services within the Nueces County Facilities, including maintaining at least one state-designated Level II Trauma Services Center in Corpus Christi, Texas at all times during the term of this Agreement or be in “active pursuit” of achieving such Level II Trauma Services Center state-designation as described more fully in the September 10, 2014 Letter of Intent.

Section 1.04. Clinic Services. Upon Spohn’s completion of renovation of the Nueces County Facilities as described more fully in the September 10, 2014 Letter of Intent, Spohn shall continue to make available at the new family health center facility (“Family Health Center”) that will be constructed on the CHRISTUS Spohn Hospital Corpus Christi – Memorial campus (“Memorial Campus”) the services and facilities listed below:

- i. Adequate space within the Family Health Center for twelve (12) District enrollment counselors and one receptionist. The District and Spohn also agree to evaluate the future need for such space for District enrollment counselors and, if agreed to between the District and Spohn, modify such space in the future, including potentially providing space within CHRISTUS Spohn Hospital Corpus Christi—Shoreline for District enrollment counselors;
- ii. Extended Family Health Center hours to include operating 24 hours on Thursday, Friday and Saturday for non-scheduled visits, with future adjustments to such hours of operation based on patient demand and community need, including potentially operating 24 hours in the health center on Sunday, Monday, Tuesday, and Wednesday in addition to Thursday, Friday, and Saturday; provided Spohn will not reduce the number of days the Family Health Center operates 24 hours for at least six (6) months;
- iii. Faculty and residency clinic focused on primary care services (family medicine);
- iv. Specialty clinics, including urology, cardiology, neurology, endocrinology, orthopedics, and post-trauma care;
- v. Clinic outpatient pharmacy services and medication counseling education;
- vi. X-ray and laboratory services;
- vii. Social services;
- viii. Community health/transition care workers to assist patients and families in navigating needed healthcare services;
- ix. Behavioral health counseling;
- x. Wellness and prevention education for both patients and families, including help with appropriate diet and lifestyle;
- xi. Management of ongoing diseases such as diabetes, heart conditions, and high

blood pressure; and

xii. Support of spiritual needs through availability of an onsite prayer room.

ARTICLE II. CO-MEMBERSHIP IN SPOHN.

Section 2.01. CHRISTUS Health. Effective October 1, 2012, CHRISTUS Health ~~and the District are Members~~ continued its status as a Member of Spohn in accordance with the Amended and Restated Certificate of Formation of Spohn (“Certificate”), attached hereto as Exhibit A, and the Amended and Restated Bylaws of Spohn (“Bylaws”), attached hereto as Exhibit B. ~~CHRISTUS Health and its members shall retain those reserved powers set forth in the Bylaws. CHRISTUS Health hereby agrees to abide by the terms set forth in the Bylaws and this Agreement.~~

Section 2.02. Nueces County Hospital District. Pursuant to ~~this~~the Original Membership Agreement and ~~the Spohn’s~~Spohn’s Bylaws, the District ~~shall become~~became a Member of Spohn, consistent with and in support of its interest in the continued operation of ~~Spohn as the~~public, safety-net hospital in Nueces County, Texas, the District’s obligation ~~mandate~~ to provide or arrange for the provision of health care to the ~~indigent and needy~~Indigent residents of Nueces County, Texas (as described in the Nueces County Hospital District Indigent Care ~~Healthcare~~ Program Handbook (“Handbook”) and in accordance with the terms and conditions set forth in this Agreement), and with the District’s ~~legal obligation~~mandate to provide ~~healthcare~~or arrange for the provision of health care services for the ~~indigent~~Indigent residents of Nueces County under the Texas Constitution and the Act. ~~The District hereby agrees to abide by the terms set forth in the Bylaws and this Agreement, to the extent not inconsistent with the Texas Constitution and the Act.~~ as the payor of last resort. Throughout the term of this Agreement, the District and CHRISTUS Health shall remain Members of Spohn.

Section 2.03. ~~Contributions~~ Member Operational Support of ~~Members.~~ Spohn. Each Member shall provide to Spohn the managerial skills ~~and,~~ expertise, and available resources to permit Spohn to operate the public safety-net hospital in Nueces County, Texas. While CHRISTUS Health and the Spohn Board of Directors shall provide management personnel for the day-to-day operations of Spohn, both Members shall advise Spohn, through its Board of Directors, on steps that can be taken to improve the delivery of healthcare services to the ~~indigent and low-income~~Indigent residents of Nueces County, Texas ~~that~~who present for hospital, clinic, and certain medical services at the Nueces County Facilities and other Spohn facilities.

- (a) ~~Contributions of~~ CHRISTUS Health Operational Support. During the term of this Agreement, and notwithstanding any reserved power set forth in Spohn's Bylaws, CHRISTUS Health shall permit Spohn to retain its title and ownership of, and the right to use and operate the campuses known as CHRISTUS Spohn Hospital Corpus Christi—Shoreline and CHRISTUS Spohn Hospital Corpus Christi—South. Spohn shall continue to ~~occupy and utilize the CHRISTUS Spohn Hospital Corpus Christi Memorial facility contributed by the District~~ and provide health care services on the Memorial Campus provided by the District—or any successor facilities following a material alteration of the Memorial Campus as permitted in accordance with Section 3.9.8 of Schedule 1 to this Agreement—and shall comply with all of Spohn's obligations regarding

the ~~CHRISTUS Spohn Hospital Corpus Christi~~—Memorial ~~facility~~Campus or the Family Health Center set forth in Schedule 1. Further, to the extent that (i) Spohn acquires, owns, leases, or operates any additional hospital campuses or other facilities located within Nueces County, Texas during the term of this Agreement and (ii) such additional hospital campus(es), clinics, practices or other facility(ies) is (are) consolidated with the Nueces County Facilities for purposes of participation in the Medicare and Medicaid programs, then CHRISTUS Health and Spohn hereby agree that such additional campus(es) or other facility(ies) shall be treated as part of Spohn's "Nueces County Facilities" for purposes of this Agreement. Any hospital campuses or other facilities owned or operated by CHRISTUS Health and/or Spohn that are not consolidated with the Nueces County Facilities for purposes of Spohn's participation in the Medicare and Medicaid programs shall be excluded from the definition of "Nueces County Facilities," regardless of where located. CHRISTUS Health hereby agrees to abide by the terms set forth in Spohn's Bylaws and this Agreement.

