

**AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING RELATING
TO TERMINATION OF THE MEMBERSHIP AGREEMENT**

This **Amended and Restated** Memorandum of Understanding Relating to Termination of the Membership Agreement (“MOU”) is made and entered into to be effective as of ~~11:59 p.m. Central Daylight Time, September 30, 2012~~ **November __, 2015** (“Effective Date”), by and between **the** Nueces County Hospital District (“District”) and CHRISTUS Spohn Health System Corporation (“Spohn”). The District and Spohn may be referred to individually as a “Party” to this Agreement and may be referred to collectively as the “Parties” to this Agreement.

RECITALS

WHEREAS, Spohn is a Texas nonprofit corporation, and more specifically created and operating under Chapter 22 of the Texas Business Organizations Code;

WHEREAS, the District is a body politic and corporate and 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;

WHEREAS, the District and Spohn ~~are~~ **were formerly** parties to the following agreements: Master Agreement dated as of August 6, 1996 as amended through September ~~__, 2012~~ **30, 2012** (“Master Agreement”), Lease Agreement dated as of September 30, 1996 as amended through September ~~__, 2012~~ **30, 2012** (“Lease”), and Revised and Restated Indigent Care Agreement effective as of November 18, 2005 as amended through September ~~__, 2012~~ **30, 2012** (“ICA”) (the Master Agreement, Lease, and ICA are collectively referred to herein as the “Agreements”);

~~**WHEREAS, effective simultaneously with the Effective Date,**~~ **WHEREAS, pursuant to that certain Memorandum of Understanding Relating to Termination of the Membership Agreement (“Original MOU”), the District and Spohn, subject to certain limitations set forth in the Original MOU, terminated the Agreements effective September 30, 2012, and**

simultaneously agreed to reinstate the Agreements under certain circumstances set forth in the Original MOU;

WHEREAS, the District, CHRISTUS Health, and Spohn ~~will enter~~entered into that certain CHRISTUS Spohn Health System Corporation Membership Agreement effective as of October 1, 2012 (“Original Membership Agreement”), ~~and terminate the Agreements; and;~~

WHEREAS, the Parties executed that certain Letter of Intent Regarding Material Alteration Notice on September 10, 2014, through which the Parties agreed to modify certain elements of the Parties’ relationship contemplated in the existing Original Membership Agreement, the Original MOU, and the Agreements;

WHEREAS, simultaneous with the Effective Date, CHRISTUS Health and the Parties are executing an Amended and Restated CHRISTUS Spohn Health System Corporation Membership Agreement (“Membership Agreement”), and the Parties wish to amend and restate the terms and conditions of the Original MOU through the execution of this MOU to incorporate the modifications to the Parties’ relationship in the event the Membership Agreement terminates prior to September 30, 2036;

WHEREAS, except as otherwise stated herein, the District and Spohn desire to ~~protect~~continue their former relationship under the Agreements in the event the Membership Agreement expires or is terminated for any reason prior to September 30, 2036; and

WHEREAS, subject to Section 5.11 below, the Parties wish for this MOU to supersede and replace the Original MOU.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which ~~is~~are hereby acknowledged by the Parties, the District and Spohn hereby agree as follows:

I.

~~The~~Subject to Section 5.11 below, the District and Spohn agree that the ~~Agreements~~ are Original MOU is hereby terminated on the Effective Date of ~~the MOU, subject to the other~~ terms and conditions of this MOU; ~~provided, however, that the Parties acknowledge and agree that those certain events, occurrences, or actions that the parties agreed would occur in various provisions of the Agreements (including, without limitation, those set forth below) upon the termination of the Master Agreement, Lease, or ICA shall not occur as a result of the termination of the Agreements under this MOU:~~this MOU.

- ~~• Section 9.2 of the Master Agreement;~~
- ~~• Sections 6.6, 6.8, 6.9, and 10.2 of the Lease; and~~
- ~~• Section 7.2(b) of the ICA.~~

~~Further, the survival provisions applicable to the Agreements shall continue to be in effect subsequent to the Effective Date throughout the term of the Membership Agreement.~~

II.

In the event the Membership Agreement expires by its terms or is terminated for any reason or no reason ~~during the term or any extended term of the Membership Agreement,~~prior to September 30, 2036, the Parties hereby agree that ~~(i) the Membership Agreement shall be terminated upon the date of the expiration or termination of the Membership Agreement, without the need for execution or any further action by any Party and (ii) immediately, on the date of termination of the Membership Agreement, the Agreements,~~as amended in the Attachments 1 through 3 to this MOU, shall be reinstated for the balance of their terms or any extended terms with the same terms and conditions in effect in the Agreements ~~on the Effective Date~~and Attachments 1 through 3 to this MOU. While the Parties agree to use their best efforts to obtain executed copies of Attachments 1 through 3 hereto upon termination of the

Membership Agreement, the Parties understand and agree that their execution of this MOU shall constitute the Parties' binding agreement, acceptance, and approval of the reinstatement of the Agreements, inclusive of the amendments set forth in Attachments 1 through 3 hereto, contemporaneously with such termination of the Membership Agreement.

III.

Except as otherwise provided herein, this MOU will remain in full force and effect so long as ~~both~~ the Membership Agreement, or any extensions of the terms of the Membership Agreement ~~remain~~, remains in force and effect.

IV.

