

Memorandum

To: Board of Managers
From: Jonny F. Hipp, Administrator
Date: August 31, 2021
Re: Achievement of Certain Performance Goals in FY 2020

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, 2020 (“Fiscal Year 2020”) were achieved. In addition, to call the Board’s attention to the Goal Achievement Pay that is due to occur as a result of the achievements. The related information and supporting details are provided below and attached.

For your reference, I have attached a copy of the Agreement, as amended (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 2020 and the associated amounts of the Goal Achievement Pay to be paid (see Exhibit #2).

Concerning the above, five of the Performance Goals from those listed in Attachment ‘A’ were achieved during Fiscal Year 2020.

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 which are shown on the following page and in the attached Exhibits.

Jonny F. Hipp

Performance Goals Achieved in Fiscal Year 2020

- (1) **Goal #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.
Exhibit #: 3
Documentation: August 23, 2021 letter from State Medicaid Director.

- (2) **Goal #11:** Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2020.
Exhibit #: 3
Documentation: August 23, 2021 letter from State Medicaid Director.

- (3) **Goal #12:** Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2020.
Exhibits #: 4 & 5
Documentation: Fiscal Year ended September 30, 2020-related letters issued by Collier, Johnson & Woods, P.C., the Hospital District's independent auditors, and dated February 16, 2021:
 - (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 #13:** Negotiate revenue sharing percentage for Fiscal Year 2021.
Exhibit #: 6
Documentation: August 27, 2020 letter from CHRISTUS Spohn Health System substantiating negotiations and establishing the sharing percentage for Fiscal Year 2021.

- (5) **Goal #25:** Secure platting of Memorial Medical Center property.
Exhibit #: 7
Documentation: March 12, 2020 City of Corpus Christi public improvements acceptance letter. June 10, 2020 plat of Medical Center Subdivision Block 3, Lots 1 & 2 recorded with City of Corpus Christi.

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.

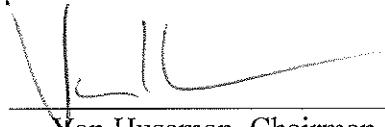
10. **Attachments, Schedules, and Exhibits.** Attachments, schedules, and exhibits mean the attached documents setting out certain particulars of this Agreement and any replacement documents thereof. All attachments, schedules, and exhibits referred to in this Agreement are incorporated herein by reference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

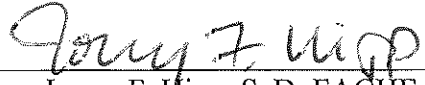
**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**
("Board" and "Hospital District")

By: _____

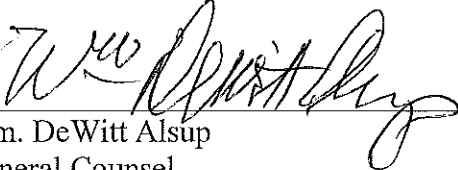

Van Huseman, Chairman
Board of Managers

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%

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

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

EMPLOYMENT AMENDMENT NO. 1

**NUECES COUNTY HOSPITAL DISTRICT
ADMINISTRATOR EMPLOYMENT AGREEMENT**

WHEREAS, the Nueces County Hospital District, by and through its Board of Managers (the "Board") and Jonny F. Hipp, who was the person appointed by the Board as the Administrator (the "Administrator") of the Nueces County Hospital District entered into an Employment Agreement (the "Agreement") on September 14, 2018 employing Administrator as the District's Administrator and Chief Executive Officer.

WHEREAS, the term of the parties Agreement is for four years, beginning on October 01, 2018 and ending on September 30, 2022.

WHEREAS, on September 15, 2020, the Administrator's salary was adjusted by action of the Board and where although Administrator received payment accordingly, the Board's action was not reflected by amendment to the Agreement.

WHEREAS, the parties now want to issue an Amendment to the Agreement to reflect the action taken by the Board on September 15, 2020.