- (b) ~~Contributions of the District. During~~District Operational Support. In addition to the obligations set forth in Article V and in Schedules 1 and 2, the District shall during the term of this Agreement, ~~the District shall~~ provide Spohn the right to occupy, use and operate the CHRISTUS Spohn Hospital Corpus Christi – Memorial hospital facility, the Family Health Center, upon completion, and other facilities and property owned by the District ~~at the location known as CHRISTUS Spohn Hospital Corpus Christi—on the~~ Memorial Campus along with the medical office buildings and clinics located at 2601 Hospital Boulevard, 2400 Morgan Avenue, 2500 Morgan Avenue, 1406 Martin L. King Drive, 14202 South Padre Island ~~Dr.~~Drive, and 4617 Greenwood Drive, Corpus Christi, Texas and 1038 Texas Yes Boulevard, Robstown, Texas (together the "District Owned Facilities"). The District hereby agrees to abide by the terms set forth in Spohn's Bylaws and this Agreement, to the extent not inconsistent with the Texas Constitution and the Act.

~~Section 2.04. Additional Member Contributions.~~

- (c) ~~(a)~~ Member Support. For any fiscal year in which Spohn incurs a "Net Operating Deficit," as defined below, Spohn shall provide written notice of such deficit ("Notice of Net Operating Deficit") to its Members after completing its final financial audit for such fiscal year, but in no event shall Spohn issue any such Notice of Net Operating Deficit later than one hundred and eighty (180) days after the close of such fiscal year. For purposes of this Agreement, for any fiscal year, a "Net Operating Deficit" shall mean the amount by which Spohn's expenses from operating the Nueces County Facilities exceed its revenue from such operations, as determined after (i) excluding (1) expenses for interest, taxes, depreciation, amortization, judgments, settlements, or prior year cost report or other adjustments, (2) management fees paid or payable to CHRISTUS Health or any affiliates for that fiscal year, and (3) any inter-company transfers or extraordinary expenses; and (ii) offsetting proceeds from business interruption, flood, windstorm, or other similar insurance. Upon receipt of a Notice of Net Operating Deficit, each Member and its

representatives will be entitled to access ~~to~~ and to receive copies of audited financial data and other certified supporting schedules and information substantiating the Net Operating Deficit. To help meet the needs of the Indigent residents in Nueces County, Spohn may request that the Members contribute a pro rata share of the Net Operating Deficit, with such “pro rata share” computed on the same basis as the “Specified Annual Percentage” as determined under Section 5.03 below for the fiscal year in which the Net Operating Deficit occurred. Each Member shall contribute its pro rata share of the Net Operating Deficit to Spohn within one hundred and eighty (180) days of receipt of a Notice of Net Operating Deficit.

~~(b) — To help meet the needs of the indigent in Nueces County, Spohn may request that the Members contribute a pro rata share of the Net Operating Deficit, with such “pro rata share” computed on the same basis as the “Specified Annual Percentage” as determined under Section 7.03 below for the fiscal year in which the Net Operating Deficit occurred. Subject to Subsection 2.04 (c) below, upon such request, each Member shall contribute its pro rata share of the Net Operating Deficit to Spohn within one hundred and eighty (180) days of receipt of such a Notice of Net Operating Deficit.~~

~~(c) — Either party may exercise its right to terminate this Agreement pursuant to Article IX of this Agreement prior to the expiration of the 180-day provision for contributions in Section 2.04(b) of this Agreement, and such termination shall excuse the Members’ obligations set forth in Section 2.04(b) of this Agreement.~~

(d) Nothing in this Section 2.03 shall obligate any Member to incur any liability to any third party nor shall it confer any benefit on any third party that is not a party to this Agreement.;

~~**Section 2.05. Termination of 1996 Transaction Agreements.** Spohn and the District shall enter into terminations of the 1996 Transaction Agreements, along with any related agreements, not later than the day prior to the Effective Date of this Agreement.~~

ARTICLE III. BOARD OF DIRECTORS AND VOTING RIGHTS OF MEMBERS:

Section 3.01. Appointment of Directors. All Directors on Spohn's Board of Directors serve staggered terms. It is the intention of the parties that the right to ~~nominate and~~ appoint Directors to the Spohn Board of Directors set forth in this Section shall be effected on a staggered basis. The Members shall have the right to ~~nominate and~~ appoint Directors to the Spohn Board of Directors as follows:

(a) In recognition of its role as the hospital operator, CHRISTUS Health may ~~nominate and~~ appoint up to twelve Directors to the Spohn Board of Directors, or such other number of Directors as set forth in Spohn's Bylaws; and

- (b) ~~The~~In recognition of its role as the unit of government responsible for ensuring the availability of care to the Indigent population in Nueces County and its continued membership interest in Spohn and its support for Spohn's operations, the District may ~~nominate and~~ appoint three Directors to the Spohn Board of Directors.~~Any right to appoint Directors to Spohn's Board of Directors pursuant to this Agreement supersedes and replaces any similar right set forth in Section 10.5 of the Master Agreement during the term of this Agreement, or such other number of Directors as set forth in Spohn's Bylaws.~~

Section 3.02. Replacement of Current Directors. ~~Not later than the Effective Date, the "Landlord Nominees" nominated by the Nueces County Commissioner's Court and appointed Directors on the Spohn Board of Directors in accordance with Section 10.5 of the Master Agreement shall be removed and replaced by Directors appointed by the District as set forth in Section 4.01(b) of this Agreement. All remaining Directors on the Spohn Board of Directors shall serve until replaced in accordance with Spohn's Bylaws and this Article IV.~~ Consistent with the Bylaws, CHRISTUS Health and the District shall have the right to remove, with or without cause, and replace any Spohn Directors ~~of Spohn~~ that each, respectively, ~~nominated and/or~~ appointed to Spohn's Board of Directors at any time during the term of this Agreement. The CHRISTUS Health Board of Directors (as defined in the Bylaws) shall have the right to remove ~~for cause~~ any Spohn ~~Board of~~ Directors that do not meet the qualification criteria set forth in Section 9.2(b)(iii) of Spohn's Bylaws as amended from time to time in accordance with this Agreement.