~~4.14.1.~~ Spohn agrees to indemnify the District, its officers, directors, trustees, employees and agents, and the officers, employees, and agents of its governing board, 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 or the District's obligations under this MOU, the Membership Agreement, or transactions related to, Spohn's receipt of Medicaid supplemental or waiver payments, including Disproportionate Share Hospital payments, Uncompensated Care payments, Delivery System Reform Incentive Payment payments, Network Access Improvement Program payments, or any replacement or similar program generating Medicaid supplemental payments to Spohn, 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 MOU or Membership Agreement or Spohn's breach of any material requirement of this MOU (the "Indemnity"). Subject to applicable law, Spohn shall have the right to select and engage defense counsel and manage the defense. The District shall cooperate with Spohn in Spohn's engagement of legal counsel to defend any claim or action subject to Article IV of this MOU. Notwithstanding

anything in this Article IV to the contrary, in the event that representation of Spohn and the District by the same counsel would be a conflict of interest for such counsel under the Texas Disciplinary Rules of Professional Conduct then in effect, the District may require Spohn to select another independent counsel, in consultation with the District, without relieving Spohn of its obligation to indemnify and defend the District under this Article IV. In the event the District or Spohn becomes aware of a claim or action subject to this Article IV, such ~~party~~Party shall provide the other ~~party~~Party prompt written notice of the claim or action and shall use its best efforts to provide the other ~~party~~Party 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~~Party possessing such knowledge.

4.2. For purposes of this Article IV, “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, 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 related to any claim or action that entitles the District to Indemnity pursuant to this Article IV.

4.3. The provisions of this Article IV shall survive the termination, expiration, or assignment of this MOU.

V.

5.1. If any provision of this MOU is determined by the federal or state government, by a court of law, or pursuant to a formal legal opinion provided by counsel to a Party to this MOU, to be in violation of a federal or state law or regulation, or if there is a change in any federal or state law, regulation or interpretation thereof by a federal or state governmental agency or authority that adversely affects this MOU, ~~the MOU~~, or the actions of any Party under this MOU, then the Parties

shall amend this MOU to the extent applicable, and the Parties shall take such other actions as may be necessary to comply with applicable law and the dictates of any such court or governmental agency or authority. If such notice is given and the Parties are unable within ninety (90) business days thereafter to agree upon an acceptable change to the affected provision of this MOU, and are unable to agree on an acceptable change to the affected provisions of the MOU, then the District and Spohn will work together to cause the MOU to be terminated upon not fewer than thirty (30) calendar days from the prior written notice to the other Party.

5.2. All notices to be given under this MOU shall be in writing and may be personally delivered or may be given by United States mail or overnight carrier addressed to the Parties as follows:

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

with a copy to: William DeWitt Alsup
Alsup and Alsup
555 ~~N.~~North Carancahua ~~St.~~Street, 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~~Texas 77002
Telecopy No.: (713) 751-3290
Telephone No.: (713) 751 3207

Provider: CHRISTUS Spohn Health System Corporation
1702 Santa Fe ~~St.~~Street
Corpus Christi, Texas 78404
Attention: President

Telecopy No.: (361) 855-0566
Telephone No.: (361) 881-3405

with a copy to:

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

and

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

All notices shall be deemed to be effective upon receipt if by personal delivery, three (3) business days after deposit in the United States mail, or one (1) business day after delivery to carrier if by overnight carrier.

5.3. This MOU shall be governed by the laws of the State of Texas.

5.4. No Party may assign or subcontract any right, obligation, or responsibility under this MOU except to a successor in interest, without the prior written consent of all other Parties and in accordance with the terms and conditions of this MOU.

5.5. This MOU does not confer any right or benefit on any third party and may be enforced solely by the Parties.

5.6. The division of this MOU into articles and sections, and the use of captions and headings in connection therewith, are solely for convenience of reference, and shall have no legal effect in construing the provisions of this MOU or in governing the rights, obligations, or liabilities of the Parties hereto.

5.7. This MOU may be executed in one or more counterparts with multiple signature pages, each fully executed copy shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.8. No omission or delay by any Party at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants, or provisions hereof, shall be construed or deemed as a waiver of any such right or remedy nor shall it in any way affect the right to enforce such provisions thereafter.

5.9. Each Party hereto acknowledges that this MOU ~~hereto~~ embodies the entire agreement and understanding between them with respect to the subject matter hereof and subject to Section 5.11 below supersedes any prior agreements and understandings relating to the subject matter hereof. This MOU may not be amended, altered, modified, terminated, or discharged except by a writing signed by the Parties against whom such alteration, modification, termination, or discharge is sought.

5.10. This MOU shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors, heirs, personal representatives, and assigns, and any receiver, trustee in bankruptcy, or representatives of the creditors of each such Party.

5.11 Should issues arise concerning the Parties' rights, obligations, and responsibilities under the MOU for periods prior to the Effective Date, such rights, obligations, and responsibilities shall be governed by the provisions of the Original MOU as it existed prior to the Effective Date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have entered into this MOU to be effective, as of the date and year set forth above.

[Signature Page Follows]

SPOHN:

CHRISTUS SPOHN HEALTH SYSTEM CORPORATION, a Texas non-profit corporation

By: _____

Pamela S. Robertson
Chief Executive Officer

DISTRICT:

NUECES COUNTY HOSPITAL DISTRICT, a political subdivision of the State of Texas

By: _____

Jonny F. Hipp;
Administrator/~~CEO~~ **Chief Executive Officer**

APPROVED BY THE NUECES COUNTY COMMISSIONERS COURT

By: _____

Samuel L. Neal, Jr.
County Judge