

**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS  
Board of Managers - Special Meeting  
Tuesday, August 31, 2021 at 10:00 AM**

**AGENDA**

**1. WELCOME**

**2. ROLL CALL OF BOARD OF MANAGERS**

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

**3. CALL TO ORDER, ESTABLISHMENT OF QUORUM, MEETING POSTING CONFIRMATION, AND CLOSED MEETING NOTICE**

A. Call to order.

B. Establish quorum.

C. Confirm posting of Meeting's public notice in accordance with Texas Open Meetings Act, Texas Government Code, Chapter 551.

D. Public notice is hereby given that the Board of Managers may elect to go into Closed Meeting session(s) at any time during the meeting to discuss any matter(s) listed on the agenda when so authorized by the provisions of the Open Meetings Act, Texas Government Code, Chapter 551.

**4. WORKSHOP SESSION** - Workshop Session is an open meeting for the limited purposes of information gathering and discussion between the Board of Managers and staff on the Workshop's listed agenda item(s) without taking action on the listed item(s) during the Workshop. Public comment will not be accepted during the Workshop Session.

A. Fiscal Year 2022 Budget (October 1, 2021 - September 30, 2022) and related matters. 5

B. Fund balance projections for Fiscal Years 2022 - 2028. 11

**5. PUBLIC COMMENT** - Persons attending in-person and wishing to comment on any item(s) on the agenda or any subject within the Board's responsibilities 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 meeting. Persons attending via audio or video conference and wishing to comment on any item(s) on the agenda or any subject within the Board's responsibilities must verbally notify the presiding officer of their desire to comment when the officer calls for public comment from those attending via audio and video conference. Commenters shall limit their comments to three (3) minutes, except that Commenters addressing the Board through a translator shall limit their comments to six (6) minutes.

**6. REGULAR AGENDA** - The Regular Agenda consists of those agenda items which are non-routine, not administrative in nature, or otherwise in need of separate attention. Each Regular Agenda item will be voted upon separately if action is required:

**A. Fiscal Year 2022 Budget:**

- 1. Adopt Board of Managers Resolution committing an amount of the September 30, 2021 fiscal year-end General Fund balance to the subsequent fiscal year for unpaid intergovernmental transfers relating to Demonstration Year No. 10 of the Texas Healthcare Transformation and Quality Improvement Program Section 1115 Waiver (Uncompensated Care and Delivery System Reform Incentive Payment Programs) and other supplemental and directed payment programs sponsored by the Texas Health and Human Services Commission. **(ACTION)** 13
  
- 2. Adopt Board of Managers Resolution relating to approval of the Member Revenue Allocation Percentage for the period October 1, 2021 - September 30, 2022 pursuant to Section 5.03(a) of the Amended and Restated CHRISTUS Spohn Health System Corporation Membership Agreement. **(ACTION)** 19
  
- 3. Adopt Board of Managers Resolutions relating to approval of the Fiscal Year 2022 Annual Budget covering the period October 1, 2021 - September 30, 2022 ("Annual Budget"):
  - a. Resolutions incorporating funding in the Annual Budget for:
    - 1. Nueces Center for Mental Health and Intellectual Disabilities; and 27
    - 2. Nueces County-related healthcare expenditures; and 34
  
  - b. Resolution approving Annual Budget, approval pursuant to Texas Health and Safety Code, §281.091(b); Annual Budget includes: 42
    - 1. General Fund;
    - 2. Tobacco Fund;
    - 3. Indigent Care Fund; and
    - 4. Capital Budget. **(ACTION)**

**B. Network Access Improvement Program:**

1. Approve Medicaid Network Access Improvement Program Intergovernmental Transfer Responsibility Contract with Texas Health and Human Services Commission for the term September 1, 2021 - August 31, 2022 and authorize Administrator to execute the Contract. **(ACTION)** 54

**C. Administrator's Actions:**

1. Ratify Administrator's action(s) performed as part of his duties directing the affairs of the District and/or as required by the Board of Managers; duties established pursuant to Texas Health and Safety Code, §281.026(e):

- a. Ratify execution of Grant Agreement with Amistad Community Health Center providing support for COVID-19 diagnostic testing and other health services for residents of the Hospital District during the period September 1, 2021 - August 31, 2022; and 63

- b. Ratify execution of Grant Agreement with Coastal Bend Wellness Foundation providing support for COVID-19 diagnostic testing and other health services for residents of the Hospital District during the period September 1, 2021 - August 31, 2022. **(ACTION)** 67

**D. Other Business:**

1. Adopt Calendar Year 2022 Board of Managers meeting dates and times. **(ACTION)** 71

2. Receive supporting documentation relating to Administrator's achievement of Employment Agreement-related performance goals during fiscal year-ended September 30, 2020 and approve related payment. **(ACTION)** 72

**7. CLOSED MEETING** - Public notice is hereby given that the Board of Managers may elect to go into closed meeting session(s) at any time during the meeting to discuss any matter(s) listed on the agenda, when so authorized by the provisions of the Open Meetings Act, Texas Government Code, Chapter 551 and the Board specifically expects to go into a closed session(s) on the matters listed below pursuant to the Act, §551.071 (Consultations with Attorney). In the event the Board elects to go into closed session(s) regarding an agenda item(s), the section(s) of the Open Meetings Act authorizing the closed session will be publicly announced by the presiding officer. Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in closed session(s), then the final action, final decision, or final vote shall be either: (a) in the open meeting covered by the Notice upon reconvening of the public meeting; or (b) at a subsequent public meeting of the Board upon notice thereof, as the Board shall determine pursuant to applicable laws:

A. Consult with attorneys on matters relating to litigation against opioid drug manufacturers, promoters, and distributors responsible for causing and contributing to an epidemic of opioid addiction in Nueces County, including but not limited to Purdue Pharma, Endo Pharmaceuticals, Janssen Pharmaceuticals, Insys Therapeutics, the McKesson Corporation, Cardinal Health, and AmerisourceBergen for violations of the Deceptive Trade Practices Act, fraud, unjust enrichment, negligence, violations of the federal Controlled Substances Act, civil conspiracy and any other related causes of action, and related matters.

B. Consult with attorneys on matters relating to litigation against drug manufacturers and others for conspiring to fix prices, committing fraud, and illegally raising the price of insulin.

C. Consult with attorneys on matters related to Hospital District-owned real property.

D. Consult with attorneys on matters relating to Amended and Restated Membership Agreement between the Hospital District and CHRISTUS Spohn Health System Corporation.

8. **OPEN MEETING** - Following the Closed Meeting, the Board of Managers will reconvene the Open Meeting prior to taking any action(s) on matters considered in the Closed Meeting or adjourning the meeting.

9. Consider final action, decision, or vote on matters considered in the Closed Meeting. (***ACTION AS NEEDED***)


10. **ADJOURN**



**NUECES COUNTY HOSPITAL DISTRICT**  
Administrative Offices

555 N. Carancahua Street, Suite 950  
Corpus Christi, Texas 78401-0835

Phone: (361) 808-3300  
Fax: (361) 808-3274

**To:** Board of Managers  
**From:** Jonny F. Hipp, Administrator   
**Subject:** Operating and Capital Budgets for Fiscal Year 2022  
**Date:** August 31, 2021

Attached for your review and consideration of approval is the Hospital District's Fiscal Year 2022 (October 1, 2021 through September 30, 2022) Budget for the General Fund. The Budget is comprised of the Operating and Capital Budgets. Also included are individual budgets for the Tobacco Fund and Indigent Care Fund. The following are key items included in the Operating Budget.

**REVENUES**

We are using a tax rate of **\$0.111824**, which is 5.3% above the no-new-revenue tax. The appraisal value for FY 2022 is **\$35,295,466,178**. This new value with the tax rate will generate revenues of **\$37,090,050** for the Hospital District. This is an increase in current property revenues of **\$2,558,805** compared to last year's budget. A 94% collection rate has been applied, as well as a \$800,000 contingency for certain expected refinery related tax refunds.

Spohn Corporate Member Revenue of **\$9,883,929** is included in this year's revenue, an increase of \$3,383,929 compared to last year's budget. Nueces LPPF administrative fee income of **\$150,000** is budgeted, and RHP anchor allocation revenue is estimated at **\$100,000**.

**EXPENSES**

Budgeted expenditures for FY 2022 are **\$47,496,048**. The principal expenditures are: (1) intergovernmental transfers of **\$30,120,513**, (2) County health services expenditures of **\$11,985,925**, (3) salaries expense of **\$1,529,940**; and (4) legal and professional fees of **\$1,545,500**.

**NUECES COUNTY HOSPITAL DISTRICT  
BUDGET - GENERAL FUND  
FOR THE YEAR ENDING SEPTEMBER 30, 2022**

	Column 1		Column 2		Column 3	Column 4		Column 5
	Fiscal 2022 Budget		Fiscal 2021 Budget		Budget 2022 vs. 2021	Fiscal 2021 Est. Actual		Est. Act vs F2022 Bud
Explanation								
<b>REVENUES</b>								
Property Taxes:								
1 Current	37,090,050	77.92%	34,531,245	83.18%	2,558,805	35,156,726	77.64%	1,933,324
2 Delinquent	0	0.00%	(0)	0.00%	0	213,074	0.47%	(213,074)
3 Penalties & Interest	370,900	0.78%	345,312	0.83%	25,588	293,560	0.65%	77,340
4 <b>Total Property Tax Revenue</b>	<b>37,460,951</b>	<b>78.70%</b>	<b>34,876,557</b>	<b>84.02%</b>	<b>2,584,394</b>	<b>35,663,360</b>	<b>78.76%</b>	<b>1,797,591</b>
5 Spohn Corporate Member Revenue	9,883,929	20.77%	6,500,000	15.66%	3,383,929	9,211,465	20.34%	672,464
6 Investment Income	3,853	0.01%	15,068	0.04%	(11,215)	30,774	0.07%	(26,921)
7 Other Income	250,000	0.53%	120,000	0.29%	130,000	377,061	0.83%	(127,061)
8 <b>Total Other Revenues</b>	<b>10,137,782</b>	<b>21.30%</b>	<b>6,635,068</b>	<b>15.98%</b>	<b>3,502,714</b>	<b>9,619,300</b>	<b>21.24%</b>	<b>518,482</b>
9 <b>TOTAL REVENUES</b>	<b>47,598,733</b>	<b>100%</b>	<b>41,511,625</b>	<b>100%</b>	<b>6,087,108</b>	<b>45,282,660</b>	<b>100%</b>	<b>2,316,073</b>
<b>OPERATING EXPENSES</b>								
10 Intergovernment Transfers (See attached)	30,120,513	62.92%	62,881,100	74.47%	(32,760,587)	68,006,278	80.19%	(37,885,765)
11 County Healthcare Services	11,985,925	25.04%	15,906,930	18.84%	(3,921,005)	12,737,133	15.02%	(751,208)
12 Salaries	1,529,940	3.20%	1,525,704	1.81%	4,237	1,263,972	1.49%	265,968
13 Benefits	738,570	1.54%	703,257	0.83%	35,313	667,077	0.79%	71,493
14 Legal & Professional Fees	1,545,500	3.23%	1,582,500	1.87%	(37,000)	567,208	0.67%	978,292
15 Purchased Services	588,000	1.23%	559,800	0.66%	28,200	506,567	0.60%	81,433
16 Tax Assessor / Appraisal Collection Fees	726,000	1.52%	720,000	0.85%	6,000	687,154	0.81%	38,846
17 Supplies & Materials	21,000	0.04%	21,000	0.02%	0	17,180	0.02%	3,820
18 Rent & Leases	151,500	0.32%	146,500	0.17%	5,000	140,124	0.17%	11,376
19 Repairs & Maintenance	9,000	0.02%	9,000	0.01%	0	3,935	0.00%	5,065
20 Telephone & Utilities	58,400	0.12%	61,500	0.07%	(3,100)	49,251	0.06%	9,149
21 Insurance	27,100	0.06%	26,000	0.03%	1,100	22,315	0.03%	4,785
22 Administrative & General	199,600	0.42%	168,000	0.20%	31,600	85,771	0.10%	113,829
23 Capital Outlay	163,000	0.34%	127,000	0.15%	36,000	55,856	0.07%	107,144
24 Extraordinary	5,000	0.01%	5,000	0.01%	0	536	0.00%	4,464
25 <b>TOTAL EXPENDITURES</b>	<b>47,869,048</b>	<b>100%</b>	<b>84,443,290</b>	<b>100%</b>	<b>(36,574,242)</b>	<b>84,810,358</b>	<b>100%</b>	<b>(36,941,309)</b>
26 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER SOURCES &amp; USES</b>	<b>(270,316)</b>		<b>(42,931,666)</b>		<b>42,661,350</b>	<b>(39,527,698)</b>		<b>39,257,382</b>
<b>NON-OPERATING SOURCES (USES)</b>								
27 Operating Transfer In (Tobacco Fund)	550,000		550,000		0	672,000		(122,000)
28 Operating Transfer Out (Indigent Care Fund)	0				0	0		0
29 <b>TOTAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>279,684</b>		<b>(42,381,666)</b>		<b>42,661,350</b>	<b>(38,855,698)</b>		<b>39,135,382</b>
30 <b>FUND BALANCE, BEGINNING OF PERIOD</b>	<b>25,046,789</b>		<b>50,016,821</b>			<b>63,902,487</b>		
31 <b>FUND BALANCE, END OF PERIOD</b>	<b>25,326,474</b>		<b>7,635,155</b>			<b>25,046,789</b>		

Nueces County Hospital District  
 County Healthcare Department Expenditures  
 For the Year Ending September 30, 2022

EXHIBIT C

<u>Program</u>	<u>Budget 2022</u>	<u>Budget 2021</u>	<u>Difference</u>
<b><u>Intergovernmental Transfers</u></b>			
1a Health Department - Intergovernmental Transfers *	887,000	1,208,100	(321,100)
<b><u>County Healthcare Services</u></b>			
1b Health Department (Operating Expenditures) *	942,300	693,200	249,100
2 Emergency Medical Services	550,000	500,000	50,000
3 Nueces Center for Mental Health & Intellectual Disabilities	969,129	969,129	0
4 MHID - Jail Programs (Jail Div, CIT, Jail Based Comp)	3,510,801	4,200,000	(689,199)
5 Mental Healthcare Services	868,000	556,801	311,199
6 Juvenile Detention Center-Health Services	407,000	407,000	0
7 County Jail Healthcare Services	4,408,695	5,250,800	(842,105)
8a Alcohol and Drug Rehabilitation Center (Cenikor)	60,000	60,000	0
8b Council on Alcohol & Drug Abuse	50,000	50,000	0
9 County Juvenile and Adult Diabetes Program	50,000	50,000	0
10 Public Health Grants	170,000	170,000	0
11 Alternate Care Site Funding - Emergency Mgmt Svcs	0	3,000,000	(3,000,000)
<b>Subtotal</b>	<b>11,985,925</b>	<b>15,906,930</b>	<b>(3,921,005)</b>
<b>Subtotal County Services</b>	<b>12,872,925</b>	<b>17,115,030</b>	<b>(4,242,105)</b>
<b><u>Professional Fees</u></b>			
12 Architect (MHID Building Assessment for Diversion Center)	75,000	120,000	(45,000)
<b>Grand Total County Services Department</b>	<b>12,947,925</b>	<b>17,235,030</b>	<b>(4,287,105)</b>

\* Note - Total Health Department For Budget 2021 = \$1,829,300 down from \$1,901,300 for Budget 2021.