Section 3.03. Voting Rights. The District shall have the authority to approve or disapprove any amendments or revisions to the Spohn's Bylaws ~~of Spohn~~ that alter or impair the District's reserved powers set forth in the Spohn's Bylaws and this Agreement including, without limitation, the District's reserved power to receive transfers of assets of Spohn in accordance with Article VHV of this Agreement.

ARTICLE IV. ACCESS TO INFORMATION

Section 4.01. General Access to Information. On a quarterly basis, Spohn shall ~~meet~~confer with the District's representatives to review and discuss Spohn's financial results, including its operating income or loss for the most recent quarter then ended and year to date. ~~All Directors on~~In addition, all Spohn's Board of Directors may have the right to review such information deemed reasonably necessary for the Directors to carry out their duties and responsibilities as Directors of Spohn; provided, however, that any information Spohn in its sole discretion deems to be confidential and/or privileged—whether due to privacy of patient medical records, attorney-client communication, trade secrets, peer review or any other privilege or right of confidentiality—may not be disclosed outside of the Spohn's Board of Directors ~~or~~and staff.

Section 4.02. Notification. Spohn agrees, to the extent permitted by applicable law, to notify CHRISTUS Health and the District within ten (10) calendar days of (a) receipt of notice of the commencement of any investigation, audit, formal review or other regulatory action by or on behalf of a federal or state governmental authority involving Spohn or the Nueces County Facilities, ~~(including but not limited to such action that involves an allegation of program fraud or abuse),~~ which could be reasonably anticipated to prevent, delay, or substantially and negatively impact the continuing performance of Spohn's duties and obligations under this Agreement; (b)

receipt of notice of any finding resulting from any such investigation, audit, formal review, or other regulatory action; (c) receipt of notice of proposed or actual termination, loss or lapse of the Medicare or Medicaid provider agreement of any of the Nueces County Facilities; and (d) the breach, lapse, or inaccuracy of any representation or warranty required under this Agreement. CHRISTUS Health agrees to notify the District in writing immediately upon determining that compliance with ~~Section 7.02~~ the membership distribution provisions in Article V or any other provision of this Agreement does or may potentially cause CHRISTUS Health to be in material breach, default, or violation of the terms of the CHRISTUS Indenture- as defined in Section 9.03.

ARTICLE V. ~~REVENUE SHARING~~ MEMBER DISTRIBUTIONS AND SUPPORT

Section 5.01. Net Patient Revenue from Spohn's Nueces County Facilities. As used in this Agreement, the term “Net Patient Revenue” shall mean Spohn's direct cash collections received for the provision of inpatient and outpatient hospital services, including any ancillary and related services, at or through the Nueces County Facilities on or after the Effective Date of the Original Membership Agreement, that are received from patients or third parties responsible for making payments on behalf of such patients. The term “Net Patient Revenue” shall not include any Medicare or CHAMPUS/TRICARE payments, the federal or state share of any Medicaid payments, or Medicaid Waiver or supplemental payments, nor any federal grant funding, paid to Spohn that is not specifically allocated to individual patients' services. Further, the term “Net Patient Revenue” shall not include any revenue generated from the operation or provision of services at any hospital, clinic or other facility that is not consolidated with the Nueces County Facilities for purposes of Spohn's participation in the Medicare and Medicaid programs.

Section 5.02. Establishment of Bank Deposit Accounts. Not later than thirty (30) days following execution of ~~this~~ the Original Agreement, Spohn shall authorize Bank of America, N.A., or any successor financial institution (“Bank”), to establish or maintain one or more “Operating Bank Deposit Accounts” in the name of Spohn. Spohn shall deposit the Net Patient Revenue into the Operating Bank Deposit Account(s) at Bank. From the Operating Bank Deposit Account(s), Bank shall upon the direction of Spohn transfer all funds on a daily basis to a “Membership Bank Deposit Account” held at Bank in the name of Spohn. Bank shall transfer upon the direction of Spohn on a weekly basis all available funds deposited into the Membership Bank Deposit Account, by ACH or wire transfer, to accounts designated by CHRISTUS Health and the District, as follows: (i) the “Specified Annual Percentage,” as defined below, shall be transferred to CHRISTUS Health's designated account, and (ii) the remaining percentage of such funds shall be transferred to the District's designated account. For each transfer of funds to the District in accordance with this Section ~~7.02, 5.02~~, Spohn hereby affirms that such funds include only qualifying Net Patient Revenue. Notwithstanding the foregoing, to the extent Spohn discovers that any such transfer inadvertently includes any funds that do not qualify as Net Patient Revenue as defined in Section ~~7.01, 5.01~~, Spohn shall notify the District in writing within five (5) business days of such discovery and shall work collaboratively with the District to correct any such inadvertent discrepancy.

Section 5.03. Member Revenue Allocation Percentage.

- (a) Not later than June ~~1st~~ 20th each year of this Agreement, Spohn, CHRISTUS Health, and the District shall confer regarding the support necessary for the

operations of Spohn over the ensuing year from October 1st of the current calendar year through September 30th of the following calendar year (the “Ensuing Year”). Spohn shall prepare a budget for the Ensuing Year that contemplates any modifications or additions in its provision of services at the Nueces County Facilities, changes in expected patient utilization or demographics in Nueces County, Texas that would alter the need for economic support to Spohn from the Members, and other factors that bear on Spohn's need for financial support in the Ensuing Year. Upon review of the budget, economic resources of Spohn and the Members and other factors, Spohn and the Members shall agree to the percentage of the Net Patient Revenue that will be made available to CHRISTUS Health (the “Specified Annual Percentage”), in exchange for its contributions to support the operations of Spohn, and the remaining percentage of the Net Patient Revenue that will be made available to the District in exchange for its continued support for the operations of Spohn as a public, safety-net hospital in Nueces County, Texas.

