

**MINUTES
BOARD OF MANAGERS
NUECES COUNTY HOSPITAL DISTRICT
SPECIAL SESSION**

July 22, 2014

The Nueces Hospital District Board of Managers met in ***SPECIAL SESSION*** in the NCHD Board Room at 555 N. Carancahua, Suite 950-A, Corpus Christi, TX on Tuesday, July 22, 2014 at 6:15 p.m.

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
Catherine Heller, Assistant County 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
Lloyd 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. Huseman, Chairman
The meeting was called to order by Mr. Huseman at 6:30 p.m.
 2. **Establishment of Quorum -** Mr. Huseman
A quorum was present with all members in attendance.

Van Huseman, Chairman - PRESENT
Claude "Cal" Jennings, Vice Chair - PRESENT

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Raymond F. Wetegrove, Member - PRESENT
Rodney J. Hart, Member - PRESENT
Dan Winship, Member - PRESENT
Robert N. Corrigan, Member - PRESENT
Irma Caballero, Member - PRESENT

3. **PUBLIC COMMENT** - Person wishing to comment must sign-in on the "Agenda Item Request to Speak" form provided at the entrance of the Board meeting room at least five (5) minutes prior to commencement of the Board meeting. See the "Public Comment" section of the preceding General Information page for additional Public Comment-related information.

4. **SPECIAL AGENDA:**

- A. **Discuss with and inquire of CHRISTUS Spohn Health System Corporation representative(s) regarding their proposed changes, including expansion, repurposing, and demolition, to Hospital District-owned CHRISTUS Spohn Hospital Corpus Christi-Memorial located at 2606 Hospital Boulevard in Corpus Christi, Texas, formerly known as Memorial Medical Center, including Spohn's proposed provision of Level II trauma center services, graduate medical education (medical residency training programs), indigent health care services, and psychiatric services, and discuss related matters - INFORMATION**

Ms. Pam Robertson, President of CHRISTUS Spohn Health System presented an overview of proposed expansion plans. Discussions have centered on the details of the four major services outlined and what Spohn has proposed in concept is as follows:

1. **Indigent care**, under the new agreement would extend to 2056, taking into account any Medicaid changes. At present indigent care beneficiaries can access care throughout the Spohn system and participating providers. This will continue under the new agreement.
2. **Graduate medical education programs**, added emergency residents. Spohn is recruiting residents to stay in the area.

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3. Psych services, looking at current models being proposed to have continuity of care and addressing both medical and psychological conditions. Establishing a Crisis Stabilization Unit to be separate from the ER, so that patients presenting with psychological issues only can be assessed appropriately and connected to the appropriate resources for their care.
4. Trauma services. A new state of the art trauma care facility is planned for the Spohn Shoreline campus.

Ms. Robertson introduced Dr. Blow, Trauma Center Medical Director, whom will assist in the transition process to assure there is no interruption in the services as the Level II Trauma Center is relocated to Spohn Shoreline.

A new outpatient care center is planned for the location at Spohn Memorial with extended hours to serve the community.

Market dynamics is the driving force behind Spohn's decision to update the system and move the trauma center. Inpatient admissions are declining while outpatient and ambulatory care have increased. There is a need for better coordination/efficiencies of services; and less duplication at both facilities.

- B. **Discuss and inquire of CHRISTUS Spohn Health System Corporation representative(s) regarding feedback and results in public community meetings held July 7, 8, 9, 10, 14, and 21, 2014 concerning CHRISTUS Spohn's proposed changes, including expansion, re-purposing, and demolition, to Hospital District-owned CHRISTUS Spohn Hospital Corpus Christi-Memorial located at 2606 Hospital Boulevard in Corpus Christi, Texas, formerly known as Memorial Medical Center, including Spohn's proposed provision of Level II trauma center services, graduate medical education (medical residency training programs), indigent health care services, and psychiatric services, and discuss related matters - INFORMATION**

Ms. Robertson reported that the community meetings held at the beginning of the month, where the expansion plans were revealed and explained to the

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community, were in whole well received. Details will need to be worked-out but overall the community is in agreement with the plans. A copy of the handout/brochure given to attendees is hereto attached and made part of these minutes.

Inquiry by the BOM of assets now in place at Memorial and accountability of same was addressed by Ms. Brower. Ms. Brower assured the BOM that all assests are being accounted. Mr. Hipp informed the BOM that Spohn has offered to relief the District of any obligation to buy the assets back at the end of the lease under a new agreement.