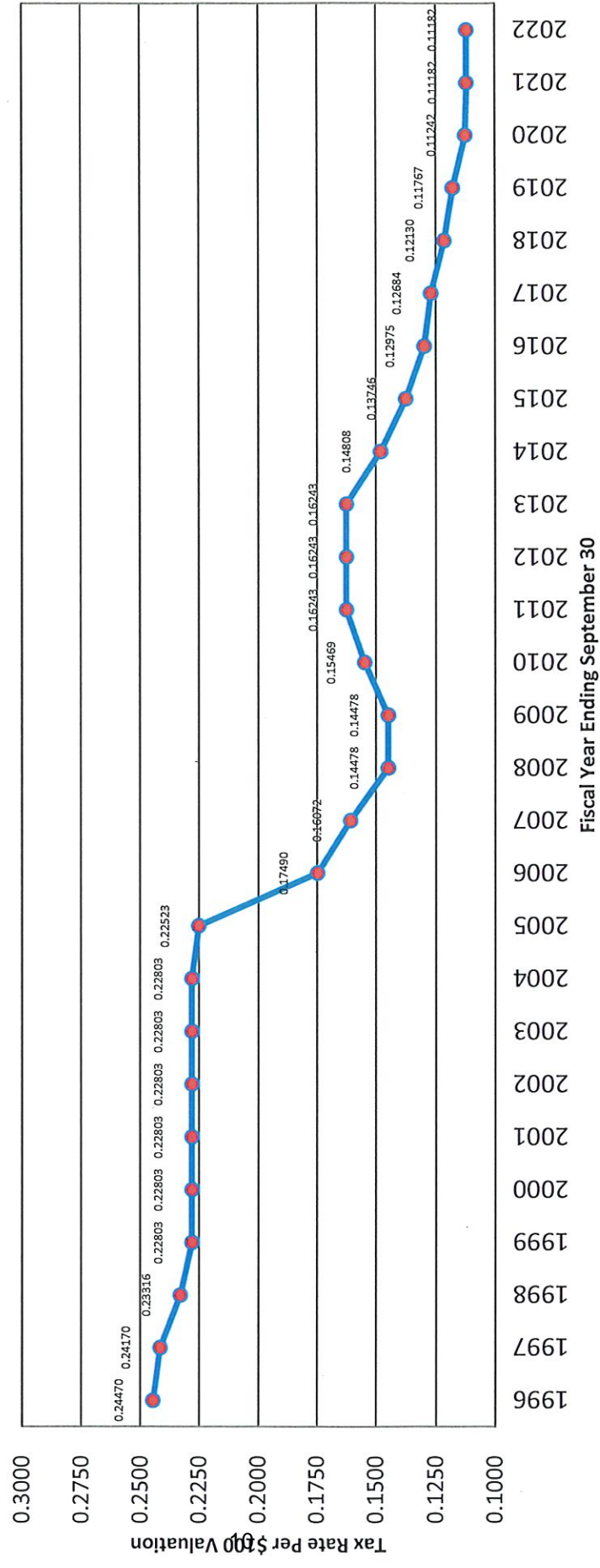
NUECES COUNTY HOSPITAL DISTRICT  
CONSOLIDATED BUDGET - FOR THE GENERAL FUND, &  
SPECIAL REVENUE-TOBACCO & INDIGENT CARE FUNDS  
FOR THE YEAR ENDING SEPTEMBER 30, 2022

	Explanation	General Fund	Tobacco Fund	Indigent Care Fund	Total
	<b>REVENUES</b>				
1	Property Taxes	37,460,951	0	0	37,460,951
2	Spohn Corporate Member Revenue & LPPF Program	9,883,929	0	0	9,883,929
3	Investment Income	3,853	0	56,456	60,310
4	Other Income	250,000	0	0	250,000
5	Tobacco Income	0	550,000	0	550,000
6	<b>TOTAL REVENUES</b>	<b>47,598,733</b>	<b>550,000</b>	<b>56,456</b>	<b>48,205,189</b>
	<b>OPERATING EXPENSES</b>				
7	Intergovernmental Transfers	30,120,513	0	0	30,120,513
8	County Healthcare Services	11,985,925	0	0	11,985,925
9	Salaries	1,529,940	0	0	1,529,940
10	Benefits	738,570	0	0	738,570
11	Legal & Professional Fees	1,545,500	0	0	1,545,500
12	Purchased Services	588,000	0	0	588,000
13	Tax Assessor / Appraisal Collection Fees	726,000	0	0	726,000
14	Supplies & Materials	21,000	0	0	21,000
15	Rent & Leases	151,500	0	0	151,500
16	Repairs & Maintenance	9,000	0	0	9,000
17	Telephone & Utilities	58,400	0	0	58,400
18	Insurance	27,100	0	0	27,100
19	Administrative & General	199,600	0	0	199,600
20	Capital Outlay	163,000	0	0	163,000
21	Extraordinary/Tax Refund	5,000	0	0	5,000
22	Debt Service	0	0	0	0
23	<b>TOTAL EXPENDITURES</b>	<b>47,869,048</b>	<b>0</b>	<b>0</b>	<b>47,869,048</b>
24	<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER SOURCES &amp; USES</b>	<b>(270,316)</b>	<b>550,000</b>	<b>56,456</b>	<b>336,141</b>
	<b>NON-OPERATING SOURCES (USES)</b>				
25	Operating Transfers In	550,000	0	0	550,000
26	Operating Transfers Out	0	(550,000)	0	(550,000)
27	<b>TOTAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>279,684</b>	<b>0</b>	<b>56,456</b>	<b>336,141</b>
28	<b>FUND BALANCE, BEGINING OF PERIOD</b>	<b>25,046,789</b>	<b>0</b>	<b>56,448,660</b>	<b>81,495,449</b>
29	<b>FUND BALANCE, END OF PERIOD</b>	<b>25,326,474</b>	<b>0</b>	<b>56,505,116</b>	<b>81,831,590</b>

2021/2022 Tax Rate Calculation for Hospital District

	Tax Rate	Increase above "No New Revenue" Rate	% Above "No New Revenue" Rate	Budgeted 2021/2022 Revenue	Budget Increase (Decrease) from Prior Year
2020/2021 Adopted Tax Rate	0.111824	0.005632	5.30%	37,495,362	1,963,138
2021/2022 No-New-Revenue Tax Rate	0.106192	0.000000	0.00%	35,606,913	74,689
0.5% Above the No-New-Revenue Tax Rate	0.106723	0.000531	0.50%	35,784,948	252,724
1% Above the No-New-Revenue Tax Rate	0.107254	0.001062	1.00%	35,962,983	430,759
1.5% Above the No-New-Revenue Tax Rate	0.107785	0.001593	1.50%	36,141,017	608,793
2% Above the No-New-Revenue Tax Rate	0.108316	0.002124	2.00%	36,319,052	786,828
2.5% Above the No-New-Revenue Tax Rate	0.108847	0.002655	2.50%	36,497,086	964,862
3% Above the No-New-Revenue Tax Rate	0.109378	0.003186	3.00%	36,675,121	1,142,897
3.5% Above the No-New-Revenue Tax Rate	0.109909	0.003717	3.50%	36,853,155	1,320,931
4% Above the No-New-Revenue Tax Rate	0.110440	0.004248	4.00%	37,031,190	1,498,966
4.5% Above the No-New-Revenue Tax Rate	0.110971	0.004779	4.50%	37,209,224	1,677,000
5% Above the No-New-Revenue Tax Rate	0.111502	0.005310	5.00%	37,387,259	1,855,035
6% Above the No-New-Revenue Tax Rate	0.112033	0.005841	6.00%	37,565,293	2,033,069
7% Above the No-New-Revenue Tax Rate	0.112564	0.006372	6.00%	37,743,328	2,211,104
8% Above the No-New-Revenue Tax Rate	0.113095	0.006903	7.00%	38,099,397	2,567,173
2020/2021 Voter-Approved Tax Rate 8%	0.115601	0.009409	8.86%	38,761,816	3,229,592

# Nueces County Hospital District Tax Rate History FY 1996-2022



**NUECES COUNTY HOSPITAL DISTRICT  
ANNUAL OPERATING DEFICITS & FUND BALANCE  
Fiscal Years Ending 2015 - 2028**



**Nueces County Hospital District  
Annual Operating Deficits & Fund Balance  
Projection Assumptions for Fiscal Years Ending 2022-2028**

Revenues

- Property tax will remain at effective tax rate or “no-new” revenue rate.
- Pending tax lawsuits will be an annual contingency until settled.
- Unless terminated, the Spohn Membership Agreement will automatically be renewed for an additional 5 years on September 30, 2022 and will continue until September 30, 2027. This assumes the Membership Agreement will renew for the additional 5 years. Although Spohn Membership revenue is determined annually by Spohn and NCHD, the projection assumes \$6.2 million for fiscal years 2023-2026. The Spohn Membership Agreement will terminate by its terms on September 30, 2027, unless it is renewed by the parties.

Expenses

- IGT’s requirements will increase 3% per year for 2023-2027.
- If the Spohn Membership Agreement is not renewed on September 30, 2027, then the standby Indigent Care Agreement is in effect for FY 2028 requiring a \$29 million annual payment.
- All other expenses increase by 3% per year.

Additional Inflows/Outflows

- Tobacco fund inflows continue at \$550,000 per year.



# NUECES COUNTY HOSPITAL DISTRICT

## Administrative Offices

555 N. Carancahua Street, Suite 950  
Corpus Christi, Texas 78401-0835

Phone: (361) 808-3300  
Fax: (361) 808-3274

### BOARD OF MANAGERS RESOLUTION AUGUST 31, 2021

#### **A RESOLUTION COMMITTING A FISCAL YEAR-END GENERAL FUND AMOUNT TO SUBSEQUENT FISCAL YEAR'S INTERGOVERNMENTAL TRANSFERS**

**WHEREAS**, the Nueces County Hospital District (the "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 (the "Health Code"), Chapter 281, and operated in accordance with the Health Code and other applicable laws of the State of Texas;

**WHEREAS**, the Hospital District's Board of Managers (the "Board") have been duly appointed pursuant to Health Code, §281.021(a); pursuant to collective authorities of Health Code, §281.047 and §281.048, the Board is the Hospital District's governing body and the 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 District;

**WHEREAS**, the Hospital District's Administrator (the "Administrator") has the responsibility for preparing an annual budget under the Board's direction pursuant to Health Code, §281.091(a); the District's Fiscal Year 2021 is October 1, 2020 through September 30, 2021 ("Hospital District Fiscal Year 2021"); and the District's Fiscal Year 2022 is October 1, 2021 through September 30, 2022 ("Hospital District Fiscal Year 2022");

**WHEREAS**, the Hospital District is a governmental entity participating in certain Medicaid supplemental payment programs organized by the Texas Health & Human Services Commission (the "Commission"), including: [1] the Texas Healthcare Transformation and Quality Improvement Program Section 1115 Waiver ("Waiver"); [2] Disproportionate Share Hospital Program ("DSH"); [3] Network Access Improvement Program ("NAIP"); [4] Uniform Hospital Rate Increase Program ("UHRIP"); and [5] Graduate Medical Education Program ("GME");

**WHEREAS**, the Waiver includes two provider funding pools that rely on local intergovernmental transfers ("IGTs"): [1] Uncompensated Care ("UC"); and [2] Delivery System Reform Incentive Payment ("DSRIP");

**WHEREAS**, pursuant to 1 Texas Administrative Code §354.1602, the Waiver’s Demonstration Years (“DY”) are a 12-month period beginning each October 1 and ending September 30; and the Waiver’s DY No. 10 began October 1, 2020 and ends September 30, 2021;

**WHEREAS**, pursuant to the authority of Health Code, §281.094(b), the Hospital District provides IGTs to the State of Texas for use as the nonfederal share of Waiver-related UC and DSRIP payments for certain eligible health care providers located inside and outside the District’s boundaries that periodically provide healthcare services to beneficiaries enrolled in the District’s indigent health care program and residents of Nueces County, Texas, including Christus Spohn Hospital-Alice, Christus Spohn Hospital-Beeville, Christus Spohn Hospital-Corpus Christi, Christus Spohn Hospital-Kleberg, Corpus Christi Medical Center, Corpus Christi-Nueces County Public Health District, DeTar Healthcare System, and Driscoll Children’s Hospital (collectively, the “Eligible Providers”);

**WHEREAS**, under terms of the Waiver, Eligible Providers who are: (1) hospitals receive Waiver UC payments designed to offset the costs of uncompensated care; and (2) hospitals and other providers receive Waiver DSRIP incentive payments for achievement of agreed-upon metrics associated with projects designed to achieve certain Waiver goals;

**WHEREAS**, due to Eligible Providers’ partially-reported or Commission-delayed approval of Providers’ DSRIP achievement metrics reporting for DY No. 10 and the Commission’s split of UC Waiver payments during DY No. 10, the Commission has delayed its request to the Hospital District for IGTs associated with Eligible Providers’ DY No. 10 DSRIP and/or UC payments until a date occurring after Hospital District Fiscal Year 2021 (the “Unpaid DY No. 10 IGTs”);

**WHEREAS**, in addition to the preceding, the Commission is expected to delay or has delayed requests to the Hospital District for IGTs associated with certain Eligible Providers’ participation in the DSH, NAIP, UHRIP, and GME until a date occurring after Hospital District Fiscal Year 2021 (the “Other Unpaid Program IGTs”); and

**WHEREAS**, in consideration of the preceding recitals, the Board desires to commit from the Hospital District’s fiscal year-end September 30, 2021 General Fund balance an amount enough to fund the Unpaid DY No. 10 IGTs and Other Unpaid Program IGTs in Hospital District Fiscal Year 2022.