- (b) In the event the parties fail to agree to a Specified Annual Percentage by July 1st of any year of this Agreement, then Spohn's Board of Directors, or its designee, shall determine the Specified Annual Percentage for the Ensuing Year. Notwithstanding the foregoing, the Specified Annual Percentage for the first year of this Agreement shall be established on or before October 1, 2012. The parties may mutually agree in writing to extend the July 1st deadline during any year of this Agreement, so long as the parties reach agreement for the Ensuing Year prior to August 15th of such year. Both Spohn and the Members agree to take ~~any and~~ all reasonable measures to ensure that the Bank has whatever information it may require to authorize and implement the Net Patient Revenue allocations and transfers set forth in this Article ~~VH~~V.
- (c) Nothing in this Agreement shall provide the District with any right to share in any revenue generated from the operations of any or all of Spohn's hospitals or other facilities that are excluded from the defined term “Nueces County Facilities.”

ARTICLE VI. MAINTENANCE OF EFFORT

Section 6.01. Maintenance of Effort. The parties to this Agreement recognize Spohn's historical role as the ~~public, safety~~ net hospital for ~~low income and indigent~~Indigent patients in the Nueces County community as more fully described in Section ~~8.03 below~~6.03 of this Agreement, as well as the role of the District Owned Facilities in facilitating Spohn's role in serving ~~low income and indigent~~Indigent patients in the Nueces County community. The parties intend for this role to continue during the term of this Agreement.

Section 6.02. Spohn's Occupancy of the Memorial Facility and Related Matters. During the term of this Agreement, Spohn ~~will not pay rent to the District for use's occupancy~~ of the District Owned Facilities. ~~However, Spohn's occupancy~~ will be governed by the terms set forth in Schedule 1, attached.

Section 6.03. Spohn's Indigent Care ~~Obligations~~ Services. Spohn has historically served as the safety net hospital for the Nueces County Indigent ~~patient~~ population, and the parties

intend for that role to continue during the term of this Agreement. Except as otherwise set forth in the Handbook, during the term of this Agreement, Spohn will continue to provide health care services to Indigents ~~(as defined below) without charge at the level and to the extent~~ that present for care at its facilities in conformity with the provisions set forth in the Handbook, which shall include at a minimum such level of service as is presently being delivered by Spohn to such Indigents. Spohn shall be responsible for ensuring the availability of inpatient and outpatient psychiatric and behavioral health services for Nueces County Indigent patients, including ensuring that inpatient psychiatric Nueces County Indigent patients have access to medications upon discharge, providing transportation services between Spohn's inpatient psychiatric facilities and Spohn's off-site service facilities for Nueces County Indigent patients requiring psychiatric and/or medical services, and fulfilling Spohn's other psychiatric and behavioral health commitments as more fully described in the September 10, 2014 Letter of Intent. The determination of whether an individual is an "Indigent" eligible to receive health care services from Spohn shall be made by the District in accordance with the eligibility standards and procedures from time-to-time established by the District, ~~following consultation with Spohn,~~ and set forth in the Handbook, as amended in accordance with Section 3.3 of Schedule 2, attached. Spohn shall continue to ~~treat~~ provide healthcare services to Nueces County ~~indigent~~ Indigent patients pursuant to the terms set forth in Section 1.01 ~~above~~ of this Agreement and Schedule 2, attached.

Section 6.04. District Maintenance of Efforts to Support Health Care Services. The parties acknowledge that the District does not set or otherwise control its tax rate. Subject to such limitation, the District agrees to a "maintenance of effort" commitment to request and diligently advocate for the establishment of an "effective" tax rate at a level to produce at least \$31.454 million per year in District tax revenues; provided, however, the parties agree to amend such maintenance of effort commitment of the District to reflect the reduced Nueces Aid Beneficiary enrollment and potential related reduction in the effective tax rate at the earlier of one or more of the following contingencies: (1) in the event of the implementation of an expanded Texas Medicaid program comparable to that contemplated by the Patient Protection and Affordable Care Act, or (2) September 30, 2026, in the event this Agreement is extended through such date.

ARTICLE VII. REPRESENTATIONS AND WARRANTIES

Section 7.01. District Representations and Warranties.

The District represents and warrants to CHRISTUS Health and Spohn as follows:

- (a) The District is a validly existing county hospital district and political subdivision of the State of Texas established pursuant to Article 9, Section 4 of the Texas Constitution and Chapter 281 of the Texas Health and Safety Code.
- (b) To the District's knowledge, the District has full power and authority to carry out and perform its undertakings and obligations as provided in this Agreement, including the execution, delivery and performance of this Agreement and related agreements and documents. This Agreement will constitute the legal valid and binding obligation of the District, enforceable against the District in accordance

with its terms, except to the extent such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws of general application relating to creditors' rights. The execution, delivery and performance by the District of this Agreement (i) have been duly and validly authorized by all proper and requisite action of the District's Board of Managers and the Nueces County Commissioners Court, (ii) will not conflict with, violate, constitute an event of default under or breach any provision of any binding order or resolution of the District's Board of Managers or the Nueces County Commissioners Court, or (iii) to the knowledge of the District, will not conflict with, violate, breach or constitute any default under any contract, agreement or arrangement to which the District is a party or by which the District is bound.

Section 7.02. CHRISTUS Health Representations and Warranties. CHRISTUS Health represents and warrants to Spohn and the District as follows:

- (a) CHRISTUS Health is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Texas. CHRISTUS Health has the corporate power and authority to carry on its business as now conducted.
- (b) To CHRISTUS Health's knowledge, CHRISTUS Health has full power and authority to carry out and perform its undertakings and obligations as provided in this Agreement, including the execution, delivery and performance of this Agreement and related agreements and documents. This Agreement will constitute the legal valid and binding obligation of CHRISTUS Health, enforceable against CHRISTUS Health in accordance with its terms, except to the extent such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws of general application relating to creditors' rights. The execution, delivery and performance by CHRISTUS Health of this Agreement (i) have been duly and validly authorized by all proper and requisite action of CHRISTUS Health's Board, (ii) will not conflict with, violate, constitute an event of default under or breach any provision of any binding order or resolution of CHRISTUS Health's Board, or (iii) to the knowledge of CHRISTUS Health, will not conflict with, violate, breach or constitute any default under any contract, agreement or arrangement to which CHRISTUS Health is a party or by which CHRISTUS Health is bound.

