

**DRAFT**

MINUTES  
BOARD OF MANAGERS  
NUECES COUNTY HOSPITAL DISTRICT  
SPECIAL SESSION

September 4, 2014

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The Nueces County Hospital District Board of Managers met in ***SPECIAL SESSION*** in the NCHD Board Room at 555 N. Carancahua, Suite 950-A, Corpus Christi, TX on Thursday, September 4, 2014 at 2:30 p.m.

**HOSPITAL DISTRICT REPRESENTATIVES:**

Jonny F. Hipp, Administrator/CEO  
Dena B. Bruni, Assistant Administrator, Administrative Services  
Donna Littlefield, Director, Accounting & Finance  
Wm. DeWitt Alsup, Attorney, Alsup Law Firm  
Catherine Heller, Assistant County Attorney  
Sara G. Lopez, Administrative Specialist  
Carmen H. Ramos, Administrative Assistant

**OTHER(S) PRESENT:**

Adam Robison, Attorney, King & Spalding, LLP, Houston, TX  
Nicholas Casillas, Reporter, Univision  
Dave Hendricks, Reporter, Caller Times  
Pam Robertson, President/CEO, Christus Spohn Health System Corporation  
Pam Brower, CFO, Christus Spohn Health System Corporation  
John Michael, P.E., Naismith Engineering, Inc.  
Katy Kiser, Manager of Marketing & Communications, Christus Spohn Health System Corp.  
Loyd Neal, Nueces County Judge  
Oscar O. Ortiz, County Commissioner, Pct.3  
Diane Lowrance, Executive Director, Behavioral Health Center of Nueces County  
Kelly Elkins, Staff, Christus Spohn Health System Corporation

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1. **Call to Order** - Mr. Huseman, Chairman  
The meeting was called to order by Mr. Huseman at 2:35 p.m.

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2. **Establishment of Quorum** - Mr. Huseman

A quorum was present with five members in attendance.

Van Huseman, Chairman - PRESENT  
Claude "Cal" Jennings, Member - PRESENT  
Rodney J. Hart, Member - PRESENT  
Irma Caballero, Member - PRESENT  
Robert N. Corrigan, Jr., Member - PRESENT

Raymond F. Wetegrove, Member - ABSENT  
Dan Winship, Member - ABSENT

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

None requested.

4. **REGULAR AGENDA:**

A. **Hospital District-Owned Real Property:**

- 1) **Receive update on progress of negotiations with CHRISTUS Spohn Health System Corporation about proposed material alteration of Hospital District-owned real property formerly known as Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas; material alteration to include construction of a new ambulatory health center and then demolition of Memorial Medical Center; and discuss related matters - INFORMATION**

A lengthy discussion followed relating to the status of the Christus Spohn Health System Corporation and Nueces County Hospital District negotiations relating to the proposed material alteration of Christus Spohn Hospital-Memorial. Mr. Hipp provided an update on the progress of the negotiations with Christus Spohn. He added Pam Robertson and staff are

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present. Negotiations continue with staff and attorneys from both entities. Mr. Hipp also announced an additional board meeting is scheduled for Wednesday, September 10, 2014 at 9:00 a.m.

Mr. Alsup provided an overview and stated all negotiations are going well with this transaction. There are a number of amendments that require updating to the existing Master, Lease and Indigent Care agreements. He further added agreement with Christus Spohn is approximately 90% complete on all major issues, however, there are a few details to be worked out. He added, work continues and we have established the material alteration notice and most of its contents. We also have a Letter of Intent (LOI) that will be signed off and approved by the Board of Managers.

The Letter of Intent includes the following:

- ◆ Resolution approving binding Letter of Intent by and between Nueces County Hospital District and Christus Spohn Health System Corporation;
- ◆ Construction of a new clinic and or health center;
- ◆ Removal of Trauma II Center and relocation to Spohn Shoreline;
- ◆ Continuance of the graduate medical education program;
- ◆ Establishing a new Psychiatric Regime in the community; and
- ◆ Other financial aspects most of which are favorable to NCHD.

Letter of Intent is subject to Commissioners Court approval.

Mr. Robison reported work continues on the following open issues:

- 1) Capital Expenditure Obligation;
- 2) Mechanics of the Escrow Fund;
- 3) Psychiatric Service Provision; and
- 4) Nueces Aid Enrollees at other hospitals.

Mr. Alsup stated that there are approximately eight to ten documents that either have to be amended or created altogether. Work continues on these documents.

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Commissioner Ortiz expressed concerns relating to Letter of Intent not yet completed. He stated there was competition in 1996 when Spohn took over the MMC's operations and health and psych care for the mentally ill was in place. Ms. Robertson stated since then a Level II trauma center has been added; a second residency program has been added; the indigents in this community have been taken care off; CSHS is a healthcare and economic partner and further added the community would be in trouble if Spohn was not involved. Commitment is binding to 2036 and as far as 2056. This is a good deal for the community.

Mr. Hipp stated several agreements and list of items that are not yet completed:

- 1) Material Alteration - draft;
- 2) Letter of Intent - draft highlights not yet in agreement;
- 3) Adoption of a Resolution - stand alone - Ordering the closure of Spohn-Memorial facility.

Overall lots of questions and issues discussed. Highlights have been addressed above. Work on these negotiations continue.

Handout addresses Time lines, Community Benefits, Financial Analysis, Benefits Analysis relating to the Letter of Intent. Copy of handout relating to the Letter of Intent; Memorial Hospital Campus is attached hereto for information and made a part of these minutes

Copy of handout relating to the Letter of Intent; Memorial Hospital Campus is attached hereto for information and made a part of these minutes

**EXECUTIVE CLOSED SESSION**

**Let the record show that there was no executive closed session held during this meeting.**

The Board of Managers entered into executively closed session at approximately ----- p.m.. to discuss and/or deliberate on the following agenda item(s): 5.A.1 - 4:

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5. **CLOSED MEETING - See the "Closed Meeting" section of the preceding General Information page for additional closed Meeting-related information.**
- A. **Consult with Hospital District attorneys to seek legal advice on legal matters pursuant to Open Meetings Act. Texas Government Code, §551.071(2):**
- 1) Matters related to CHRISTUS Spohn Health System Corporation Membership Agreement relating to proposed material alteration of Hospital District-owned real property formerly known as Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas; and related legal matters.
  - 2) Matters related to pending negotiations with CHRISTUS Spohn Health System Corporation about proposed material alteration of Hospital District-owned real property formerly known as Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas;
  - 3) Matters relating to proposal to replace Hospital District-owned real property formerly known as Memorial Medical Center located at 2606 Hospital Boulevard, Corpus Christi, Texas with a new ambulatory health center and then demolishing Memorial Medical Center, including matters relating to ownership, demolition, consent to demolition, procedural steps relating to demolition; and related legal matters; and
  - 4) Matters relating to encumbrances, easements, and/or restrictions associated with Hospital District-owned real property located or adjacent to 2606 Hospital Boulevard, Corpus Christi, Texas; and related legal matters.

The Board of Managers ended its executively closed session at approximately ----- p.m.. and reopened to public session.

6. **OPEN MEETING:**
- A. Discuss final action, decision, or vote on matters deliberated in Closed Meeting (Action as Needed).  
**None required.**

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7. ADJOURN

There being no further business, and on motion by Mr. Jennings, seconded by Mr. Corrigan, the meeting adjourned at 3:47 p.m.

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**PRESIDING OFFICER:**

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Van Huseman, Chairman  
Board of Managers  
Nueces County Hospital District

**ATTEST:**

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

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Wm. DeWitt Alsup, General Counsel  
Nueces County Hospital District