**[THIS SPACE INTENTIONALLY LEFT BLANK]**

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

1. The Board hereby commits an amount not to exceed **\$10,000,000.00** from the Hospital District's fiscal year-end September 30, 2021 General Fund balance to Hospital District Fiscal Year 2022 to fund the Unpaid DY No. 10 IGTs and Other Unpaid Program IGTs in Hospital District Fiscal Year 2022 for incurred but unrequested and unpaid expenditures arising from the District's and Eligible Providers' participation in the UC, DSRIP, DSH, NAIP, UHRIP, and GME during Hospital District Fiscal Year 2021.

2. The actual amount committed above shall be final determined by the Hospital District's Administrator on or after October 1, 2021 considering information then available from the Commission and/or Eligible Providers, however, the actual committed amount shall not exceed that amount Resolved above.

3. The actual committed funds above shall be committed from the Hospital District General Fund subaccount containing District funds routinely used for paying Waiver-related IGTs.

4. The Administrator shall be and is expressly authorized and directed to do and perform all acts, and to execute all instruments and other related documents, whether herein cited, as required to carry out the intent, terms, and provisions of this Resolution, such execution to be conclusively evidenced by the performance of such acts.

5. 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.

6. This Resolution shall take effect and be in full force and effect upon and after its passage.

7. The Board retains its right to amend or repeal this Resolution.

**[THIS SPACE INTENTIONALLY LEFT BLANK, SIGNATORY PAGE FOLLOWS]**

**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS**

---

Daniel W. Dain  
Chairman

---

Sylvia Tryon Oliver  
Vice Chairman

---

Belinda Flores, R.N.  
Member

---

Vishnu V. Reddy, M.D.  
Member

---

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

---

Mariana Garza, J.D.  
Member

---

Efrain Guerrero, Jr.  
Member

**CERTIFICATE OF SECRETARY**

THE STATE OF TEXAS

§  
§  
§

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, MBA
- 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 COMMITTING A FISCAL YEAR-END GENERAL FUND AMOUNT  
TO SUBSEQUENT FISCAL YEAR INTERGOVERNMENTAL TRANSFERS**

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**.

---

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

{HOSPITAL DISTRICT SEAL}



# NUECES COUNTY HOSPITAL DISTRICT

## Administrative Offices

555 N. Carancahua Street, Suite 950  
Corpus Christi, Texas 78401-0835

Phone: (361) 808-3300  
Fax: (361) 808-3274

### 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.

**[THIS SPACE INTENTIONALLY LEFT BLANK, SIGNATORY PAGE FOLLOWS]**

**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS**

---

Daniel W. Dain  
Chairman

---

Sylvia Tryon Oliver  
Vice Chairman

---

Belinda Flores, R.N.  
Member

---

Vishnu V. Reddy, M.D.  
Member

---

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

---

Mariana Garza, J.D.  
Member

---

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.

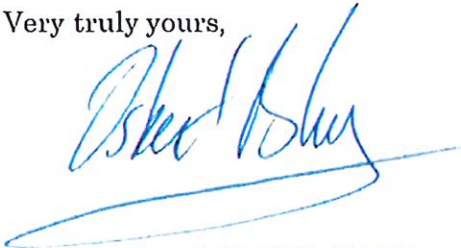
Based on these discussions, the parties agreed to a Specified Annual Percentage for the Ensuing Year on the following conditions:

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  
Page 2

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

§  
§  
§

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 ~~125~~ 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**.

---

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

{HOSPITAL DISTRICT SEAL}



**NUECES COUNTY HOSPITAL DISTRICT**  
Administrative Offices

555 N. Carancahua Street, Suite 950  
Corpus Christi, Texas 78401-0835

Phone: (361) 808-3300  
Fax: (361) 808-3274

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

**A RESOLUTION INCORPORATING FISCAL YEAR 2022  
ANNUAL BUDGET FUNDING FOR THE  
NUECES CENTER FOR MENTAL HEALTH AND INTELLECTUAL DISABILITIES**

**WHEREAS**, the Nueces County Hospital District (the "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 (the "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 (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**, the Hospital District's Administrator (the "Administrator") has the responsibility for preparing an annual budget under the Board's direction, pursuant to Health Code, §281.091(a); and the District's Fiscal Year 2022 is October 1, 2021 through September 30, 2022;

**WHEREAS**, the Hospital District has certain funds made available to it from sources other than a tax levy ("Hospital District's Non-Tax Funds") as described in Health Code, §281.094(a) and when said funds are used for statutorily authorized expenditures, said expenditures qualify as a portion of the District's annual claims submitted for distribution of tobacco settlement proceeds to political subdivisions as described in 25 Texas Administrative Code §102.3(e)(2);

**WHEREAS**, the Nueces Center for Mental Health and Intellectual Disabilities (the "NCMHID") is authorized by and was established pursuant to Health Code, Title 7, Chapter 534, Subchapter A (the "MHMR Code"), to provide mental health and mental retardation services in the community;

**WHEREAS**, pursuant to the MHMR Code, §534.001(c), the NCMHID is an agency of the state, a governmental unit, and a unit of local government as defined and specified by Chapters 101 and 102, Civil Practice and Remedies Code; a local government, as defined by §791.003, Government Code; a local government for the purposes of Chapter 1084, Acts of the 70<sup>th</sup> Legislature, Regular Session, 1987; and a political subdivision for the purposes of Chapter 172, Local Government Code;

**WHEREAS**, previously in August 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 Nueces County Commissioners Court (the "Commissioners Court" or "Court") requested that the Hospital District Board provide funding for certain Health Code, §281.094(a)-permitted purposes in the District's related Fiscal Years 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 Annual Budgets;

**WHEREAS**, Commissioners Court has requested, pursuant to Health Code, §281.094(a), that the Hospital District Board appropriate within the District's Fiscal Year 2022 Annual Budget (the "FY 2022 Annual Budget"), funds sufficient to provide local match, services, and other funding for the NCMHID (the "NCMHID Services") and the Hospital District Board is amenable to said request, subject to the continuing availability of funds sufficient from the Hospital District's Non-Tax Funds;

**WHEREAS**, considering Commissioners Court's request, the Hospital District Board desires to make available in the District's FY 2022 Annual Budget, funds sufficient to provide for the NCMHID Services in the aggregate amount of **\$969,129.00** (the "NCMHID Services Funding Amount") as further detailed and described in the "Nueces Center for Mental Health and Intellectual Disabilities Funding Schedule - Fiscal Year 2022" attached hereto and identified as "Attachment "A"" which is incorporated herein by reference;

**WHEREAS**, the NCMHID Services are mental health and mental retardation services and the related NCMHID Services Funding Amount to be paid by the Hospital District from the Hospital District's Non-Tax Funds pursuant to this Resolution are revenues made available to the District from sources other than a tax levy as described in Health Code, §281.094(a), and as a result said expenditures qualify as a portion of the District's annual claims for distribution of tobacco settlement proceeds to political subdivisions as described in 25 Texas Administrative Code §102.3(e)(2) due to the fact they are statutorily authorized expenditures under Health Code, §281.094(a), Health Code, §281.094(a) provides that, with the approval of Commissioners Court, the Hospital District Board may use funds made available to the Hospital District from sources other than a tax levy to fund health care services, including mental health and mental retardation services; and

**WHEREAS**, pursuant to the authority of the Health Code, §281.026(d) and (e), the Administrator has the full power and authority to perform the acts described and resolved by the Hospital District Board hereunder, and he is legally authorized and capable of performing such acts.

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

1. The Board hereby determines and declares that the forgoing recitals are true and correct and are adopted as part of this Resolution as findings of fact.
2. The Board hereby determines, declares, and issues a finding of fact wherein the funds from the Hospital District's Non-Tax Funds to be appropriated from the General Fund pursuant to this Resolution for payment of the NCMHID Services Funding Amount are funds made available to the Hospital District from sources other than a tax levy and any disbursement of said funds is a statutorily authorized expenditure as described in Health Code, §281.094(a) and thereby qualifies as a portion of the District's annual claims for distribution of tobacco settlement proceeds to political subdivisions as described in 25 Texas Administrative Code §102.3(e)(2).
3. Pursuant to the authority of Health Code, §281.091(a) and the provisions of Health Code §281.094(a), the Hospital District Board hereby directs the Administrator to incorporate into the District's FY 2022 Annual Budget an amount equal to **\$969,129.00** to provide for the NCMHID Services shown in Attachment "A" titled "Nueces Center for Mental Health and Intellectual Disabilities Funding Schedule - Fiscal Year 2022" attached hereto.
4. The Hospital District Board hereby authorizes and directs the Administrator to disburse the NCMHID Services Funding Amount to NCMHID in equal quarterly portions, or otherwise on a payment schedule he determines is reasonable and appropriate during the District's Fiscal Year 2022.
5. The Administrator is hereby further authorized and directed to establish any additional procedures and requirements that he determines are reasonable and appropriate for disbursing the NCMHID Services Funding Amount, including, but not limited to, procedures and requirements pertaining to disclosure of NCMHID's accounting, reporting, and utilization information relating to the NCMHID Services Funding Amount.
6. The Administrator shall be and is expressly authorized and directed to do and perform all acts, and to execute all instruments and other related documents, whether or not herein cited, as required to carry out the intent, terms, and provisions of this Resolution, such execution to be conclusively evidenced by the performance of such acts.
7. 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 Governing Board Bylaws of the Hospital District and the laws of the State of Texas.
8. This Resolution shall take effect and be in full force and effect upon and after its passage.

**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS**

---

Daniel W. Dain  
Chairman

---

Sylvia Tryon Oliver  
Vice Chairman

---

Belinda Flores, R.N.  
Member

---

Vishnu V. Reddy, M.D.  
Member

---

John E. Valls, MBA  
Member

---

Mariana Garza, J.D.  
Member

---

Efrain Guerrero, Jr.  
Member

Attachment "A"

NUECES CENTER FOR MENTAL HEALTH AND INTELLECTUAL DISABILITIES  
 FUNDING SCHEDULE - FISCAL YEAR 2022  
 (October 1, 2021 - September 30, 202)

Item #	Function/Description/Program/Purpose	Amount
1	Community Center's local match to draw down state funds from the Texas Health and Humans Services Commission for mental health and intellectual disability services.	\$562,129
2	Continue previous Nueces County commitments relating to adolescent inpatient care and youth services.	60,000
3	Court assistance in the involuntary commitment process.	75,000
4	Local matching funds to draw down state funds from the Texas Health and Human Services Commission to prevent and/or reduce psychiatric bed day use by enhancement of crisis respite services.	75,000
5	Local matching funds to draw down additional state and federal funds for Center services.	65,000
6	Medication and related services to children and adult consumers.	132,000
<b>Total</b>		<b>\$969,129</b>

**CERTIFICATE FOR RESOLUTION  
A RESOLUTION INCORPORATING FISCAL YEAR 2022  
ANNUAL BUDGET FUNDING FOR THE  
NUECES CENTER FOR MENTAL HEALTH AND INTELLECTUAL DISABILITIES**

THE STATE OF TEXAS       §  
  §  
COUNTY OF NUECES       §

I, the undersigned Secretary of the Board of Managers of the Nueces County Hospital District, hereby attest as follows:

1. The Board of Managers of said District convened in regular meeting on the 31st day of August, 2021, at the regular meeting place, and the roll was called of the duly constituted officers and members of said Board of Managers, to wit:

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

and all of said persons were present, except the following absentees: \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: A written

**A RESOLUTION INCORPORATING FISCAL YEAR 2022  
ANNUAL BUDGET FUNDING FOR THE  
NUECES CENTER FOR MENTAL HEALTH AND INTELLECTUAL DISABILITIES**

was introduced for the consideration of said District and read in full. It was then duly moved and seconded that said Resolution be passed, and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

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

2. That a true, full and correct copy of the aforesaid Resolution passed at the meeting described in the above and forgoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in the minutes of said Meeting; that the above and forgoing paragraph is a true, full, and correct excerpt from the minutes of said Meeting pertaining to and passage of said Resolution; that the persons named in the above and forgoing paragraph are the duly appointed, qualified, and acting members of the Board of Managers of said District as indicated therein; that each of the members of the Board of Managers of said District was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of aforesaid Meeting, and that said Resolution would be introduced and considered for passage at said Meeting, and that each of said members consented, in advance, to holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the date, time, place, and purpose of said Meeting was given all as required by Texas Government Code, §551.001 et.seq.