Section 7.03. Spohn Representations and Warranties. Spohn represents and warrants to CHRISTUS Health and the District as follows:

- (a) Spohn is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Texas. --Spohn has the corporate power and authority to carry on its business as now conducted.
- (b) To Spohn's knowledge, Spohn has full power and authority to carry out and perform its undertakings and obligations as provided in this Agreement, including the execution, delivery and performance of this Agreement and related agreements and documents. This Agreement will constitute the legal, valid, and binding

obligation of Spohn, enforceable against Spohn in accordance with its terms, except to the extent such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws of general application relating to creditors' rights. The execution, delivery and performance by Spohn of this Agreement (i) have been duly and validly authorized by all proper and requisite action of Spohn's Board of Directors, (ii) will not conflict with, violate, constitute an event of default under or breach any provision of any binding order or resolution of Spohn's Board of Directors, or (iii) to the knowledge of Spohn, will not conflict with, violate, breach or constitute any default under any contract, agreement or arrangement to which Spohn is a party or by which Spohn is bound.

- (c) The execution, delivery, and performance of this Agreement by Spohn will not, (i) conflict with or violate the Certificate or Bylaws of Spohn, (ii) conflict with or violate any law applicable to Spohn or by which any property or asset of Spohn is bound or affected, or (iii) result in any material breach of or constitute a material default (or an event which with notice or lapse of time or both would become a material default) under, give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or other encumbrance on any material property or asset of such person pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Spohn is a party or by which Spohn is bound or affected, except in the case of clauses (ii) and (iii) for any such conflicts, violations, breaches, defaults or other occurrences which would not, individually or in the aggregate, prevent or materially delay the performance by Spohn of its obligations under this Agreement.
- (d) Except as disclosed to CHRISTUS Health and the District in writing, there is no litigation action or claim pending or, to the knowledge of Spohn, threatened against or relating to Spohn, nor, to the knowledge of Spohn, is there any basis for any such action or claim, which, if determined adversely to the interest of Spohn, would prevent or delay the consummation of the transactions contemplated by this Agreement or would have a material adverse ~~effect~~**effect** on the business operations or financial condition of Spohn. For purposes of this Section ~~3.03~~**7.03**, materiality includes items involving amounts exceeding Ten Million Dollars (\$10,000,000) individually or in the aggregate.
- (e) Spohn has all licenses, permits and authorizations of applicable governmental entities materially necessary for the conduct of the business of the Nueces County Facilities. Spohn has possession of all licenses, permits and authorizations issued to it and in its name, and all such licenses, permits and authorizations are as of the date of this Agreement and shall be in full force and effect at the ~~Effective~~**Amendment** Date. To Spohn's knowledge, no material violations are or have been recorded in respect of such licenses, permits and authorizations, and no proceeding is pending or, to the knowledge of Spohn, threatened seeking the revocation or limitation of any of such Spohn licenses, permits and authorizations. **Notwithstanding the foregoing, Spohn has not obtained all of the necessary licenses, permits and authorizations for the proposed re-purposing of the Nueces County Facilities**

but Spohn represents and warrants that it will do so in accordance with applicable rules for the construction, renovation and/or demolition of healthcare facilities located in Corpus Christi, Texas.

- (f) Spohn is a “Provider” under existing provider agreements for the Nueces County Facilities with the applicable Medicare and Medicaid authorities, and prior to the date hereof, CHRISTUS Health and the District have had the opportunity to review current and complete copies of such agreements, if any, and all notices of program reimbursement and notices of deficiencies relating to and materially affecting Spohn's participation in the Medicare and Medicaid programs for the last three (3) fiscal years of Spohn ending prior to the **EffectiveAmendment** Date.
- (g) Spohn has timely filed all requisite cost reports and other material reports for the Nueces County Facilities required to be filed in connection with all state and federal Medicare and Medicaid programs due on or before the date hereof, which are to Spohn's knowledge complete and correct.
- (h) To Spohn’s knowledge, Spohn has in all material respects complied with, and is now in all material respects in compliance with, all applicable laws. Spohn shall provide CHRISTUS Health and the District copies of the public inspection copy of its Internal Revenue Service Form 990 (“Form 990”) for each of the last three (3) fiscal years of Spohn ending prior to the **EffectiveAmendment** Date. Spohn represents that such Form 990s are in accordance with the books and records of Spohn, have been prepared in accordance with GAAP, consistently applied throughout the periods covered therein, and fairly present the financial condition and results of operation of Spohn.
- (i) During the current **Spohn** fiscal year-to-date and last three (3) fiscal years of Spohn ending prior to the **EffectiveAmendment** Date, Spohn has actively maintained a compliance program consistent with CHRISTUS Health compliance program and that complies with the requirements of the Office of Inspector General for an effective compliance program.

ARTICLE VIII. LIABILITY AND INDEMNIFICATION OF MEMBERS

Section 8.01. Limitation on Members' Liability. Neither Member shall be held liable for the acts of Spohn as a result of serving as a Member in the corporation, nor shall any Member be held liable for the acts of Spohn because of its participation in this Agreement. Nothing in this Agreement is intended to create, nor does it create, any rights or benefits to third parties enforceable against any Member of Spohn. The Members do not by this Agreement assume any of the obligations, liabilities or debts of Spohn (including, without limitation, any bond indebtedness), and shall not, by virtue of their performance under this Agreement, assume or become liable for any of such obligations, debts or liabilities of Spohn, except for any obligations created under Section 2.03 of this Agreement.

Section 8.02. Indemnification.