NOW THEREFORE, Nueces County Hospital District and Jonny F. Hipp do hereby mutually agree to the following amendment to the Administrator's Employment Agreement:

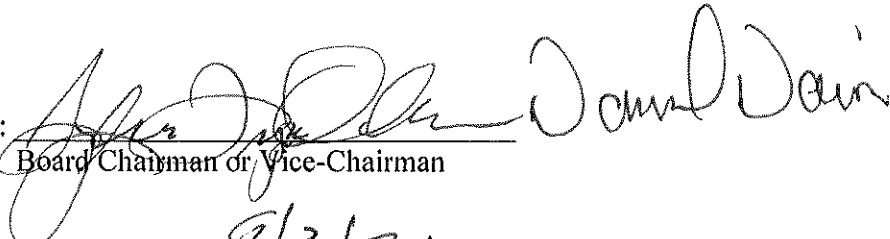
1. To strike Paragraph 3(a) (vii) in the original Agreement stating the amount of the Administrator's salary for a twelve-month period and replace it with the following:

(vii) the Board's desire to achieve consistency, stability and longevity in the Administrator's position, the Board hereby determines and agrees that for the remainder of the Term of the Agreement, beginning on October 01, 2020, the Hospital District shall pay the Administrator a salary amount of two hundred twenty-five thousand six hundred five dollars and sixty-four cents \$225,605.64 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 for any partial employment period. The Salary shall be subject to withholding taxes prescribed by applicable statutes and as additionally authorized by Administrator.

2. All other provisions of original contract shall remain the same.

IN WITNESS WHEREOF, the parties have hereto undertaken this Amendment and executed it as of the 3rd day of August 2021.

**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

By: 
Board Chairman or Vice-Chairman
Date: 8/3/21

JONNY F. HIPPI

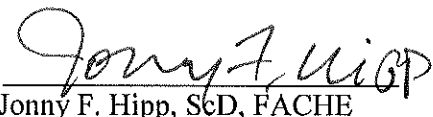

By: 
Jonny F. Hipp, ScD, FACHE
Date: 8/3/21

Exhibit # 2

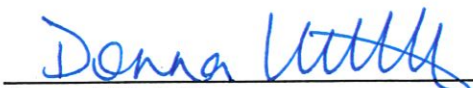
NUECES COUNTY HOSPITAL DISTRICT
 ADMINISTRATOR'S EMPLOYMENT AGREEMENT ANALYSIS
 FOR THE FISCAL YEAR ENDED 09/30/2020
 DUE AFTER FEBRUARY 1, 2021

Goal	Description	% Salary	Amount
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	5.0%	\$9,600.24
11	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2020	5.0%	\$9,600.24
12	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2020	7.5%	\$14,400.36
13	Negotiate sufficient sharing percentage for Fiscal Year 2021	7.5%	\$14,400.36
25	Secure platting of Memorial Medical Center property	4.0%	\$7,680.19
Total			\$55,681.39


 Administrator, Jonny Hipp


08/18/2021
 Date

Compiled By:


 Donna Littlefield

08/18/21
 Date

Reviewed by:


 Belinda Chism

8/18/21
 Date

Exhibit # 3



August 23, 2021

Daniel W. Dain, Chairman
Board of Managers
Nueces County Hospital District
555 N. Carancahua St., Suite 950
Corpus Christi, Texas 78401-0835

Dear Mr. Dain,

My office has been asked to confirm that for the period of October 1, 2019 to September 30, 2020, the Nueces County Hospital District has fulfilled its Regional Healthcare Partnership (RHP) 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, 2019 to September 30, 2020, the Nueces County Hospital District has fulfilled its RHP 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
State Medicaid Director

Exhibit # 4

INDEPENDENT AUDITOR'S REPORT

February 16, 2021

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, 2020, 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, 2020, 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 16, 2021 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

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 16, 2021

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, 2020, 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 16, 2021.

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



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
Page 2

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", written over a horizontal line.