- C. **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 CHRISTUS Spohn has complied with their contractual obligation as related to capital expenditures.

- D. **Discuss with and inquire of CHRISTUS Spohn Health System Corporation representative(s) regarding their annual capital expenditures 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**

Mr. Hipp informed the Board that under a new agreement with CHRISTUS Spohn, capital expenditures will not cease, as the Hospital District still owns satellite clinics and other assets.. The initial agreement was for a \$3M annual capital expenditure investment by CHRISTUS Spohn; however, in negotiations

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with CHRISTUS Spohn, and to assist them in accessing federal reimbursement funds (through the DISPRO/UPL programs) their annual capital expenditures obligation to the Hospital District were increased to \$6M, \$3M to be invested at Memorial and the other \$3M in the MOB or other assets, or the entire \$6M at Memorial at Spohn's discretion.

- E. **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 engineering studies related to the life-expectancy of Memorial's infrastructure and cost of retro-fitting, refurbishing 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 would be approximately \$532 M, plus 5% inflation for a total of \$559M.

- F. **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 \$400,000,000 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 facility, which can only be accomplished through a Bond election or through issuances of certificates of obligation, it will be very costly.

A copy of the report compiled by Estrada Hinojosa & Co., Inc is hereto attached and made part of these minutes.

- G. **Discuss potential Hospital District public hearing(s) relating to CHRISTUS Spohn Health System Corporation's proposed changes, including expansion, re-purposing, and demolition, to Hospital District-owned CHRISTUS Spohn Hospital Corpus Christi-Memorial located at 2606 Hospital Boulevard in**

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**Corpus Christi, Texas, formerly know as Memorial Medical Center,
including Spohn's proposed provision of Level II trauma center services,
graduate services, and psychiatric services, and related matters -
INFORMATION**

Mr. Hipp informed the Board that NCHD will hold at least two public hearings on the proposed plans for Spohn-Memorial and Spohn-Shoreline. Also plans to seek the input of community leaders to assure all aspects and details are worked out to the benefit of the community. Negotiation meetings with Ms. Robertson, attorneys and other staff members will be held in the coming weeks.

Following discussion, the Board requested Mr. Hipp:

1. arrange a tour of the facility to include the engineer; and,
2. keep them informed on the status of the negotiations on an on-going basis.

Judge Neal requested that a recommendation be made to Commissions Court by the 10th of September.

Mr. Hipp to arrange for the tour of Memorial, will keep the Board up-to-date on the negotiations and assured the Judge Neal that every attempt will be made to comply with his request.

EXECUTIVE CLOSED SESSION

Let the record show that there was no executive closed session at this meeting.

5. **CLOSED MEETING** - See the "Closed Meeting" section of the preceding General Information page for additional Closed Meeting-related information.
 - A. Consult with Hospital District Attorney(s), including County Attorney, to seek legal advice on legal matters pursuant to Open Meetings Act, Texas Government Code, §551.071(2):
 - 1) Matters related to CHRISTUS Spohn Health System Corporation Membership Agreement, Schedule 1, Section 3.8.6 relating to material alteration of Hospital District-owned real property formerly known as

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Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas; and related legal matters;

- 2) Matters relating to encumbrances, easements, and/or restrictions associated with Hospital District-owned real property located at or adjacent to 2606 Hospital Boulevard, Corpus Christi, Texas; and related legal matters;
- 3) Matters relating to replacing Hospital-District-owned real property formerly known as Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas with a new ambulatory health center and then demolishing Memorial Medical Center, including matters relating to ownership, demolition, consent to demolition, procedural steps relating to demolition; and related legal matters; and
- 4) Matters related to applicability of Open Meetings Act, Texas Government Code, Chapter 551, including Subchapter D, §551.072 real property exception as it related to proposed closing of CHRISTUS Spohn Hospital Corpus Christi-Memorial, formerly Memorial Medical Center; scope of attorney/client confidentiality; and related legal matters.

6. **Adjourn**

There being no further business, the meeting adjourned at 7:45 p.m.

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PRESIDING OFFICER:

Van Huseman, Chairman
Board of Managers
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ATTEST:

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

Wm. DeWitt Alsup, General Counsel
Nueces County Hospital District