- (a) Indemnification of Members, Officers, and Directors of Spohn. To the fullest extent permitted by law, Spohn shall defend, indemnify and hold harmless the Members, their officers, agents and employees, and the Directors of Spohn (“Indemnified Parties”) who were or are parties or are threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (including any action by or in the right of Spohn or the Members) by reason of any acts, omissions or alleged acts or omissions arising out of an Indemnified Party's (i) activities as a Member, Director, officer, manager, or employee of Spohn, or as a partner, manager, officer, director, employee of a Member, on behalf of Spohn or in furtherance of the interest of Spohn, or (ii) performance of such Indemnified Party's obligations under this Agreement from and against any and all liabilities, losses, costs, damages, or expenses, unless any such damages arise from the bad faith or gross negligence of such Indemnified Party(ies). The termination of any action, suit, or proceeding by judgment, order, settlement, or upon a plea of nolo contendere or its equivalent, will not of itself create a presumption that an Indemnified Party acted in a manner constituting bad faith or gross negligence. A party's termination of this Agreement pursuant to ~~Section 2.04(b) and~~ Article IX will not constitute bad faith or gross negligence. The right of indemnification and payment of expenses under this Section ~~6.028.02~~(a) shall not be exclusive of any other right that any Indemnified Party may have or hereafter acquire under any statute, provision of the Certificate or Bylaws, provision of this Agreement, vote of the Members or otherwise. Spohn shall obtain director's and officer's insurance to insure against any claims that could be brought against the Members for their service as Members of Spohn or against the Directors for their service as Directors of the Board of Directors of Spohn.
- (b) Indemnification of the District, and CHRISTUS Health. Spohn agrees to indemnify the District, ~~its~~ and CHRISTUS Health, their officers, board of managers, employees and agents, against (a) any Damages (as defined below) which arise out of or in connection with any claims by or on behalf or in the name of a government entity or authority, State or federal, relating to Spohn's, CHRISTUS Health's, or the District's obligations under this Agreement, or related transactions, Spohn's receipt of payments under the ~~Waiver~~Medicaid disproportionate share hospital program, the Medicaid Waiver, the Network Access Improvement Program, or any similar programs, whether received before or after the Effective Date of the Original Membership Agreement, and (b) Damages which arise out of or in connection with the negligence or malfeasance of any employee or agent of Spohn performing services under or in connection with this Agreement or Spohn's breach of any material requirement of this Agreement (the “Indemnity”). Subject to applicable law, Spohn shall have the right to select and engage defense counsel and manage the defense for any claim or action brought against the District or CHRISTUS Health by a third- party. The District and CHRISTUS Health shall cooperate with Spohn in Spohn's engagement of legal counsel to defend any such third-party claim or action. Notwithstanding anything in this Section ~~6.028.02~~(b) to the contrary, in the event

that representation of Spohn, CHRISTUS Health, and the District by the same counsel to defend any third-party claim or action subject to this Section ~~6.02~~8.02(b) would be a conflict of interest for such counsel under the Texas Disciplinary Rules of Professional Conduct then in effect, the District or CHRISTUS Health may require Spohn to select another independent counsel, in consultation with the District or CHRISTUS Health, as appropriate, without relieving Spohn of its obligation to indemnify and defend the District and CHRISTUS Health under this Section ~~6.02~~8.02(b). In the event the District, CHRISTUS Health or Spohn becomes aware of a third-party claim or action subject to this Section ~~6.02~~8.02(b), such party shall provide the other ~~party~~parties prompt written notice of the claim or action and shall use its best efforts to provide the other ~~party~~parties sufficient information to identify the circumstances of the claim or action. Such notice shall be made as soon as practical from the date of actual notice of the claim or action to the party possessing such knowledge.

For purposes of this Section ~~6.02~~8.02(b), “Damages” shall mean judgments, liabilities, fines, penalties, costs, and other amounts or assessments of responsibility, if any, required to be paid or refunded to, or recouped by, any person or entity, governmental authorities or entities or persons acting on behalf or in the name of such governmental entities or authorities, including statutory or other attorneys' fees and similar costs, incurred by the District or CHRISTUS Health related to any claim or action that entitles the District or CHRISTUS Health to the Indemnity pursuant to this Section ~~6.02~~8.02(b).

- (c) The provisions of this Section ~~6.02~~8.02 shall survive the termination, expiration, or assignment of this Agreement.

~~ARTICLE IX.~~

~~ARTICLE IX.~~ARTICLE X. TERM AND TERMINATION

~~Section 9.01.~~ ~~Section 10.01.~~ ~~Term.~~ This Agreement shall remain in effect for an initial term of ten (10) years commencing with the Effective Date of the Original Membership Agreement and shall automatically renew for another five (5) year term, unless a party provides ninety (90) days' advance written notice to the other parties of its intent to terminate the Agreement at the end of the initial term. Notwithstanding anything herein to the contrary, this Agreement may be terminated by:

- (a) The mutual agreement of CHRISTUS Health and the District;
- (b) Either party, upon the expiration of ~~ninety~~thirty (~~90~~30) days from written notice of election to terminate this Agreement, with or without cause;
- ~~(c) — Either party, immediately upon the termination or expiration without renewal of the Waiver;~~

- (c) ~~(d)~~—The District, immediately in the event that CHRISTUS Health voluntarily transfers its membership in Spohn in accordance with Section 4.1 of the Bylaws or if Spohn provides notification to the District pursuant to Section ~~5.02-above~~4.02 of this Agreement;
- (d) ~~(e)~~—CHRISTUS Health, immediately in the event compliance with Section ~~7.02~~5.02 or any other provision of this Agreement would cause CHRISTUS Health and/or Spohn to be in material breach, default, or violation of the terms of the CHRISTUS Indenture.