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

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

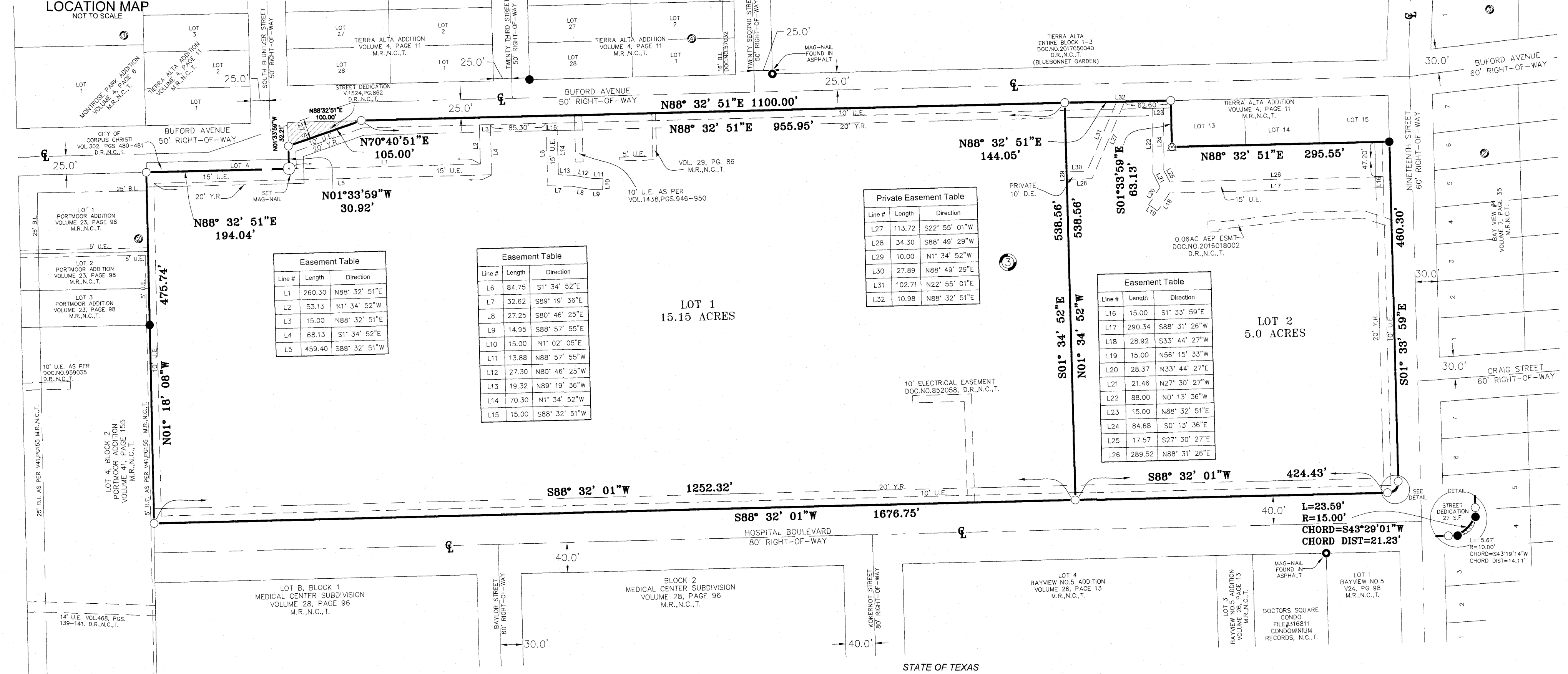
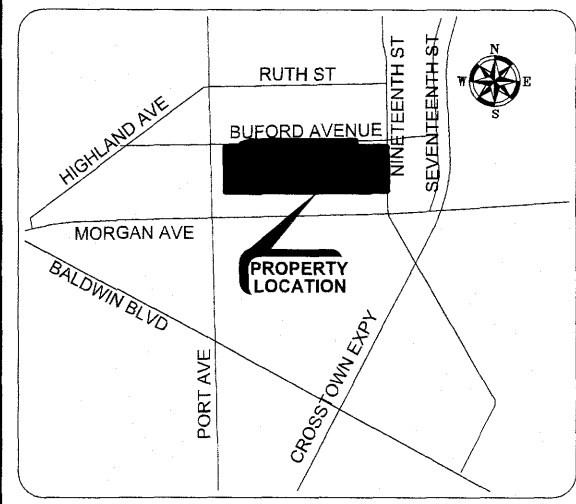
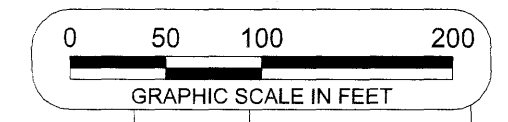
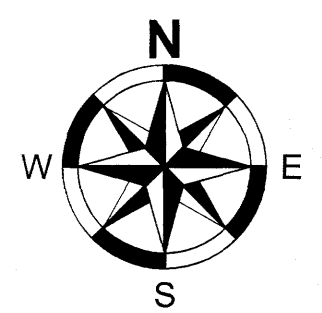
Dominic Dominguez
Senior Vice President, Group Operations
Chief Executive Officer