SIGNED AND SEALED THIS 31st day of August, 2021.

**ATTEST:**

\_\_\_\_\_  
Jonny F. Hipp  
Secretary, Board of Managers

{NCHD SEAL}



# NUECES COUNTY HOSPITAL DISTRICT

## Administrative Offices

555 N. Carancahua Street, Suite 950  
Corpus Christi, Texas 78401-0835

Phone: (361) 808-3300  
Fax: (361) 808-3274

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

#### **A RESOLUTION INCORPORATING FISCAL YEAR 2022 ANNUAL BUDGET FUNDING FOR NUECES COUNTY-RELATED HEALTHCARE EXPENDITURES**

**WHEREAS**, the Nueces County Hospital District (the "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 (the "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 (the "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**, pursuant to the statutory requirements of Health Code, §281.091(a), the Hospital District's Administrator (the "Administrator") has the duty of preparing an annual budget under the Board's direction and the Hospital District's Fiscal Year 2022 is October 1, 2021 through September 30, 2022;

**WHEREAS**, the Hospital District has certain funds made available to the District from sources other than a tax levy ("Hospital District's Non-Tax Funds") as described in Health Code, §281.094(a), and when said funds are used for statutorily authorized expenditures, said expenditures qualify as a portion of the District's annual claims submitted for distribution of tobacco settlement proceeds to political subdivisions as described in 25 Texas Administrative Code §102.3(e)(2);

**WHEREAS**, on January 19, 1999, the Board adopted a Resolution creating a restricted Tobacco Settlement Fund (the "Tobacco Settlement Fund") and said resolution directed that all proceeds arising from the litigation styled, *The State of Texas v. The American Tobacco Co., et al., No. 5-96CV-91 in the United States District Court, Eastern District of Texas* (the "Tobacco Litigation"), be placed into said Fund;

**WHEREAS**, the Hospital District proceeds that arise from the Tobacco Litigation are revenues made available to the District from sources other than a tax levy as described in Health Code, §281.094(a), and when said revenues are used for statutorily authorized expenditures, said expenditures qualify as a portion of the District's annual claims submitted for distribution of tobacco settlement proceeds to political subdivisions as described in 25 Texas Administrative Code §102.3(e)(2);

**WHEREAS**, previously in August 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 the Nueces County Commissioners Court (the "Commissioners Court" or "Court") requested that the Board provide funding for the Nueces County-related health care services permitted in Health Code, §281.094(a) during the District's related Fiscal Years 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 Annual Budgets and the Board has undertaken all such requests;

**WHEREAS**, Commissioners Court has requested for the Hospital District's Fiscal Year 2022, that the Board appropriate, in the Hospital District's Fiscal Year 2022 Annual Budget (the "FY 2022 Annual Budget"), funds sufficient to: [1a] provide Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver-related intergovernmental transfers for projects of the Corpus Christi-Nueces County Public Health District; [1b] reimburse Nueces County for County employees' salaries and benefits at the Corpus Christi-Nueces County Public Health District, and for certain public health supplies and equipment at the Health District; [2] provide funds for emergency medical services provided by cities and emergency services districts into the County outside of municipalities; [3] provide local match and other funding to the Nueces Center for Mental Health and Intellectual Disabilities ("NCMHID"); [4] provide funding for a community mental health collaborative jail diversion program, crisis intervention teams, and jail-based competency restoration program relating to implementation of recommendations arising from the Nueces County Comprehensive Behavioral Health Community Needs Assessment performed by the Meadows Mental Health Policy Institute in June 2020; [5] provide funding for mental healthcare programs, services, personnel, and studies arising from the Nueces County Comprehensive Behavioral Health Community Needs Assessment performed by the Meadows Mental Health Policy Institute in June 2020 [6] reimburse Nueces County or direct pay inmate healthcare services at the juvenile detention facility; [7] direct pay inmate healthcare services provided under a third-party contract at the county jail and jail annex; [8a] reimburse Nueces County for contributions to the Alcohol and Drug Rehabilitation Center; [8b] reimburse Nueces County for contributions to the Council on Alcohol and Drug Abuse; [9] reimburse Nueces County for programs that impact juvenile and adult diabetes; [10] provide public health grants relating to COVID-19 pandemic-related testing and other health care services provided to residents of the Hospital District; grants for Amistad Community Health Center and Coastal Bend Wellness Foundation; [11] no Alternate Care Site funding in FY 2022 Annual Budget; and [12] assess feasibility of converting NCMHID building to Diversion Center, (collectively [1a] - [12] above, the "FY 2022 Nueces County Healthcare Services");

**WHEREAS**, the Board is amenable to undertaking Commissioners Court's request above to fund the FY 2022 Nueces County Healthcare Services, subject to the continuing availability of funds and the Board desires to appropriate in the FY 2022 Annual Budget, funds sufficient to provide for the FY 2022 Nueces County Healthcare Services in the aggregate amount of **\$12,947,925.00** (the "FY 2022 Nueces County Healthcare Services Funding Amount") as detailed and described in the schedule "Nueces County Healthcare Services Funding Schedule - Fiscal Year 2022" attached hereto and identified as "Attachment "A"" and incorporated herein by reference;

**WHEREAS**, the FY 2022 Nueces County Healthcare Services are health care services described in Health Code, §281.094(a) and the related FY 2022 Nueces County Healthcare Services Funding Amount to be paid by the Hospital District from the Hospital District's Non-Tax Funds and Tobacco Settlement Fund pursuant to this Resolution are funds made available to the District from sources other than a tax levy as described in Health Code, §281.094(a), and as a result said expenditures qualify as a portion of the District's annual claims submitted for distribution of tobacco settlement proceeds to political subdivisions as described in 25 Texas Administrative Code §102.3(e)(2) due to the fact they are statutorily authorized expenditures, and Health Code, §281.094(a), provides that, with the approval of Commissioners Court, the Board of the Hospital District may use funds made available to the Hospital District from sources other than a tax levy to fund those health care services described therein;

**WHEREAS**, the Board desires to assure that FY 2022 Annual Budget funds disbursed for FY 2022 Nueces County Healthcare Services, as described in this Resolution, are utilized for the intended efforts, or come as a logical consequence of such efforts; and

**WHEREAS**, pursuant to the authority of the Health Code, §281.026(d) and (e), the Administrator has the full power and authority to perform the acts described and resolved by the Board hereunder, and he is legally authorized and capable of performing such acts.

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

1. The Board hereby determines and declares that the forgoing recitals are true and correct and are adopted as part of this Resolution as findings of fact.
2. The Board hereby determines, declares, and issues a finding of fact wherein the funds from the Hospital District's Non-Tax Funds and Tobacco Settlement Fund for payment of the FY 2022 Nueces County Healthcare Services Funding Amount pursuant to this Resolution are funds made available to the District from sources other than a tax levy and any disbursement of those funds is a statutorily authorized expenditure as described in Health Code, §281.094(a) and thereby qualify as a portion of the District's annual claims submitted for distribution of tobacco settlement proceeds to political subdivisions as described in 25 Texas Administrative Code §102.3(e)(2).

3. Pursuant to the authority of Health Code, §281.091(a) and the provisions of Health Code, §281.094(a), the Board hereby directs the Administrator to incorporate into the Hospital District's FY 2022 Annual Budget an amount equal to **\$12,947,925.00** to provide for the FY 2022 Nueces County Healthcare Services to be allocated as shown in the schedule "Nueces County Healthcare Services Funding Schedule - Fiscal Year 2022" attached hereto and identified as "Attachment "A"."
4. It shall be the responsibility of Nueces County to assure that FY 2022 Annual Budget funds disbursed for FY 2022 Nueces County Healthcare Services, as described in this Resolution, are utilized for the intended efforts, or come as a logical consequence of such efforts.
5. The Board hereby authorizes and directs the Administrator to disburse the FY 2022 Nueces County Healthcare Services Funding Amount on a basis, schedule, and in a manner he determines is reasonable and appropriate following commencement of the Hospital District's Fiscal Year 2022.
6. The Administrator shall be and is hereby expressly authorized and directed to do and perform all acts, and to execute all instruments and other related documents, whether or not herein cited, as required to carry out the intent, terms, and provisions of this Resolution, such execution to be conclusively evidenced by the performance of such acts.
7. The Administrator, in his capacity as the Secretary of the Hospital District Board, be and is hereby legally authorized and empowered to certify these resolutions and that the provisions hereof are in conformance with the Governing Board Bylaws of the Hospital District and the laws of the State of Texas.
8. This Resolution shall take effect and be in full force and effect upon and after its passage.

**[THIS SPACE INTENTIONALLY LEFT BLANK, SIGNATORY PAGE FOLLOWS]**

**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS**

---

Daniel W. Dain  
Chairman

---

Sylvia Tryon Oliver  
Vice Chairman

---

Belinda Flores, R.N.  
Member

---

Vishnu V. Reddy, M.D.  
Member

---

John E. Valls, MBA  
Member

---

Mariana Garza, J.D.  
Member

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Efrain Guerrero, Jr.  
Member

**Attachment "A"**

**NUECES COUNTY HEALTHCARE SERVICES  
FUNDING SCHEDULE - FISCAL YEAR 2022  
(October 1, 2021 - September 30, 2022)**

<b>Item #</b>	<b>Function/Description/Program/Purpose</b>	<b>Amount</b>
1a	Texas Healthcare Transformation and Quality Improvement Program 1115 Waiver-related intergovernmental transfers for projects of the Corpus Christi-Nueces County Public Health District.	\$887,000
1b	Nueces County employees' salaries and benefits at the Corpus Christi-Nueces County Public Health District, and for certain public health supplies and equipment.	942,300
2	Emergency medical services provided by cities and emergency services districts into the County outside municipalities.	550,000
3	Local match and other funding for the Nueces Center for Mental Health and Intellectual Disabilities.	969,129
4	Nueces Center for Mental Health and Intellectual Disabilities for community mental health collaborative jail diversion program, crisis intervention teams, and jail-based competency program arising from the Nueces County Comprehensive Behavioral Health Community Needs Assessment June 2020.	3,510,801
5	Additional mental health programs, services, and personnel arising from the Nueces County Comprehensive Behavioral Health Community Needs Assessment June 2020.	570,000
6	Detainee healthcare services within the Nueces County juvenile detention facility.	407,000
7	Third-party inmate healthcare services provided within the Nueces County Jail and McKenzie Jail Annex.	4,408,695
8a	Nueces County for contribution to the Alcohol and Drug Rehabilitation Center (Cenikor).	60,000
8b	Nueces County for contribution to the Council on Alcohol and Drug Abuse.	50,000
9	Nueces County for programs impacting juvenile and adult diabetes.	50,000
10	Public health grants relating to COVID-19 pandemic-related testing and other health care services provided to residents of the Hospital District; grants for Amistad Community Health Center and Coastal Bend Wellness Foundation.	170,000
12	Assess feasibility of converting NCMHID building to Diversion Center.	75,000
<b>Total</b>		<b>\$12,947,925</b>

**CERTIFICATE FOR RESOLUTION  
A RESOLUTION INCORPORATING  
FISCAL YEAR 2022 ANNUAL BUDGET FUNDING  
FOR NUECES COUNTY-RELATED HEALTHCARE EXPENDITURES**

THE STATE OF TEXAS     §  
  §  
COUNTY OF NUECES     §

I, the undersigned Secretary of the Board of Managers of the Nueces County Hospital District, hereby attest as follows:

1. The Board of Managers of said District convened in regular meeting on the 31st day of August, 2021, at the regular meeting place, and the roll was called of the duly constituted officers and members of said Board of Managers, to wit:

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

and all of said persons were present, except the following absentees: \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: A written

**A RESOLUTION INCORPORATING  
FISCAL YEAR 2022 ANNUAL BUDGET FUNDING  
FOR NUECES COUNTY-RELATED HEALTHCARE EXPENDITURES**

was introduced for the consideration of said District and read in full. It was then duly moved and seconded that said Resolution be passed, and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

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

2. That a true, full and correct copy of the aforesaid Resolution passed at the meeting described in the above and forgoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in the minutes of said Meeting; that the above and forgoing paragraph is a true, full, and correct excerpt from the minutes of said Meeting pertaining to and passage of said Resolution; that the persons named in the above and forgoing paragraph are the duly appointed, qualified, and acting members of the Board of Managers of said District as indicated therein; that each of the members of the Board of Managers of said District was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of aforesaid Meeting, and that said Resolution would be introduced and considered for passage at said Meeting, and that each of said members consented, in advance, to holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the date, time, place, and purpose of said Meeting was given all as required by Texas Government Code, §551.001 et.seq.

SIGNED AND SEALED THIS 31st day of August, 2021.