Section 9.02. Section 10.02.—Effect of Termination. In the event of termination pursuant to Section 9.01 of this Agreement, then the Master Agreement, the Lease Agreement, and the Indigent Care Agreement, originally entered between the District and Spohn effective as of September 30, 1996, as amended through September 2012 (together the “1996 Transaction Agreements”) shall be immediately reinstated effective upon the expiration or early termination of this Agreement; provided, however, that (i) the 1996 Transaction Agreements shall be further amended upon reinstatement in accordance with that certain Memorandum of Understanding between the District and Spohn dated November _____ and (ii) reinstatement of the payment provisions under the ICA Indigent Care Agreement for the year of reinstatement shall be contingent upon the District's review of the District's then current fiscal year budget to confirm financial ability to pay under the ICA Indigent Care Agreement for the remainder of such fiscal year. In addition, upon termination of this Agreement pursuant to Section 9.01, the District hereby consents to the amendment of Spohn's Certificate of Formation and Bylaws for the purpose of removing the District as a member of Spohn. The termination of this Agreement under Section 9.01 shall not affect the District's right to receive, or Spohn's obligation to fund, the District's share of the Net Patient Revenues for periods~~excuse any obligation of the parties to contribute or otherwise fund either Member's financial support under Section 2.03 or distributions to Members, due or payable after the effective date of such termination, but shall not limit any obligations due and payable on a date~~ prior to the effective date of termination~~in accordance with Article VII of this Agreement.~~

Section 9.03. Termination Related to CHRISTUS Indenture. Spohn and CHRISTUS Health are parties to that certain Master Trust Indenture amended, restated and dated as of July 1, 2007 between CHRISTUS Health, the members of the Obligated Group (as defined under the Master Trust Indenture) and The Bank of New York Mellon Trust Company, N.A., together with various banking and insurance agreements relating to same (collectively, the “CHRISTUS Indenture”). The CHRISTUS Indenture secures certain outstanding debt of CHRISTUS Health and Spohn, and grants a security interest in their gross revenues, and imposes numerous financial and other covenants and requirements on CHRISTUS Health and Spohn and their properties and operations. The parties to this Agreement acknowledge the CHRISTUS Indenture and agree that CHRISTUS Health may terminate this Agreement immediately to the extent (but only to the extent) that application or enforcement of this Agreement would cause a material violation, breach or default under the CHRISTUS Indenture.

ARTICLE X ~~ARTICLE XI~~ MISCELLANEOUS

Section 10.01. ~~Section 11.01.~~ **Waivers and Amendments.** Any waiver of any term or condition of this Agreement, or any amendment or modification of this Agreement, shall be effective only if set forth in a written document executed by a duly authorized officer or representative of each of the parties. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive a party's other rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

Section 10.02. ~~Section 11.02.~~ **Notices.** Any notice, request, instruction, demand or other communication to be given hereunder by either party hereto to the other shall be given in writing and shall be delivered either by hand, by telecopy or similar facsimile means (with follow-up hard copy sent by U.S. Mail), or by registered or certified U.S. mail, postage prepaid, return receipt requested, as follows:

- (a) If to Spohn, addressed to:

CHRISTUS Spohn Health System Corporation
1702 Santa Fe Street
Corpus Christi, Texas 78404
Attention: President/CEO
Telecopy No.: (361) 885-0566
Telephone No.: (361) 881-3405

With a copy to:

Lance J. Ramsey
Gjerset & Lorenz, LLP
2801 Via Fortuna, Suite 500
Austin, Texas 78746
~~Attention: Lance J. Ramsey~~
Telecopy No.: (512) 899-3939
Telephone No.: (512) 899-3995

- (b) If to CHRISTUS Health, addressed to:

CHRISTUS Health
919 Hidden Ridge
Irving, Texas 75038
Attention: President
Telecopy No.: (214) 492-8518
Telephone No.: (214) 492-8500

With a copy to:

Lance J. Ramsey

Gjerset & Lorenz, LLP
2801 Via Fortuna, Suite 500
Austin, Texas 78746
~~Attention: Lance J. Ramsey~~
Telecopy No.: (512) 899-3939
Telephone No.: (512) 899-3995

(c) If to District, addressed to:

Nueces County Hospital District
555 N. Carancahua St., Suite 950
Corpus Christi, Texas 78401
Attention: Administrator
Telecopy No.: (361) 808-3274
Telephone No.: (361) 808-3300

~~with~~ **With** a copy to:

William Dewitt Alsup, Esq.
Alsup and Alsup
555 North Carancahua St., Suite 1560
Corpus Christi, Texas 78401
Telecopy No.: (361) 884-6000
Telephone No.: (361) 884-6321

and

Gary W. Eiland, Esq.
King & Spalding LLP
1100 Louisiana, Suite 4000
Houston, TX 77002
Telecopy No.: (713) 751-3290
Telephone No.: (713) 751-3207

or such other address or number as either party shall have previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by telecopy or similar facsimile means, and when delivered and accepted for, if mailed or hand-delivered.

Section 10.03. ~~Section 11.03.~~ Headings and Terminology. The Article and Section headings herein are for convenience only and shall not affect the construction hereof. Unless the context of this Agreement clearly requires otherwise, (a) pronouns, wherever used herein, and whatever gender, shall include natural persons and corporations and associations of every kind and character, (b) the singular shall include the plural and the plural shall include the singular wherever and as often as may be appropriate, (c) the word “includes” or “including” shall mean “including

without limitation,” (d) the word “or” shall have the inclusive meaning represented by the phrase “and/or,” and (e) the words “hereof,” “herein,” “hereunder,” and similar terms in this Agreement shall refer to this Agreement as a whole and not any particular section or article in which such words appear. Unless otherwise stated, references to Sections, Subsections, Paragraphs, Exhibits and Schedules mean Sections, Subsections, Paragraphs, Exhibits and Schedules of and to this Agreement. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. Unless otherwise specified, all references to a specific time of day in this Agreement shall be based upon Central Standard Time or Central Daylight Time, as applicable on the date in question.

Section 10.04. ~~Section 11.04.~~ Parties in Interest; No Third Party Beneficiaries. This Agreement is made solely for the benefit of Spohn, ~~CHRISTUS~~CHRISTUS Health, and the District and their permitted successors and assigns. This Agreement shall not confer, or be construed to confer, any rights or benefits to any person or entity other than the parties, and no other ~~Person~~person shall acquire or have any right under or by virtue of this Agreement.

Section 10.05. ~~Section 11.05.~~ Entire Agreement. This Agreement (including all Exhibits and Schedules hereto) ~~constitute~~constitutes the entire agreement between the parties pertaining to the subject matter hereof and ~~supersede~~supersedes all other prior and contemporaneous agreements and understandings, both oral and written, of the parties in connection therewith, except as expressly retained and continued by this Agreement. No covenant or condition not expressed in this Agreement shall affect or be effective to interpret, change, or restrict this Agreement.

