



# NUECES COUNTY HOSPITAL DISTRICT

## Administrative Offices

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### **BOARD OF MANAGERS RESOLUTION** **AUGUST 31, 2021**

#### **A RESOLUTION RELATING TO REVENUE ALLOCATION PERCENTAGE IN HOSPITAL DISTRICT FISCAL YEAR 2022**

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

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

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

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

**WHEREAS**, the Parties have conferred and reached agreement on a Specified Annual Percentage for the ensuing year October 1, 2021 – September 30, 2022, subject to approval by the Board, as memorialized in that certain letter from CHRISTUS Spohn Health System to the District dated August 10, 2021 a copy thereof attached hereto as Exhibit “A”.

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

1. The Board acknowledges that the Parties have conferred and reached agreement on a Specified Annual Percentage for the ensuing year October 1, 2021 – September 30, 2022, subject to approval by the Board.
2. The Board hereby approves the agreed upon Specified Annual Percentage for the ensuing year October 1, 2021 – September 30, 2022 as memorialized in that certain letter from CHRISTUS Spohn Health System to the District dated August 10, 2021 a copy thereof attached hereto as Exhibit “A”.
3. The Administrator, in his capacity as the Secretary of the Hospital District Board, be and is hereby legally authorized and empowered to perform all acts described above and certify these resolutions and that the provisions hereof are in conformance with the laws of the State of Texas and the Governing Board Bylaws of the Hospital District.
4. This Resolution shall take effect and be in full force and effect upon and after its passage.

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**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS**

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Daniel W. Dain  
Chairman

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Sylvia Tryon Oliver  
Vice Chairman

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Belinda Flores, R.N.  
Member

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Vishnu V. Reddy, M.D.  
Member

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John E. Valls, M.B.A.  
Member

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Mariana Garza, J.D.  
Member

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Efrain Guerrero, Jr.  
Member

# Exhibit "A"



RECEIVED

AUG 11 2021

NCID ADMINISTRATION

DELIVERED VIA COURIER

August 10, 2021

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

**Re: 2022 Specified Annual Percentage**

Dear Jonny:

Thank you and your team for a thoughtful and productive dialogue regarding our current operations under the Amended and Restated CHRISTUS Spohn Health System Corporation Membership Agreement (the "Membership Agreement"). The collaboration between CHRISTUS Spohn Health System Corporation ("Spohn"), CHRISTUS Health ("CHRISTUS"), and the Nueces County Hospital District ("District") over the past few months served as our annual process under Section 5.03 of the Membership Agreement. I am writing to memorialize the Specified Annual Percentage for the Ensuing Year (October 1, 2021 – September 30, 2022). 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 9, 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 increased expenditures on inmate health care services, Spohn's continued investment in behavioral health projects and services, and the continuing impact of the COVID-19 pandemic on the community.

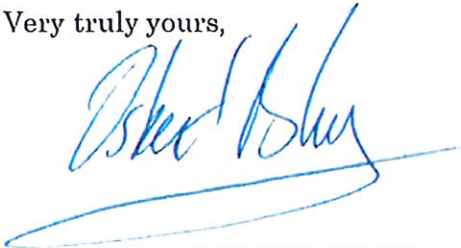
Based on these discussions, the parties agreed to a Specified Annual Percentage for the Ensuing Year on the following conditions:

1. The Nueces County Hospital District Board of Directors' approval; and
2. The parties' timely execution of an amendment to the Membership Agreement and Memorandum of Understanding, and relevant attachments, to remove a portion of Lot 1, Block 3, Medical Center Subdivision from the Memorial property.

Jonny Hipp  
August 10, 2021  
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Upon the satisfaction of these conditions, the Specified Annual Percentage for the Ensuing Year will be ninety-seven percent (97%), and the remaining three percent (3%) 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 Spohn's continued delivery of high-quality, integrated, and accessible services to patients in Nueces County.

Very truly yours,



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

**CERTIFICATE OF SECRETARY**

THE STATE OF TEXAS

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§  
§

COUNTY OF NUECES

THE UNDERSIGNED HEREBY CERTIFIES that:

1. The members of the Board of Managers (the "Board") of the Nueces County Hospital District (the "Hospital District") have been duly appointed pursuant to Texas Health and Safety Code (the "Health Code"), §281.021.

2. Pursuant to Health Code, §281.021(a), the Hospital District's Board of Managers (the "Board") have been duly appointed; pursuant to Health Code, §281.048, the Board is the governing body of the Hospital District; and pursuant to the collective authorities of Health Code, §281.047 and §281.048, the Board has, and the time of adoption of this Resolution had, full power and authority to manage, control, administer, and to adopt rules governing operation of the Hospital District.

3. On the **31<sup>st</sup> day of August 2021** the Board convened in a regular meeting at the Hospital District's regular meeting place (the "Meeting"), the duly constituted members and officers of the Board being as follows:

- Daniel W. Dain, Chairman
- Sylvia Tryon Oliver, Vice Chairman
- Belinda Flores, R.N.
- Vishnu V. Reddy, M.D.
- John E. Valls, M.B.A.
- Mariana Garza, J.D.
- Efrain Guerrero, Jr.

and all of said persons were present, except the following absentees:

\_\_\_\_\_ , \_\_\_\_\_ ,  
and \_\_\_\_\_ , \_\_\_\_\_ , thus constituting a quorum.

4. Among other business considered at the Meeting, the attached resolution entitled:

**A RESOLUTION RELATING TO  
REVENUE ALLOCATION PERCENTAGE IN HOSPITAL DISTRICT FISCAL YEAR 2022**

is a true copy of a resolution introduced and submitted to the Board for consideration toward passage and adoption (the "Resolution"). After presentation and discussion, it was then duly moved and seconded that the Resolution be passed and adopted. The motion to pass and adopt the Resolution prevailed and carried by the following viva voce vote:

YEAS: \_\_\_\_\_  
 NAYS: \_\_\_\_\_  
 PRESENT NOT VOTING: \_\_\_\_\_  
 ABSENT: \_\_\_\_\_

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

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

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

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

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Hospital District on this the **31<sup>st</sup> day of August 2021**.

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

{HOSPITAL DISTRICT SEAL}