**ATTEST:**

\_\_\_\_\_  
Jonny F. Hipp  
Secretary, Board of Managers

{NCHD SEAL}



# NUECES COUNTY HOSPITAL DISTRICT

## Administrative Offices

555 N. Carancahua Street, Suite 950  
Corpus Christi, Texas 78401-0835

Phone: (361) 808-3300  
Fax: (361) 808-3274

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

#### **A RESOLUTION APPROVING FISCAL YEAR 2022 ANNUAL BUDGET**

**WHEREAS**, the Nueces County Hospital District (the "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 (the "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 (the "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**, the Hospital District's Administrator (the "Administrator") has the responsibility for preparing an annual budget under the Board's direction as required by Health Code, §281.091(a); the District's annual budget must be approved by the Board and then shall be presented to the Commissioners Court for final approval, pursuant to requirements of Health Code, §281.091(b); and the District's Fiscal Year 2022 is October 1, 2021 through September 30, 2022;

**WHEREAS**, the Administrator has prepared the Hospital District's Fiscal Year 2022 annual budget under the Board's direction (the "FY 2022 Annual Budget") and said Budget is attached hereto and identified as Exhibit "A" which is incorporated herein by reference;

**WHEREAS**, the FY 2022 Annual Budget consists of the Hospital District's (1) Consolidated Budget, inclusive of the General, Tobacco, and Indigent Care Funds; and (2) Capital Budget;

**WHEREAS**, the Board desires to assure that FY 2022 Annual Budget funds disbursed for the "Nueces County Healthcare Services," as resolved in a separate but related Hospital District Board Resolution related to the District's FY 2022 Annual Budget, are utilized for the efforts intended, or come as a logical consequence of such efforts; and

**WHEREAS**, the Board desires to approve the FY 2022 Annual Budget and authorize the expenditure of budgeted funds for the purposes indicated therein.

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

1. The Board hereby approves the FY 2022 Annual Budget (attached hereto as Exhibit "A").
2. The Board hereby directs the Administrator to submit the approved FY 2022 Annual Budget to Commissioners Court for their final approval.
3. It shall be the responsibility of Nueces County to assure that Hospital District funds disbursed as a part of the FY 2022 Annual Budget for the "Nueces County Healthcare Services," as resolved in a separate but related Hospital District Board Resolution related to the District's FY 2022 Annual Budget, are utilized for the efforts intended, or come as a logical consequence of such efforts.
4. The Board hereby finds and directs that the Administrator has the authority to expend the funds in the FY 2022 Annual Budget for the purposes indicated therein in accordance with state law, Board direction, and the Hospital District's approved purchasing and expenditure policies and procedures. The expenditure of budgeted funds in the FY 2022 Annual Budget shall be under the direction of the Administrator who shall ensure that the funds are expended in accordance with the approved Budget.
5. The Administrator shall be and is expressly authorized and directed to do and perform all acts, and to execute all instruments and other related documents, whether or not herein cited, as required to carry out the intent, terms, and provisions of this Resolution, such execution to be conclusively evidenced by the performance of such acts.
6. 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.
7. 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**

---

Daniel W. Dain  
Chairman

---

Sylvia Tryon Oliver  
Vice Chairman

---

Belinda Flores, R.N.  
Member

---

Vishnu V. Reddy, M.D.  
Member

---

John E. Valls, MBA  
Member

---

Mariana Garza, J.D.  
Member

---

Efrain Guerrero, Jr.  
Member


# Exhibit "A"



**NUECES COUNTY HOSPITAL DISTRICT**  
Administrative Offices

555 N. Carancahua Street, Suite 950  
Corpus Christi, Texas 78401-0835

Phone: (361) 808-3300  
Fax: (361) 808-3274

**To:** Board of Managers  
**From:** Jonny F. Hipp, Administrator   
**Subject:** Operating and Capital Budgets for Fiscal Year 2022  
**Date:** August 31, 2021

Attached for your review and consideration of approval is the Hospital District's Fiscal Year 2022 (October 1, 2021 through September 30, 2022) Budget for the General Fund. The Budget is comprised of the Operating and Capital Budgets. Also included are individual budgets for the Tobacco Fund and Indigent Care Fund. The following are key items included in the Operating Budget.

**REVENUES**

We are using a tax rate of **\$0.111824**, which is 5.3% above the no-new-revenue tax. The appraisal value for FY 2022 is **\$35,295,466,178**. This new value with the tax rate will generate revenues of **\$37,090,050** for the Hospital District. This is an increase in current property revenues of **\$2,558,805** compared to last year's budget. A 94% collection rate has been applied, as well as a \$800,000 contingency for certain expected refinery related tax refunds.

Spohn Corporate Member Revenue of **\$9,883,929** is included in this year's revenue, an increase of \$3,383,929 compared to last year's budget. Nueces LPPF administrative fee income of **\$150,000** is budgeted, and RHP anchor allocation revenue is estimated at **\$100,000**.

**EXPENSES**

Budgeted expenditures for FY 2022 are **\$47,496,048**. The principal expenditures are: (1) intergovernmental transfers of **\$30,120,513**, (2) County health services expenditures of **\$11,985,925**, (3) salaries expense of **\$1,529,940**; and (4) legal and professional fees of **\$1,545,500**.

NUECES COUNTY HOSPITAL DISTRICT  
BUDGET - GENERAL FUND  
FOR THE YEAR ENDING SEPTEMBER 30, 2022

	Column 1		Column 2		Column 3	Column 4		Column 5
	Fiscal 2022		Fiscal 2021		Budget	Fiscal 2021		Est. Act vs
Explanation	Budget		Budget		2022 vs. 2021	Est. Actual		F2022 Bud
<b>REVENUES</b>								
Property Taxes:								
1 Current	37,090,050	77.92%	34,531,245	83.18%	2,558,805	35,156,726	77.64%	1,933,324
2 Delinquent	0	0.00%	(0)	0.00%	0	213,074	0.47%	(213,074)
3 Penalties & Interest	370,900	0.78%	345,312	0.83%	25,588	293,560	0.65%	77,340
4 <b>Total Property Tax Revenue</b>	<b>37,460,951</b>	<b>78.70%</b>	<b>34,876,557</b>	<b>84.02%</b>	<b>2,584,394</b>	<b>35,663,360</b>	<b>78.76%</b>	<b>1,797,591</b>
5 Spohn Corporate Member Revenue	9,883,929	20.77%	6,500,000	15.66%	3,383,929	9,211,465	20.34%	672,464
6 Investment Income	3,853	0.01%	15,068	0.04%	(11,215)	30,774	0.07%	(26,921)
7 Other Income	250,000	0.53%	120,000	0.29%	130,000	377,061	0.83%	(127,061)
8 <b>Total Other Revenues</b>	<b>10,137,782</b>	<b>21.30%</b>	<b>6,635,068</b>	<b>15.98%</b>	<b>3,502,714</b>	<b>9,619,300</b>	<b>21.24%</b>	<b>518,482</b>
9 <b>TOTAL REVENUES</b>	<b>47,598,733</b>	<b>100%</b>	<b>41,511,625</b>	<b>100%</b>	<b>6,087,108</b>	<b>45,282,660</b>	<b>100%</b>	<b>2,316,073</b>
<b>OPERATING EXPENSES</b>								
10 Intergovernment Transfers (See attached)	30,120,513	62.92%	62,881,100	74.47%	(32,760,587)	68,006,278	80.19%	(37,885,765)
11 County Healthcare Services	11,985,925	25.04%	15,906,930	18.84%	(3,921,005)	12,737,133	15.02%	(751,208)
12 Salaries	1,529,940	3.20%	1,525,704	1.81%	4,237	1,263,972	1.49%	265,968
13 Benefits	738,570	1.54%	703,257	0.83%	35,313	667,077	0.79%	71,493
14 Legal & Professional Fees	1,545,500	3.23%	1,582,500	1.87%	(37,000)	567,208	0.67%	978,292
15 Purchased Services	588,000	1.23%	559,800	0.66%	28,200	506,567	0.60%	81,433
16 Tax Assessor / Appraisal Collection Fees	726,000	1.52%	720,000	0.85%	6,000	687,154	0.81%	38,846
17 Supplies & Materials	21,000	0.04%	21,000	0.02%	0	17,180	0.02%	3,820
18 Rent & Leases	151,500	0.32%	146,500	0.17%	5,000	140,124	0.17%	11,376
19 Repairs & Maintenance	9,000	0.02%	9,000	0.01%	0	3,935	0.00%	5,065
20 Telephone & Utilities	58,400	0.12%	61,500	0.07%	(3,100)	49,251	0.06%	9,149
21 Insurance	27,100	0.06%	26,000	0.03%	1,100	22,315	0.03%	4,785
22 Administrative & General	199,600	0.42%	168,000	0.20%	31,600	85,771	0.10%	113,829
23 Capital Outlay	163,000	0.34%	127,000	0.15%	36,000	55,856	0.07%	107,144
24 Extraordinary	5,000	0.01%	5,000	0.01%	0	536	0.00%	4,464
25 <b>TOTAL EXPENDITURES</b>	<b>47,869,048</b>	<b>100%</b>	<b>84,443,290</b>	<b>100%</b>	<b>(36,574,242)</b>	<b>84,810,358</b>	<b>100%</b>	<b>(36,941,309)</b>
26 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER SOURCES &amp; USES</b>	<b>(270,316)</b>		<b>(42,931,666)</b>		<b>42,661,350</b>	<b>(39,527,698)</b>		<b>39,257,382</b>
<b>NON-OPERATING SOURCES (USES)</b>								
27 Operating Transfer In (Tobacco Fund)	550,000		550,000		0	672,000		(122,000)
28 Operating Transfer Out (Indigent Care Fund)	0				0	0		0
29 <b>TOTAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>279,684</b>		<b>(42,381,666)</b>		<b>42,661,350</b>	<b>(38,855,698)</b>		<b>39,135,382</b>
30 <b>FUND BALANCE, BEGINNING OF PERIOD</b>	<b>25,046,789</b>		<b>50,016,821</b>			<b>63,902,487</b>		
31 <b>FUND BALANCE, END OF PERIOD</b>	<b>25,326,474</b>		<b>7,635,155</b>			<b>25,046,789</b>		

Nueces County Hospital District  
 County Healthcare Department Expenditures  
 For the Year Ending September 30, 2022

EXHIBIT C

<u>Program</u>	<u>Budget 2022</u>	<u>Budget 2021</u>	<u>Difference</u>
<b><u>Intergovernmental Transfers</u></b>			
1a Health Department - Intergovernmental Transfers *	887,000	1,208,100	(321,100)
<b><u>County Healthcare Services</u></b>			
1b Health Department (Operating Expenditures) *	942,300	693,200	249,100
2 Emergency Medical Services	550,000	500,000	50,000
3 Nueces Center for Mental Health & Intellectual Disabilities	969,129	969,129	0
4 MHID - Jail Programs (Jail Div, CIT, Jail Based Comp)	3,510,801	4,200,000	(689,199)
5 Mental Healthcare Services	868,000	556,801	311,199
6 Juvenile Detention Center-Health Services	407,000	407,000	0
7 County Jail Healthcare Services	4,408,695	5,250,800	(842,105)
8a Alcohol and Drug Rehabilitation Center (Cenikor)	60,000	60,000	0
8b Council on Alcohol & Drug Abuse	50,000	50,000	0
9 County Juvenile and Adult Diabetes Program	50,000	50,000	0
10 Public Health Grants	170,000	170,000	0
11 Alternate Care Site Funding - Emergency Mgmt Svcs	0	3,000,000	(3,000,000)
<b>Subtotal</b>	<b>11,985,925</b>	<b>15,906,930</b>	<b>(3,921,005)</b>
<b>Subtotal County Services</b>	<b>12,872,925</b>	<b>17,115,030</b>	<b>(4,242,105)</b>
<b><u>Professional Fees</u></b>			
12 Architect (MHID Building Assessment for Diversion Center)	75,000	120,000	(45,000)
<b>Grand Total County Services Department</b>	<b>12,947,925</b>	<b>17,235,030</b>	<b>(4,287,105)</b>

\* Note - Total Health Department For Budget 2021 = \$1,829,300 down from \$1,901,300 for Budget 2021.