Section 10.06. ~~Section 11.06.~~ Severability. If any term, provision, covenant or condition of this Agreement is held by any court of competent jurisdiction to be invalid, void or unenforceable in any respect, the remainder of such term, provision, covenant or condition in every other respect and the remainder of the terms, provisions, covenants or conditions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired or invalidated.

Section 10.07. ~~Section 11.07.~~ Governing Law. THIS AGREEMENT HAS BEEN EXECUTED IN THE STATE OF TEXAS AND IS TO BE PERFORMED IN NUECES COUNTY, TEXAS, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES OF AMERICA APPLICABLE TO TRANSACTIONS WITHIN THE STATE OF TEXAS.

Section 10.08. ~~Section 11.08.~~ Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns; provided, however, that this Agreement shall not be assignable by Spohn, CHRISTUS Health, or the District to any person (other than a wholly-owned affiliate) without the express prior written consent of the other parties. No such assignment shall relieve the assigning party of any of its obligations hereunder, and the assigning party shall remain fully liable hereunder.

Section 10.09. ~~Section 11.09.~~—Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 10.10. ~~Section 11.10.~~—Dispute Resolution. The term “Dispute” means any and all questions, claims, controversies, or disputes arising out of or relating to this Agreement, including the validity, construction, meaning, performance, effect, or breach of this Agreement.

- (a) Except as otherwise provided herein, in the event of a Dispute, the parties acknowledge and agree that they may seek recourse only for (i) temporary or preliminary injunctive relief or (ii) to toll any applicable statute of limitations relating to the matter in dispute, to the courts having jurisdiction thereof, and if any relief other than injunctive relief or the tolling of the statute of limitations is sought, the parties shall promptly, amicably, and in good faith attempt to resolve the Dispute through negotiations. A disputing party shall give written notice of the Dispute to the other applicable party(ies) that shall contain a brief statement of the nature of the Dispute (“Notice of Dispute”). If the parties are unable to resolve the Dispute within thirty (30) days of receipt of Notice of Dispute, the parties shall submit the Dispute to mediation as set forth below.
- (b) In the event negotiation is unsuccessful, any party wishing to commence mediation shall send a written notice of intent to mediate to the other party(ies), specifying in detail the nature of the Dispute and proposing a resolution thereof (“Mediation Notice”). Within fifteen (15) days after such Mediation Notice is received by the other party(ies), if the parties cannot agree on a proposed mediator, one shall be appointed in accordance with the rules and procedures of the American Health Lawyers Association (“AHLA”). Each party shall designate no more than three (3) representatives who shall meet with the mediator to mediate the Dispute. Mediation shall be commenced as soon as reasonably possible. The mediator shall be a person having no conflict of interest with a party. The mediation shall be conducted in Corpus, Christi, Texas, or at such other venue as agreed to by the parties, and shall be non-binding. Subject to the Texas Public Information Act, Texas Open Meetings Act, and other applicable law, any non-binding mediation conducted under the terms of this Section shall be confidential within the meaning of Texas law. The cost of the mediation shall be borne equally by the parties, except for expenses of the individual parties. The mediation must be conducted and completed within thirty (30) days of the date of the Mediation Notice. Should the mediation not achieve a solution agreeable to the applicable parties, the parties must proceed with arbitration as set forth below.
- (c) Mediation shall be a prerequisite to arbitration. If unsuccessful in resolving an issue submitted to mediation as outlined above, the applicable parties shall resolve such Dispute by binding arbitration in accordance with the provisions set forth below. Arbitration shall be conducted in Corpus Christi, Texas, or at such other venue as agreed to by the parties, in accordance with this Section of the Agreement and the rules and procedures of the AHLA. This matter shall be heard and decided, and awards rendered by a panel of three (3) Arbitrators (collectively, the “Arbitration

Panel”) within one hundred and eighty (180) days of the date a party delivers written notice (“Arbitration Notice”) to the other party to this Agreement of its intention to resolve a matter by arbitration pursuant to this Section ~~9.10~~10.10(d). Within twenty (20) business days of the date that the Arbitration Notice is received by the addressee, each party to arbitration shall select one Arbitrator from the panel of AHLA's arbitrators and such party-appointed Arbitrators shall select a third Arbitrator from the panel of AHLA arbitrators within thirty (30) business days after the date that the Arbitration Notice is received by the addressee. If the Party-appointed Arbitrators cannot agree within a reasonable period of time on the third, neutral arbitrator, then AHLA will select such third arbitrator. The arbitrators selected pursuant to this Section ~~9.10(e)~~10.10(c) shall be qualified by training, education, and experience to rule on the issues presented. In the event a party files suit for the purpose of tolling the statute of limitations, the parties intend that the court in which such suit is filed shall be bound by the Arbitrator's determination on the subject matter being arbitrated. The award rendered by the Arbitration Panel shall be final and binding as between the parties hereto and their successors and assigns, and judgment on the award may be entered by any court having jurisdiction thereof.

Section 10.11. ~~Section 11.11.~~—Consent to Jurisdiction. Any legal action, suit or proceeding in law or equity arising out of or relating to this Agreement and the transactions contemplated hereby may be instituted in any state court in Nueces County, Texas or federal court in Nueces County, Texas.

REMAINDER OF PAGE LEFT INTENTIONALLY BLANK!

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Agreement effective as of the date first written above.

CHRISTUS SPOHN HEALTH SYSTEM CORPORATION;

~~a Texas nonprofit corporation~~

By: _____
Pamela S. Robertson, Chief Executive Officer

CHRISTUS HEALTH;

~~a Texas nonprofit corporation~~

By: _____
Ernie Sadau, Chief Executive Officer

NUECES COUNTY HOSPITAL DISTRICT;

~~a political subdivision of the State of Texas~~

By: _____
Jonny F. Hipp, Administrator/Chief
Executive Officer

**APPROVED BY THE NUECES COUNTY
COMMISSIONERS COURT**

By: _____
~~S. Loyd~~ Samuel L. Neal, Jr., County Judge

119189

EXHIBIT A

Amended and Restated Certificate of Formation of Spohn

EXHIBIT B

Amended and Restated Bylaws of Spohn