#199982

Exhibit # 7

PLAT OF MEDICAL CENTER SUBDIVISION BLOCK 3, LOTS 1 & 2

BEING A REPLAT OF LOTS 1-5, THE W 1/2 OF LOT 6, & LOTS 7-12, BLOCK 7, TIERRA ALTA ADDITION, RECORDED IN VOLUME 4, PAGE 11, MAP RECORDS, NUECES COUNTY, TEXAS, LOT 6-B, BLOCK 7, TIERRA ALTA ADDITION, RECORDED IN VOLUME 29, PAGE 86, MAP RECORDS, NUECES COUNTY, TEXAS, AND ALL OF BLOCK 3, MEDICAL CENTER SUBDIVISION, RECORDED IN VOLUME 53, PAGES 144-145, MAP RECORDS, NUECES COUNTY, TEXAS; CONTAINING 20.19 ACRES, INCLUDING STREET DEDICATIONS.



- GENERAL NOTES**
- ALL BEARINGS ARE GRID BEARINGS MEASURED WITH THE TEXAS VRS NETWORK AND ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH ZONE, NORTH AMERICAN DATUM OF 1983.
 - SOME OBJECTS MAY BE OUT OF SCALE FOR CLARITY.
 - IF ANY LOT IS DEVELOPED WITH RESIDENTIAL USES, COMPLIANCE WITH THE OPEN SPACE REGULATION WILL BE REQUIRED DURING THE BUILDING PERMIT PHASE.
 - PER FLOOD INSURANCE RATE MAP, MAP INDEX, COMMUNITY-PANEL NUMBER 485464 0168 C, REVISED JULY 18, 1985, THE SUBJECT PROPERTY IS LOCATED IN ZONE C, DEFINED AS AREAS OUTSIDE THE 100-YEAR FLOOD AND OF MINIMAL FLOODING. THIS FLOOD STATEMENT SHALL NOT CREATE LIABILITY ON THE PART OF THE SURVEYOR.
 - THE RECEIVING WATER FOR THE STORM WATER RUNOFF FROM THIS PROPERTY IS THE CORPUS CHRISTI INNER HARBOR. THE TCEQ HAS CLASSIFIED THE AQUATIC LIFE USE FOR THE CORPUS CHRISTI INNER HARBOR AS "INTERMEDIATE".
 - YARD REQUIREMENT, AS DEPICTED, IS A REQUIREMENT OF THE UNIFIED DEVELOPMENT CODE AND IS SUBJECT TO CHANGE AS THE ZONING MAY CHANGE.
 - THE TOTAL PLATTED AREA CONTAINS 20.19 ACRES OF LAND INCLUDING STREET DEDICATION.

- LEGEND:**
- = CALCULATED POINT
 - = FOUND 5/8" IRON ROD
 - ⦿ = FOUND MAG NAIL
 - = SET MAG NAIL
 - = SET 5/8" DIAMETER BY 18" LONG IRON ROD WITH RED PLASTIC CAP STAMPED "HANSON CRP, TX."
- M.R.N.C.T. = MAP RECORDS, NUECES COUNTY, TEXAS
D.R.N.C.T. = DEED RECORDS, NUECES COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF NUECES

We, Nueces County Hospital District, do hereby certify that we are the owners of the lands embraced within the boundaries of the foregoing plat and that we do accept and approve said plat for all purposes and considerations.

This the 2nd day of June, 2020.

By: Jonny F. Hipp
Jonny F. Hipp, S&D, FACHE
Administrator/Chief Executive Officer

STATE OF TEXAS
COUNTY OF NUECES

Before me, the undersigned authority, personally appeared, Jonny F. Hipp, known to me to be the persons whose names are subscribed to the foregoing instrument of writing, and they acknowledged to me that they executed the same for the purposes and considerations therein expressed and in the capacity herein stated.

This the 2nd day of June, 2020.