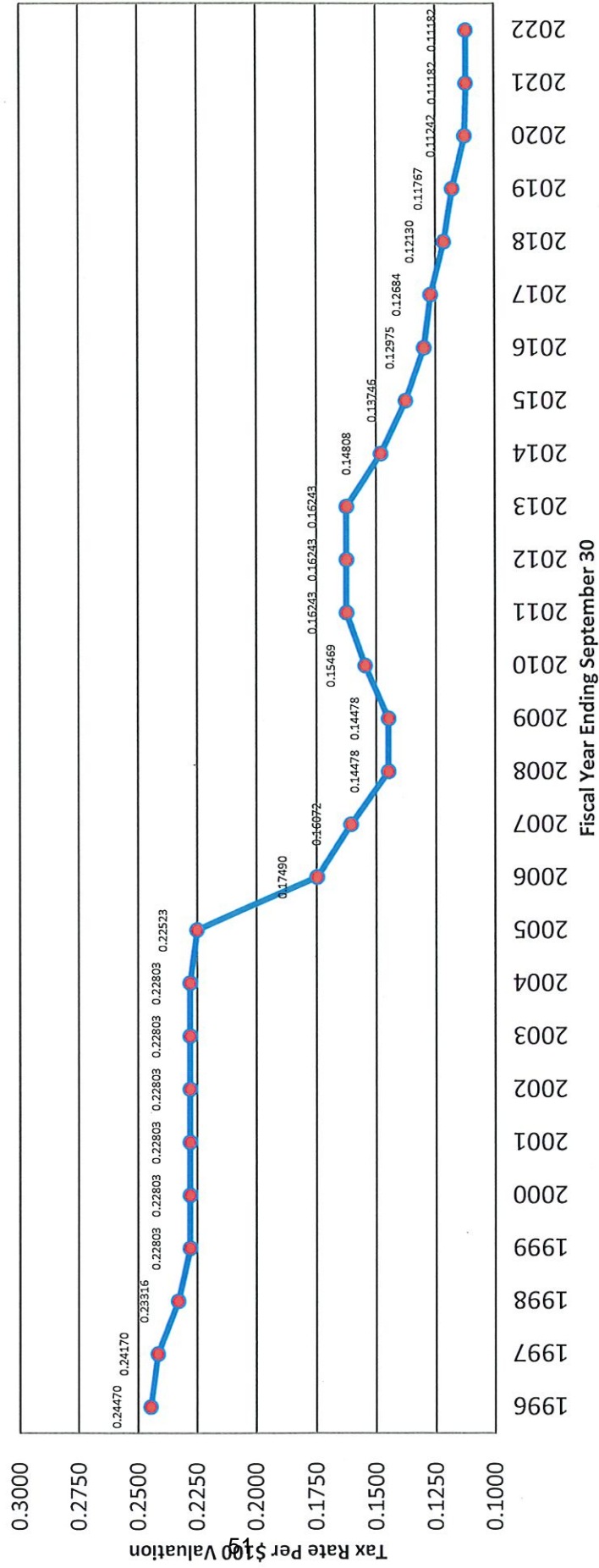
NUECES COUNTY HOSPITAL DISTRICT  
CONSOLIDATED BUDGET - FOR THE GENERAL FUND, &  
SPECIAL REVENUE-TOBACCO & INDIGENT CARE FUNDS  
FOR THE YEAR ENDING SEPTEMBER 30, 2022

	Explanation	General Fund	Tobacco Fund	Indigent Care Fund	Total
	<b>REVENUES</b>				
1	Property Taxes	37,460,951	0	0	37,460,951
2	Spohn Corporate Member Revenue & LPPF Program	9,883,929	0	0	9,883,929
3	Investment Income	3,853	0	56,456	60,310
4	Other Income	250,000	0	0	250,000
5	Tobacco Income	0	550,000	0	550,000
6	<b>TOTAL REVENUES</b>	<b>47,598,733</b>	<b>550,000</b>	<b>56,456</b>	<b>48,205,189</b>
	<b>OPERATING EXPENSES</b>				
7	Intergovernmental Transfers	30,120,513	0	0	30,120,513
8	County Healthcare Services	11,985,925	0	0	11,985,925
9	Salaries	1,529,940	0	0	1,529,940
10	Benefits	738,570	0	0	738,570
11	Legal & Professional Fees	1,545,500	0	0	1,545,500
12	Purchased Services	588,000	0	0	588,000
13	Tax Assessor / Appraisal Collection Fees	726,000	0	0	726,000
14	Supplies & Materials	21,000	0	0	21,000
15	Rent & Leases	151,500	0	0	151,500
16	Repairs & Maintenance	9,000	0	0	9,000
17	Telephone & Utilities	58,400	0	0	58,400
18	Insurance	27,100	0	0	27,100
19	Administrative & General	199,600	0	0	199,600
20	Capital Outlay	163,000	0	0	163,000
21	Extraordinary/Tax Refund	5,000	0	0	5,000
22	Debt Service	0	0	0	0
23	<b>TOTAL EXPENDITURES</b>	<b>47,869,048</b>	<b>0</b>	<b>0</b>	<b>47,869,048</b>
24	<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER SOURCES &amp; USES</b>	<b>(270,316)</b>	<b>550,000</b>	<b>56,456</b>	<b>336,141</b>
	<b>NON-OPERATING SOURCES (USES)</b>				
25	Operating Transfers In	550,000	0	0	550,000
26	Operating Transfers Out	0	(550,000)	0	(550,000)
27	<b>TOTAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>279,684</b>	<b>0</b>	<b>56,456</b>	<b>336,141</b>
28	<b>FUND BALANCE, BEGINING OF PERIOD</b>	<b>25,046,789</b>	<b>0</b>	<b>56,448,660</b>	<b>81,495,449</b>
29	<b>FUND BALANCE, END OF PERIOD</b>	<b>25,326,474</b>	<b>0</b>	<b>56,505,116</b>	<b>81,831,590</b>

2021/2022 Tax Rate Calculation for Hospital District

	Tax Rate	Increase above "No New Revenue" Rate	% Above "No New Revenue" Rate	Budgeted 2021/2022 Revenue	Budget Increase (Decrease) from Prior Year
2020/2021 Adopted Tax Rate	0.111824	0.005632	5.30%	37,495,362	1,963,138
2021/2022 No-New-Revenue Tax Rate	0.106192	0.000000	0.00%	35,606,913	74,689
0.5% Above the No-New-Revenue Tax Rate	0.106723	0.000531	0.50%	35,784,948	252,724
1% Above the No-New-Revenue Tax Rate	0.107254	0.001062	1.00%	35,962,983	430,759
1.5% Above the No-New-Revenue Tax Rate	0.107785	0.001593	1.50%	36,141,017	608,793
2% Above the No-New-Revenue Tax Rate	0.108316	0.002124	2.00%	36,319,052	786,828
2.5% Above the No-New-Revenue Tax Rate	0.108847	0.002655	2.50%	36,497,086	964,862
3% Above the No-New-Revenue Tax Rate	0.109378	0.003186	3.00%	36,675,121	1,142,897
3.5% Above the No-New-Revenue Tax Rate	0.109909	0.003717	3.50%	36,853,155	1,320,931
4% Above the No-New-Revenue Tax Rate	0.110440	0.004248	4.00%	37,031,190	1,498,966
4.5% Above the No-New-Revenue Tax Rate	0.110971	0.004779	4.50%	37,209,224	1,677,000
5% Above the No-New-Revenue Tax Rate	0.111502	0.005310	5.00%	37,387,259	1,855,035
6% Above the No-New-Revenue Tax Rate	0.112564	0.006372	6.00%	37,743,328	2,211,104
7% Above the No-New-Revenue Tax Rate	0.113625	0.007433	7.00%	38,099,397	2,567,173
2020/2021 Voter-Approved Tax Rate 8%	0.115601	0.009409	8.86%	38,761,816	3,229,592

# Nueces County Hospital District Tax Rate History FY 1996-2022



**CERTIFICATE FOR RESOLUTION  
A RESOLUTION APPROVING  
FISCAL YEAR 2022 ANNUAL BUDGET**

THE STATE OF TEXAS     §  
                                      §  
COUNTY OF NUECES     §

I, the undersigned Secretary of the Board of Managers of the Nueces County Hospital District, hereby attest as follows:

1. The Board of Managers of said District convened in regular meeting on the 31st day of August 2021, at the regular meeting place, and the roll was called of the duly constituted officers and members of said Board of Managers, to wit:

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

and all of said persons were present, except the following absentees: \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: A written

**A RESOLUTION APPROVING  
FISCAL YEAR 2022 ANNUAL BUDGET**

was introduced for the consideration of said District and read in full. It was then duly moved and seconded that said Resolution be passed, and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

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

2. That a true, full and correct copy of the aforesaid Resolution passed at the meeting described in the above and forgoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in the minutes of said Meeting; that the above and forgoing paragraph is a true, full, and correct excerpt from the minutes of said Meeting pertaining to and passage of said Resolution; that the persons named in the above and forgoing paragraph are the duly appointed, qualified, and acting members of the Board of Managers of said District as indicated therein; that each of the members of the Board of Managers of said District was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of aforesaid Meeting, and that said Resolution would be introduced and considered for passage at said Meeting, and that each of said members consented, in advance, to holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the date, time, place, and purpose of said Meeting was given all as required by Texas Government Code, §551.001 et.seq.

SIGNED AND SEALED THIS 31st day of August, 2021.

**ATTEST:**

---

Jonny F. Hipp  
Secretary, Board of Managers

{NCHD SEAL}

**IGT RESPONSIBILITY CONTRACT**  
**BETWEEN**  
**THE TEXAS HEALTH AND HUMAN SERVICES COMMISSION**  
**AND**  
**NON-STATE GOVERNMENTAL ENTITY**

This Contract is between the Texas Health and Human Services Commission (“**HHSC**”) and Nueces County Hospital District (“**Governmental Entity**”) (individually, a “**Party**” and collectively, “the **Parties**”).

**I. LEGAL AUTHORITY**

This Contract is entered into pursuant to Chapter 531 of the Texas Government Code.

**II. BACKGROUND AND PURPOSE**

- A. HHSC is the single state agency designated in Texas to administer the medical assistance program known as Medicaid.
- B. HHSC administers the Network Access Improvement Program (“**NAIP**”) through Medicaid managed care organizations (“**MCOs**”). The Centers for Medicare and Medicaid Services (“**CMS**”) has determined that NAIP payments meet the following definition of “pass-through payments” contained in 42 C.F.R. § 438.6(a):

[A]ny amount required by the State to be added to the contracted payment rates, and considered in calculating the actuarially sound capitation rate, between the MCO, PIHP, or PAHP and hospitals, physicians, or nursing facilities that is not for the following purposes: A specific service or benefit provided to a specific enrollee covered under the contract; a provider payment methodology permitted under paragraphs (c)(1)(i) through (iii) of this section for services and enrollees covered under the contract; a subcapitated payment arrangement for a specific set of services and enrollees covered under the contract; GME payments; or FQHC or RHC wrap around payments.

Under NAIP, MCOs will be required by HHSC to provide pass-through payments to eligible Public Hospitals.

- C. The purpose of this Contract is to:
  - 1. Provide terms and conditions for the Governmental Entity to transfer non-federal public funds to HHSC for use as the non-federal share of NAIP pass-through payments; and

2. Describe the process that will be used to reconcile the non-federal percentage of payments from HHSC to the MCOs with the amount of funds transferred to HHSC from the Governmental Entity.

### **III. DEFINITIONS**

For purposes of this Contract, the following terms have the meanings as described below:

- A. Intergovernmental Transfer (“**IGT**”) -- A transfer of Public Funds from a Non-state Governmental Entity to HHSC.
- B. Managed Care Organization (“**MCO**”) -- A Medicaid managed care organization contracted with HHSC to provide health care services to Medicaid recipients.
- C. Non-state Governmental Entity -- A hospital authority, hospital district, health district, city or county.
- D. Public Hospital -- The hospital located in Nueces County, Texas and qualifying as a public hospital as defined in Section 355.8065(b)(46) of the Texas Administrative Code, in which the Governmental Entity owns a membership interest (i.e. CHRISTUS Spohn Health System Corporation).
- E. Public Funds -- Funds derived from taxes, assessments, levies, investments, and other public revenues within the sole and unrestricted control of the Governmental Entity that owns a membership interest in the Public Hospital. Public funds do not include gifts, grants, trusts, or donations, the use of which is conditioned on supplying a benefit solely to the donor or grantor of the funds.

### **IV. PROGRAM PERIOD AND CONTRACT PERIOD**

- A. The term of this Contract (the “**Contract Period**”) begins on the latest date a Party signs the Contract and continues until the completion of the final reconciliation, which is described in Article VII below, but no later than August 31, 2024.
- B. The term of the NAIP initiative (the “**Program Period**”) begins on September 1, 2021, and ends on August 31, 2022.
- C. The term of the Program Period or Contract Period may be modified by written Contract between the Parties.

### **V. CONTRACT AMOUNT**

- A. For each Medicaid managed care program and service area in which the Public Hospital participates in a NAIP pass-through payment arrangement, HHSC's managed care contract with participating MCOs will require the MCOs to allocate a fixed percentage of the capitation rates to the Public Hospital’s NAIP payments (the “**NAIP Rate Component**”).
- B.

The non-federal percentage of the NAIP Rate Component equals one-hundred percent minus the applicable Federal Medical Assistance Percentage for Medicaid for Texas in effect when HHSC incurs the expense.

- C. The Parties agree that the amount of this Contract will not exceed \$7,132,496.00 (SEVEN MILLION, ONE HUNDRED THIRTY-TWO THOUSAND, FOUR HUNDRED AND NINETY-SIX DOLLARS) (“**Contract Amount**”), which equals (1) the non-federal percentage of the pass-through payment amount plus ten percent, and (2) the non-federal percentage of the risk margin, administrative fee, and any other NAIP-related amounts HHSC is required to pay each applicable MCO pursuant to the associated managed care contract between HHSC and the MCO. The agreed maximum Contract Amount is subject to the provisions of Section V.A. and Article VII.

## **VI. STATEMENT OF SERVICES TO BE PERFORMED**

- A. Governmental Entity’s responsibilities under this Contract include the following:
1. Beginning on August 10, 2021, and continuing on the tenth day of each month through July 10, 2022, the Governmental Entity will transfer to HHSC an amount equal to one-twelfth of the estimated Contract Amount. If at any time during the Program Period HHSC determines that the Contract Amount is likely to exceed the amount described in Section V., HHSC will notify the Governmental Entity in writing of a revised amount that the Governmental Entity must transfer on the tenth day of each month remaining in the Program Period.
  2. The Governmental Entity will transfer any shortfall amount calculated as described in Article VII. The Governmental Entity will complete the transfer within 30 days of receipt of HHSC’s notice regarding the shortfall.
- B. HHSC’s responsibilities under this Contract include the following:
1. Prior to August 10, 2021, HHSC will provide the Governmental Entity with the NAIP Rate Component for each applicable MCO, Medicaid managed care program, and service area in which the Public Hospital participates in NAIP.
  2. HHSC will perform the reconciliation processes described in Article VII.

## **VII. RECONCILIATION**

HHSC will complete the reconciliation in multiple parts:

- A. HHSC will confirm that the amount owed by the Governmental Entity under this Contract equals the amount actually paid by the Governmental Entity under this Contract by completing a reconciliation in multiple parts, as follows:
1. For each Medicaid program and service area in which the Public Hospital participates in NAIP, HHSC will determine the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period by multiplying the

NAIP Rate Component by the total member months included in the Program Period. Total member months include any adjustments to enrollment that occurred for the Program Period prior to the reconciliation.

