

**MINUTES
PLANNING COMMITTEE
SPECIAL MEETING
BOARD OF MANAGERS
NUECES COUNTY HOSPITAL DISTRICT**

DRAFT

July 22, 2014

The Planning Committee of the Nueces County Hospital District Board of Managers met Tuesday, July 22, 2014 at 5:30 p.m., in the NCHD Board Room at 555 N. Carancahua, Suite 950-A, Corpus Christi, TX.

HOSPITAL DISTRICT REPRESENTATIVES:

Jonny F. Hipp, Administrator/CEO
Dena B. Bruni, Assistant Administrator, Administrative Services
Donna Littlefield, Director, Accounting & Finance
Wm. DeWitt Alsup, Attorney, Alsup Law Firm
Laura Jimenez, Nueces County Attorney
Cathy Heller, Nueces County Assistant Attorney
Sara G. Lopez, Administrative Specialist

OTHER(S) PRESENT:

Gary Eiland, Attorney, King & Spalding, LLP., Houston, TX.
Pam Robertson, President, CHRISTUS Spohn Health System
Osbert Blow, M.D., Spohn-Memorial Trauma Center Medical Director
Pam Brower, CFO, CHRISTUS Spohn Health System
Katy Kiser, PR Staff, CHRISTUS Spohn Health System
Michele Mora-Trevino, PR, CHRISTUS Spohn Health System
Ann Fields, Collier, Johnson and Woods, PC, CPA
John Michaels, P.E. of Naismith Engineering
Loyd Neal, Nueces County Judge
Jay Woodall, CEO, Corpus Christi Medical Center
Diana Lowrance, Executive Director, Behavioral Health Center of Nueces County
Ben Donnell, Attorney
Dave Hendricks. Reporter, Caller-Times

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1. **Call to Order** - Mr. Hart, Chairman
The meeting was called to order by Mr. Hart at 5:36 p.m.

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2. **Establishment of Quorum** - Mr. Hart
A quorum was present with all members in attendance.

Rodney J. Hart, Chairman - PRESENT
Dan Winship, Member - PRESENT
Irma Caballero, Member - PRESENT

3. **SPECIAL AGENDA:**

- A. **Receive information from and inquire of representative(s) of Collier, Johnson & Woods, P.C., Certified Public Accountants on their review of CHRISTUS Spohn Health System Corporation's annual capital expenditures made during 1996-2012 at Hospital District-owned facilities, including CHRISTUS Spohn Hospital Corpus Christi-Memorial located at 2606 Hospital Boulevard in Corpus Christi, Texas, formerly known as Memorial Medical Center, and discuss related matters - INFORMATION**

Ms. Ann Fields of the Collier, Johnson and Woods, gave an overview of the annual capital expenditures at Spohn Memorial, 1996 thru 2012.

Copy of this report, titled *Agreed Upon Procedures* is made part of these minutes

Mr. Hipp reported that since the initial agreement, a series of changes have occurred that increased CHRISTUS Spohn's annual capital expenditures' obligation to the Hospital District. Their annual obligation has increased from \$3M to \$6M.

- B. **Receive briefing from and inquire of Naismith Engineering, Inc. representative(s) regarding their evaluation of CHRISTUS Spohn Health System Corporation's estimates of refurbishment and/or replacement costs and useful life estimates relating to CHRISTUS Spohn Hospital Corpus Christi-Memorial located at 2606 Hospital Boulevard in Corpus Christi, Texas, formerly known as Memorial Medical Center, and discuss related matters - INFORMATION**

Mr. Michaels reported on his findings after reviewing 2011 engineering studies commissioned by CHRISTUS Spohn related to the life-expectancy of Memorial's

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infrastructure and cost of retro-fitting, refurbishing, or replacing the facility. Methodology used for the assessment, are industry standards, broken down into four (4) categories: critical, non-critical, going to be critical and wish list. Taking all factors into account, costs from 2011 figures would be approximately \$532 M, plus 5% inflation for 2015 for a total of \$559M. Cost per bed is estimated at \$2M per bed.

Mr. Michaels advised he will have a full written report on his findings to Mr. Hipp and the Board.

C. Receive information on and discuss debt obligation funding scenario on and estimated tax rate impact of hypothetical Hospital District-issued general obligation bonds in the amount of \$400,00,000 for construction of a replacement hospital facility and discuss related matters - INFORMATION

Mr. Hipp presented a brief overview of the debt obligations and tax rate impact on the citizens of Nueces County. If a decision is made to build a new hospital or refurbish/retro-fit the current facility. If a decision is made to build/refurbish this can only be accomplished through a Bond election or the through issuances of certificates of obligation. This will be costly to property owners as taxes could increase from the current .14/100 valuation to .26/100 valuation.

4. Adjourn

There being further business, the meeting adjourned at 6:25 p.m.