Melissa A. Quintanilla
Notary Public, State of Texas

STATE OF TEXAS
COUNTY OF NUECES

I, Kara Sands, Clerk of the County Court in and for said County, do hereby certify that the foregoing instrument dated the 2nd day of June, 2020, at 1:52 o'clock P.M., and duly recorded the 11th day of June, 2020, at 1:52 o'clock P.M., in the map records of said County in Volume 69, Page 443, Instrument Number 2020023990.

Witness my hand and seal of the County Court in and for said County at office in Corpus Christi, Nueces County, Texas, the day and year last written.

By: Melissa A. Sands
Deputy

Kara Sands
Kara Sands, Clerk
County Court

Nueces County, Texas

STATE OF TEXAS
COUNTY OF NUECES

This final plat of the herein described property was approved on behalf of the City of Corpus Christi, Texas by the Planning Commission.

This the 17th day of March, 2020.

Al Raymond III, A.I.A.
Secretary

Carl Crull, P.E.
Chairman

STATE OF TEXAS
COUNTY OF NUECES

This plat of Medical Center Subdivision, Block 3, Lots 1 & 2, is approved by the Department of Development Services Engineer of the City of Corpus Christi, Texas, this the 10th day of June, 2020.

Jalah Saleh, P.E.,
Development Services Engineer

STATE OF TEXAS
COUNTY OF NUECES

I, Stacey King Mora, Registered Professional Land Surveyor, hereby certify that this survey map was prepared from an actual on the ground survey made under my direction and supervision, and represents the facts found at the time of survey, and that this survey substantially complies with the current standards adopted by the Texas Board of Professional Land Surveying.

Stacey King Mora
Stacey King Mora
Registered Professional Land Surveyor
Texas Registration No. 6166

Hanson Professional Services, Inc.
Date: May 20, 2020

PLAT OF
MEDICAL CENTER SUBDIVISION
BLOCK 3, LOTS 1 & 2
CITY OF CORPUS CHRISTI, NUECES COUNTY, TEXAS

ENGINEER/SURVEYOR
STACEY KING MORA
PHONE: 361-814-9900 FAX: 361-814-4401
ENGINEER/SURVEYOR EMAIL: SMORA@HANSON-INC.COM
DRAWN BY: SM
CHECKED BY: SM
DATE: 4/29/2017
PLAT: 5/19/2020

4501 GOLLIGHOR ROAD
CORPUS CHRISTI, TEXAS 78411
361-814-9900

HANSON
Hanson Professional Services Inc.

TBPE F-417 / TBPLS F-10039500
TBAE F-BR-2458 / TBPG F-505566

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STATE OF TEXAS
REGISTERED
STACEY KING MORA
PROFESSIONAL LAND SURVEYOR
6166

SHEET 1 OF 1



March 12, 2020

Craig Thompson, P.E.
Hanson Professional Services Inc.
4501 Gollihar
Corpus Christi, TX 78411

ENGINEERING SERVICES

PO Box 9277
Corpus Christi
Texas 78469-9277

1201 Leopard Street
3rd Floor
Corpus Christi
Texas 78401

Phone 361-826-3500
Fax 361-826-3501
www.cctexas.com

Construction Management
4917 Holly Rd., Bldg. 5
Corpus Christi
Texas 78411
Phone 361-826-3555
Fax 361-826-3520

Subject: **18PL1110 Medical Center BLK 3 Lots 1 & 2 – Public Improvements**

Dear Mr. Thompson,

We have inspected the **Public Improvements** that were constructed at the above-named site. In addition, we also have your certificate of completion and are satisfied that the work was completed in accordance with the plans and specifications approved by the city.

Per UDC Section 8.1.6.A, the contractor is held to a two-year warranty period for streets, curbs, gutters, and sidewalks, and maintain a one-year warranty period for all other public improvements, unless otherwise specified by a separate agreement effective **February 24, 2020**. Date of acceptance was based on final approval notification from the Engineering Services, Construction management Division.

The improvements are hereby accepted by the City of Corpus Christi for permanent maintenance and operation in accordance with current City policy.

Sincerely,

Brett Van Hazel, PMP

Assistant Director of Construction Management

BVH/lis

CC: Development Services/Building Official
Development Services/Land Development
Capital Programs/Construction Inspection
Capital Programs/Design Stormwater
Operating Department/Director
Street Operating Department/Director
Traffic Operating Department/Director
Wastewater Operating Department/Director
Water Operating Department/Director