2. HHSC will compare the amount transferred by the Governmental Entity to HHSC for the Program Period, to the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period.
  - a. If the amount transferred by the Governmental Entity exceeds 102% of the non-federal percentage of the NAIP Rate Component expended by HHSC:
    - I. HHSC will refund the difference between the amount transferred and 102% of the amount expended by HHSC; and
    - II. HHSC will return any excess funds following the reconciliation described in Section VII.C.
  - b. If the amount transferred by the Governmental Entity is less than 102% of the non-federal percentage of the NAIP Rate Component expended by HHSC, HHSC will notify the Governmental Entity in writing of the amount of the shortfall and of a deadline for the Governmental Entity to transfer the shortfall to HHSC.
- B. HHSC may complete interim reconciliations between August 31, 2022, and August 31, 2024, as updated enrollment data for the Program Period, as reflected in adjusted member months, becomes available. HHSC will follow the process described in Section VII.A. for such interim reconciliations.
- C. HHSC will complete the final reconciliation no later than August 31, 2024, to ensure that payments under this Contract are based on final enrollment figures for the Program Period.
  1. For each Medicaid program and service area in which the Public Hospital participates in NAIP, HHSC will determine the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period by multiplying the NAIP Rate Component by the total member months included in the Program Period. Total member months include any adjustments to enrollment that occurred subsequent to a reconciliation.
  2. HHSC will compare the amount transferred by the Governmental Entity to HHSC for the Program Period, to the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period.
    - a. If the amount transferred by the Governmental Entity exceeds the non-federal percentage of the NAIP Rate Component expended by HHSC, HHSC will refund the excess and the amount retained under Section A.2.a.II. of this Article VII;

- b. If the amount transferred by the Governmental Entity is less than the non-federal percentage of the NAIP Rate Component expended by HHSC, HHSC will notify the Governmental Entity of the amount of the shortfall and of the 30-day deadline for the Governmental Entity to transfer the shortfall to HHSC.

#### **VIII. TERMINATION**

- A. HHSC may terminate this Contract at any time at its discretion by providing written notice to the Governmental Entity through the individual identified in Section X.A.
- B. The Governmental Entity has no termination rights for the duration of the Contract Period.

#### **IX. ADDITIONAL TERMS**

- A. The services specified above are necessary and authorized for activities that are properly within the statutory functions and programs of the Parties.
- B. The services contracted for are not required by Section 21 of Article XVI of the Constitution of Texas to be supplied under contract given to the lowest responsible bidder.
- C. The proposed arrangements serve the interest of efficient and economical administration of state government.
- D. All acts required under this Contract will be done in conformity with federal and state laws and regulations.
- E. If any portion of this Contract is held to be invalid or unenforceable, the remainder of the Contract remains valid and enforceable.
- F. The dispute resolution process provided for in Chapter 2260 of the Texas Government (Resolution of Certain Contract Claims Against the State) will be used by the Parties to attempt to resolve any claim for breach of the Contract.
- G. This Contract may only be amended or modified by written Contract of the Parties.
- H. Information related to the performance of this Contract may be subject to the Chapter 552 of the Texas Government Code (Public Information Act) and will be withheld from public disclosure or released to the public only in accordance therewith. The Governmental Entity shall make any information required under the Public Information Act available to the HHSC in portable document file (".pdf") format or any other format agreed between the Parties.
- I. This Contract and the rights and obligations of the Parties hereto shall be governed by, and construed according to, the laws of the State of Texas, exclusive of conflicts of law provisions. Venue of any suit brought under this Contract shall be in a court of competent jurisdiction in Travis County, Texas. The Governmental Entity irrevocably waives any objection, including any objection to personal jurisdiction or the laying of venue or based

on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Contract or any document related hereto. NOTHING IN THIS SECTION SHALL BE CONSTRUED AS A WAIVER OF SOVEREIGN IMMUNITY BY HHSC OR GOVERNMENTAL IMMUNITY BY THE GOVERNMENTAL ENTITY.

- J. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.
- K. Neither Party shall assign or subcontract the whole nor any part of the Contract, including any right or duty required under it, without the other Party's prior written consent. Any assignment made contrary to this shall be void.

**X. NOTICE**

- A. All communications to the Governmental Entity under this Contract will be sent to:

Name: Jonny F. Hipp, ScD, FACHE  
Title: Administrator/CEO  
Address: Nueces County Hospital District  
555 North Carancahua Street, Suite 950  
Corpus Christi, TX 78401-0835  
Phone: 361-808-3300  
Email: jonny.hipp@nchdcc.org

- B. All communications to HHSC under this Contract will be sent to Victoria Grady, Director of Rate Analysis, Health and Human Services Commission, North Austin Complex, 4601 W. Guadalupe St., Austin, TX 78751.

**XI. SIGNATURE AUTHORITY**

Each Party represents and warrants that the person executing this Contract on its behalf has full power and authority to enter into this Contract. Any services or work performed by the Governmental Entity before this Contract is effective or after it ceases to be effective are performed at the sole risk of the Governmental Entity. By signing this Agreement, the person signing on behalf of the Governmental Entity certifies that this Agreement has not been altered, amended, or changed from the version of the Contract sent by HHSC to the Governmental Entity.

**SIGNATURE PAGE FOLLOWS**

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

**SIGNATURE PAGE FOR HHSC CONTRACT NO. HHS001047100006**

**Health and Human Services Commission**

**Governmental Entity**

By: \_\_\_\_\_

Cecile Erwin Young  
Executive Commissioner

Signature Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature Date: \_\_\_\_\_

**THE FOLLOWING ATTACHMENT IS HEREBY INCORPORATED BY REFERENCE:**

**ATTACHMENT A – SFY 2022 NAIP PROGRAM FINANCIAL ASSUMPTIONS**

ATTACHMENT A – SFY 2022 NAIP PROGRAM FINANCIAL ASSUMPTIONS

## Superior – Nueces County Hospital District

		September 1, 2021 - August 31, 2022								
Program	SDA	All Funds	IGT (w/o 10% buffer)	FMAP	Net to Provider	TAXES	TAXES %	ADMIN	ADMIN %	<i>Monthly IGT w/ 10% Margin</i>
STAR, STAR+Plus	Nueces	5,791,065	2,145,590	62.95%	5,675,244	101,344	1.75%	14,478	0.25%	196,679
STAR, STAR+Plus	Nueces	4,508,781	1,670,503	62.95%	4,418,605	78,904	1.75%	11,272	0.25%	153,129
		<b>10,299,846</b>	<b>3,816,093</b>		<b>10,093,849</b>	<b>180,247</b>		<b>25,750</b>		<b>349,809</b>

**ATTACHMENT A – SFY 2022 NAIP PROGRAM FINANCIAL ASSUMPTIONS**

**United – Nueces County Hospital District**

		September 1, 2021 - August 31, 2022								
<b>Program</b>	<b>SDA</b>	<b>All Funds</b>	<b>IGT (w/o 10% buffer)</b>	<b>FMAP</b>	<b>Net to Provider</b>	<b>TAXES</b>	<b>TAXES %</b>	<b>ADMIN</b>	<b>ADMIN %</b>	<i>Monthly IGT w/ 10% Margin</i>
STAR+Plus	Nueces	<b>5,791,065</b>	<b>2,145,590</b>	<b>62.95%</b>	5,675,244	101,344	1.75%	14,478	0.25%	196,679
STAR	Nueces	<b>1,410,000</b>	<b>522,405</b>	<b>62.95%</b>	1,381,800	24,675	1.75%	3,525	0.25%	47,887
		<b>7,201,065</b>	<b>2,667,995</b>		<b>7,057,044</b>	<b>126,019</b>		<b>18,003</b>		<b>244,566</b>

**GRANT AGREEMENT**

**NUECES COUNTY HOSPITAL DISTRICT /AMISTAD COMMUNITY HEALTH CENTER**

**September 1, 2021 – August 31, 2022**

**STATE OF TEXAS                      \***  
**\*                      KNOW ALL MEN BY THESE PRESENTS**  
**COUNTY OF NUECES                 \***

This Grant Agreement ("Agreement") is entered on the date of its execution as set forth below by and between Nueces County Hospital District ("District") and the Amistad Community Health Center ("Health Center"), a not-for-profit health center located in Corpus Christi, Nueces County, Texas that provides services to the underserved healthcare population and entered into for the purposes of providing COVID-19 diagnostic testing and other health care services for residents of the District.

**WITNESSETH:**

**WHEREAS**, the District finds that the continuing COVID-19 pandemic constitutes a public health concern in Nueces County and that the Health Center provides community COVID-19 pandemic-related services as well as other health care services considered to be beneficial public health services during the pandemic; and

**WHEREAS**, the District finds the need for COVID-19 pandemic-related public health services in the form of COVID-19 diagnostic testing as well as other health care services which will benefit the residents of Nueces County; and

**WHEREAS**, Texas Health and Safety Code, §281.094 authorizes the District to use certain of its funds made available from non-tax sources to fund public health services.

**NOW, THEREFORE,** for and in consideration and exchange of mutual covenants and conditions contained herein to further the provision of COVID-19 pandemic-related public health services as well as other health care services in Nueces County, the District and Health Center hereby agree as follows:

I.

The Health Center will make available and perform community COVID-19 diagnostic testing and other health care services in Nueces County.

II.

The Health Center will provide access to or remove barriers to accessibility under the Americans with Disabilities Act to allow individuals with disabilities the opportunity to receive COVID-19 diagnostic testing services and other health care services administered by the Health Center under this Agreement.

III.

The Health Center will not discriminate by reason of age, disability, handicap, sex, sexual orientation, gender identity, race, color, marital status, national origin, or religion, against any person seeking COVID-19 diagnostic testing services or other health care services administered by the Health Center under this Agreement.

IV.

The Health Center agrees to make available and perform community COVID-19 diagnostic testing and other health care services supported by the District's funds under this Agreement. The Health Center agrees that COVID-19 diagnostic testing will be performed based on Federal Centers for Disease Control and Prevention guidelines for evaluating and testing persons for COVID-19. In addition, the Health Center agrees to promptly report results from the community COVID-19 diagnostic testing supported by the District's funds under this Agreement to the tested



patient, local public health authorities, and other entities as may be required by law, regulation, or order.

V.

The Health Center will submit at least quarterly reports to the District indicating activities by Health Center in performance of its obligations pursuant to this Agreement. The Health Center shall include in its reports a detailed accounting of expenditures of the District's funds, counts of the nasopharyngeal swab nucleic acid or antigen diagnostic tests performed, counts of serum antibody diagnostic tests performed, and locations where the diagnostic tests were performed. In addition, the Health Center shall include in its reports a detailed accounting of the expenditure of District's funds for administering other health care services under this agreement. Such reports shall be presented to the District's Board of Managers at a publicly-noticed meeting on a schedule established by the District.

VI.

The Health Center will endeavor to use its resources to provide community COVID-19 diagnostic testing and other health care services in Nueces County, based on need, availability, and suitability.

VII.

As payment for the services to be rendered during the 12-month term, September 1, 2021 – August 31, 2022, the District will provide a lump-sum payment of Eighty-Five Thousand Dollars (\$85,000.00) to the Health Center for performance of the Health Center's activities related to the purposes of this Agreement.

VIII.

The Health Center will cause the District's funding under this Agreement to be segregated from other funds used for activities of Health Center unrelated to the purposes of this Agreement.



IX.

All notices or communications to a party by the other party under this Agreement shall be personally delivered or mailed to such party at the following respective address:

**DISTRICT**

Nueces County Hospital District  
Attn: Administrator/Chief Executive Officer  
555 N. Carancahua St., Suite 950  
Corpus Christi, Texas 78401-0835

**HEALTH CENTER**

Amistad Community Health Center  
Attn: Chief Executive Officer  
1533 S. Brownlee Blvd.  
Corpus Christi, Texas 78404-3131

X.

This Agreement shall continue in force and effect until August 31, 2022. If the Health Center terminates its activities related to the purposes of this Agreement prior to the expiration of this Agreement, the balance of any remaining funds shall be returned to the District in the same proportion that District funds bear to the total funds received by or in the possession of the Health Center to conduct activities related to the purposes this Agreement.

WITNESS our hands on this \_\_\_\_ day of \_\_\_\_\_, 2021.

**NUECES COUNTY HOSPITAL DISTRICT**

By: Jonny F. Hipp  
Jonny F. Hipp, ScD, FACHE  
Administrator/ Chief Executive Officer

Date: 8/24/21

**AMISTAD COMMUNITY HEALTH CENTER**

By: Eric Baggerman  
Eric Baggerman, M.D.  
Chief Executive Officer

Date: 8/25/21

**GRANT AGREEMENT**

**NUECES COUNTY HOSPITAL DISTRICT/COASTAL BEND WELLNESS FOUNDATION**

**September 1, 2021 – August 31, 2022**

**STATE OF TEXAS**

\*

\*

**KNOW ALL MEN BY THESE PRESENTS**

**COUNTY OF NUECES**

\*

This Grant Agreement ("Agreement") is entered on the date of its execution as set forth below by and between Nueces County Hospital District ("District") and the Coastal Bend Wellness Foundation ("Foundation"), a community-based non-profit organization located in Corpus Christi, Nueces County, Texas that provides gap health care services and entered into for the purposes of providing COVID-19 diagnostic testing and other health care services for residents of the District.

**WITNESSETH:**

**WHEREAS**, the District finds that the continuing COVID-19 pandemic constitutes a public health concern in Nueces County and that the Foundation provides community COVID-19 pandemic-related services as well as other health care services considered to be beneficial public health services during the pandemic; and

**WHEREAS**, the District finds the need for COVID-19 pandemic-related public health services in the form of COVID-19 diagnostic testing as well as other health care services which will benefit the residents of Nueces County; and

**WHEREAS**, Texas Health and Safety Code, §281.094 authorizes the District to use certain of its funds made available from non-tax sources to fund public health services.



**NOW, THEREFORE**, for and in consideration and exchange of mutual covenants and conditions contained herein to further the provision of COVID-19 pandemic-related public health services as well as other health care services in Nueces County, the District and Foundation hereby agree as follows:

I.

The Foundation will make available and perform community COVID-19 diagnostic testing and other health care services in Nueces County.

II.

The Foundation will provide access to or remove barriers to accessibility under the Americans with Disabilities Act to allow individuals with disabilities the opportunity to receive COVID-19 diagnostic testing services and other health care services administered by the Foundation under this Agreement.

III.

The Foundation will not discriminate by reason of age, disability, handicap, sex, sexual orientation, gender identity, race, color, marital status, national origin, or religion, against any person seeking COVID-19 diagnostic testing services or other health care services administered by the Foundation under this Agreement.

IV.

The Foundation agrees to make available and perform community COVID-19 diagnostic testing and other health care services supported by the District's funds under this Agreement. The Health Center agrees that COVID-19 diagnostic testing will be performed based on Federal Centers for Disease Control and Prevention guidelines for evaluating and testing persons for COVID-19. In addition, the Foundation agrees to promptly report results from the community COVID-19 diagnostic testing supported by the District's funds under this Agreement to the tested



patient, local public health authorities, and other entities as may be required law, regulation, or order.

V.

The Foundation will submit at least quarterly reports to the District indicating activities by Foundation in performance of its obligations pursuant to this Agreement. The Foundation shall include in its reports a detailed accounting of expenditures of the District's funds, counts of the nasopharyngeal swab nucleic acid or antigen diagnostic tests performed, counts of serum antibody diagnostic tests performed, and locations where the diagnostic tests were performed. In addition, the Foundation shall include in its reports a detailed accounting of the expenditure of ~~District's of~~ District's funds for administering other health care services. Such reports shall be presented to the District's Board of Managers at a publicly-noticed meeting on a schedule established by the District.

VI.

The Foundation will endeavor to use its resources to provide community COVID-19 diagnostic testing and other health care services in Nueces County, based on need, availability, and suitability.

VII.

As payment for the services to be rendered during the 12-month term September 1, 2021 – August 31, 2022, the District will provide a lump-sum payment of Eighty-Five Thousand Dollars (\$85,000.00) to the Foundation for performance of the Foundation's activities related to the purposes of this Agreement.

VIII.

The Foundation will cause the District's funding under this Agreement to be segregated from other funds used for activities of Foundation unrelated to the purposes of this Agreement.



IX.

All notices or communications to a party by the other party under this Agreement shall be personally delivered or mailed to such party at the following respective address:

**DISTRICT**

Nueces County Hospital District  
Attn: Administrator/Chief Executive Officer  
555 N. Carancahua St., Suite 950  
Corpus Christi, Texas 78401-0835

**FOUNDATION**

Coastal Bend Wellness Foundation  
Attn: Chief Executive Officer  
2882 Holly Road  
Corpus Christi, Texas 78415-4106

X.

This Agreement shall continue in force and effect until August 31, 2022. If the Foundation terminates its activities related to the purposes of this Agreement prior to the expiration of this Agreement, the balance of any remaining funds shall be returned to the District in the same proportion that District funds bear to the total funds received by or in the possession of the Foundation to conduct activities related to the purposes this Agreement.

WITNESS our hands on this \_\_\_\_ day of \_\_\_\_\_, 2021.

**NUECES COUNTY HOSPITAL DISTRICT**

By: Jonny F. Hipp  
Jonny F. Hipp, ScD, FACHE  
Administrator/ Chief Executive Officer

Date: 8/24/21

**COASTAL BEND WELLNESS FOUNDATION**

By: Bill J. Hoelscher  
Bill J. Hoelscher  
Chief Executive Officer

Date: 8/24/21

**NUECES COUNTY HOSPITAL DISTRICT**  
**Board of Managers**  
**Meeting Schedule**  
**Calendar Year 2022**

**Meeting Dates & Times:**

- Tuesday, January 18, 2022, 10:00 AM
- Tuesday, February 15, 2022, 10:00 AM
- Tuesday, March 15, 2022, 10:00 AM
- Tuesday, April 19, 2022, 10:00 AM
- Tuesday, May 17, 2022, 10:00 AM
- Tuesday, June 21, 2022, 10:00 AM
- Tuesday, July 19, 2022, 10:00 AM
- Tuesday, August 16, 2022, 10:00 AM – Adopt Annual Budget
- Tuesday, September 20, 2022, 10:00 AM – Elect Officers & Appoint Committees
- Tuesday, October 18, 2022, 10:00 AM
- Tuesday, November 15, 2022, 10:00 AM
- Tuesday, December 20, 2022, 10:00 AM

# Memorandum

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

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## 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 1<sup>st</sup> 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.

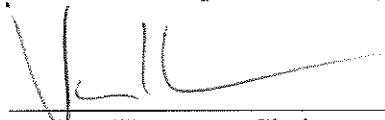
9. **Governing Law and Venue.** Unless specifically provided otherwise, the parties intend that the laws of the State of Texas should govern the validity of the Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties hereto. Venue for all matters arising 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.

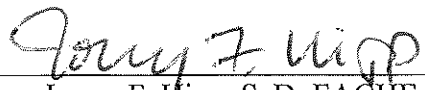
11. **Binding Arbitration.** In lieu of litigation, the parties agree that any dispute between them arising from this Agreement shall be submitted to binding arbitration. The parties shall share equally the fees and costs payable to the arbitrator. The award of the arbitrator may be entered in, and enforced 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.

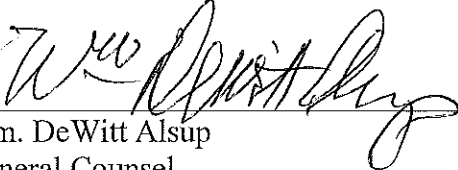
**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS**  
("Board" and "Hospital District")

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"**

<b>PERFORMANCE GOALS</b>		
<b>Goal</b>	<b>Description</b>	<b>Goal Achievement Pay as Percent of Salary</b>
<b>Fiscal Year 2018</b>		
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%
<b>Fiscal Year 2019</b>		
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 <sup>th</sup> Texas Legislative Session.	5%
<b>Fiscal Year 2020</b>		
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%

<b>PERFORMANCE GOALS</b>		
<b>Fiscal Year 2021</b>		
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 <sup>th</sup> Texas Legislative Session.	5%
<b>Fiscal Year 2022</b>		
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%
<b>During Any Fiscal Year</b>		
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%

# # #

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:

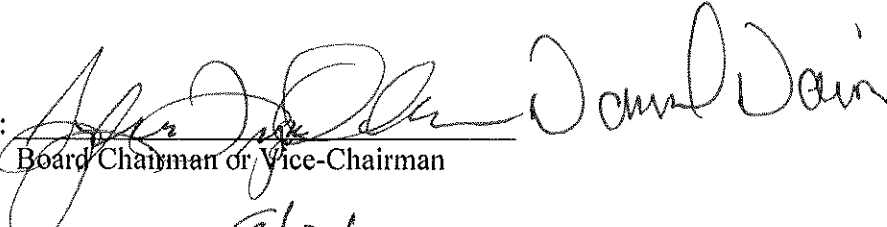
1. To strike Paragraph 3(a) (vii) in the original Agreement stating the amount of the Administrator's salary for a twelve-month period and replace it with the following:

*(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.*

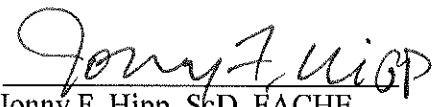
2. All other provisions of original contract shall remain the same.

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

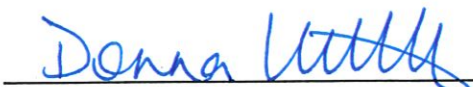
NUECES COUNTY HOSPITAL DISTRICT  
 ADMINISTRATOR'S EMPLOYMENT AGREEMENT ANALYSIS  
 FOR THE FISCAL YEAR ENDED 09/30/2020  
 DUE AFTER FEBRUARY 1, 2021

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,



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



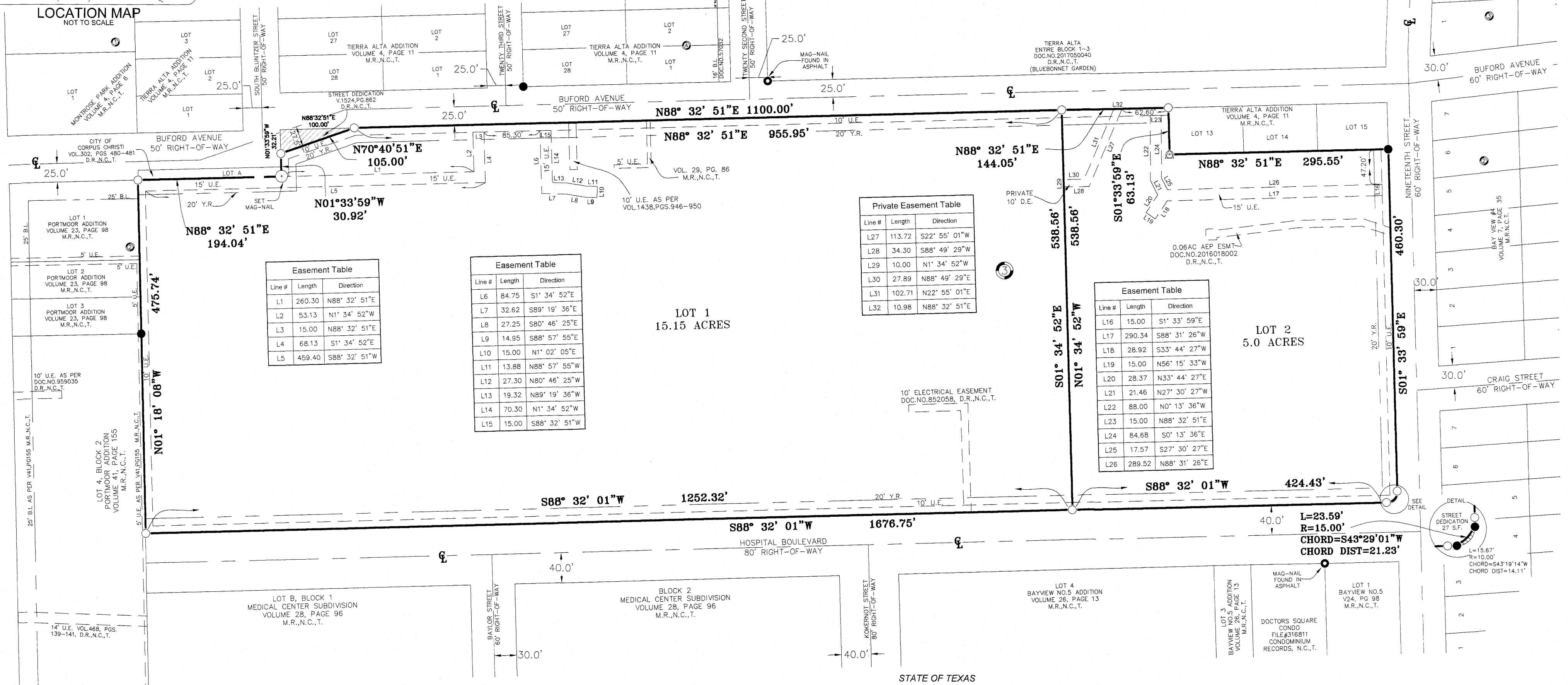
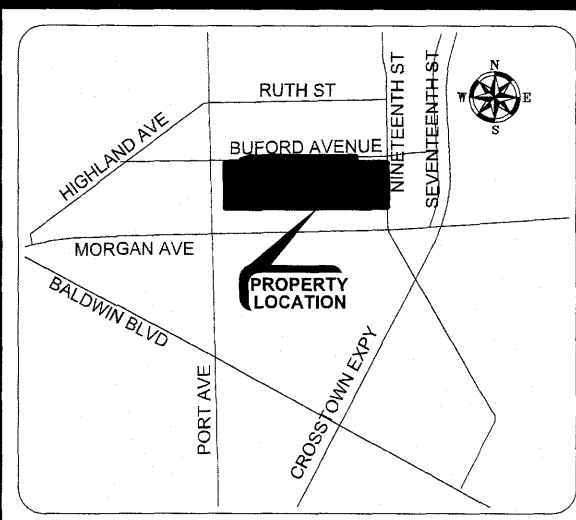
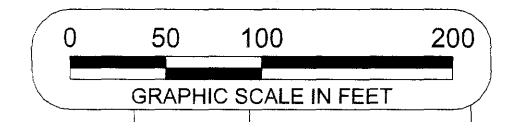
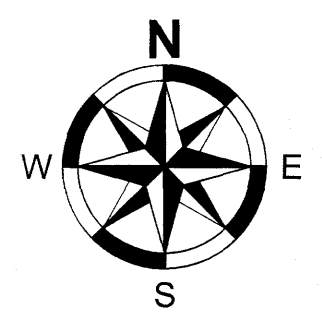
Dominic Dominguez  
Senior Vice President, Group Operations  
Chief Executive Officer

#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 have had said land surveyed and platted as shown hereon 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 2020023940.

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

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 GOLLIGHR ROAD  
CORPUS CHRISTI, TEXAS 78411  
361-814-9900

**HANSON**  
Professional Services Inc.

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

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  
3<sup>rd</sup> 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