

**INTERLOCAL COOPERATION AGREEMENT
BETWEEN NUECES COUNTY HOSPITAL DISTRICT
AND
NUECES CENTER FOR MENTAL HEALTH AND INTELLECTUAL DISABILITIES**

This Interlocal Cooperation Agreement (“Agreement”), effective as of the date of the last signature below, is entered into by and between the **Nueces County Hospital District** (“Hospital District” or “District”), a political subdivision and special district of the State of Texas created pursuant to Article IX, Section 4 of the Texas Constitution and Chapter 281, Texas Health and Safety Code and the **Nueces Center for Mental Health and Intellectual Disabilities** (“Mental Health Agency”), a local mental health authority authorized to provide mental health and substance abuse services under the Texas Mental Health Code, Chapter 534, Texas Health and Safety Code. Hospital District and Mental Health Agency shall collectively be referred to as the “Parties” or individually as a “Party”.

This Agreement is executed pursuant to the authorities of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, to facilitate governmental functions in which the Parties are mutually interested.

WITNESSETH

WHEREAS, the Hospital District approved settlement of its claims against Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., Janssen Pharmaceutica, Inc. in *In Re: Texas Opioid Litigation*, MDL No. 2018-63587 before the 152nd District Court in Harris County (“**Opioid Litigation**”)

WHEREAS, the Parties desire to enter into an agreement to operationalize the Hospital District distributions from the Texas Opioid Abatement Fund Council (the “Council”) by arranging for the Mental Health Agency to provide services of one or more of the eligible opioid abatement strategies or remediation uses within Nueces County; and

WHEREAS, the Hospital District has received opioid settlement funds to be utilized in a manner that shall effectively mitigate the adverse consequences resulting from the actions of the named defendants in the Opioid Litigation (“**Opioid Settlement Funds**”).

WHEREAS, the Mental Health Agency operates programs that assist individuals affected by opioid abuse described in the Scope of Services, attached and incorporated herein as Exhibit “A”;

WHEREAS, the Parties have authority to enter an interlocal contract to facilitate governmental functions, as defined by §791.003 pursuant to Chapter 791 of the Texas Government Code;

WHEREAS, the Hospital District is authorized to use funds made available to the district from sources other than a tax levy to fund health care services pursuant to Texas Health and Safety Code §281.094. The Hospital District has determined that providing funding for Mental Health Agency’s services is an appropriate health care expenditure by the Hospital District for the purpose

of providing prevention, intervention, treatment, evaluation, and administrative services to residents of Nueces County affected by opioid abuse;

NOW, THEREFORE, for and in consideration and exchange of mutual covenants and conditions contained herein, the Hospital District and the Mental Health Agency agree as follows:

ARTICLE I – PURPOSE

The purpose of this Agreement is to operationalize a distribution of opioid settlement funds in the amount of **\$3,371,213** received by the Hospital District from the Council pursuant to Section 403.508(a)(2), Texas Government Code by contracting with the Mental Health Agency to provide services relating to one or more eligible opioid abatement strategies categorized under 34 Texas Administrative Code §16.201(b) each as delineated in “Exhibit E” of the “Texas Term Sheet,” an intrastate agreement between the State of Texas and litigating subdivisions resulting from the Global Opioid Settlement, and administered by the Council (the “Term Sheet Exhibit”). The Term Sheet Exhibit is attached hereto and incorporated by reference.

ARTICLE II – AUTHORITY

This Agreement is entered into under the authority of:

- The Interlocal Cooperation Act, Chapter 791, Texas Government Code, which permits local governments and special districts to contract with each other for the provision of governmental services.
- The Texas Term Sheet of the Global Opioid Settlement, which provides funding and guidance for opioid-related abatement strategies and remediation uses.
- The Council’s statutory opioid abatement strategies, which define allowable abatement strategies and remediation uses of opioid settlement distributions.

ARTICLE III – SCOPE OF SERVICES

3.1 Services Provided

The Mental Health Agency shall perform one or more Hospital District-designated opioid-related abatement strategies and remediation uses from the Scope of Work Exhibit “A” attached hereto, including but not limited to:

1. **Medication-Assisted Treatment (MAT)** – Providing evidence-based treatments such as buprenorphine, methadone, and naltrexone to individuals with opioid use disorder.
2. **Behavioral Health and Counseling Services** – Including individual and group therapy, cognitive behavioral therapy (CBT), trauma-informed care, and co-occurring disorder treatment.
3. **Peer Support and Recovery Services** – Offering peer-led recovery coaching, harm reduction strategies, and support groups.
4. **Crisis Intervention and Stabilization** – Providing emergency mental health and substance use disorder crisis services, including detoxification and crisis residential stabilization.

5. **Prevention and Education Programs** – Conducting community outreach, public education, and school-based prevention programs focused on opioid use disorder awareness and prevention.
6. **Overdose Prevention and Harm Reduction** – Distributing naloxone (Narcan) and providing training on overdose response and harm reduction strategies.
7. **Coordinated Care and Case Management** – Connecting individuals to housing, employment, and other supportive services to address social determinants of health.
8. **Reentry and Justice-Involved Services** – Providing mental health and substance use services for individuals transitioning from incarceration.
9. **Other Approved Programs** – Any additional services mutually agreed upon by the Parties and consistent with the Texas Opioid Abatement Fund guidelines and as may be described in Scope of Services/Scope of Work Exhibit “A” attached hereto.

3.2 Service Locations

The Mental Health Agency shall provide services at locations within Nueces County, Texas, unless specified otherwise in the Term Sheet Exhibit. If specified otherwise, the locations shall be as in the Term Sheet Exhibit.

3.3 Eligibility for Services

Services under this Agreement shall be provided to persons and entities according to the Term Sheet Exhibit.

ARTICLE IV – TERM AND TERMINATION

4.1 Term and Renewal

The initial term of this Agreement shall be for a period of one (1) year, effective as of October 01, 2026, and shall terminate at the close of business on September 30, 2027. Thereafter, the term of the Agreement shall run each fiscal year (i.e., from October 01 of the then current year to September 30 of the following year) and shall automatically renew for additional one-year terms unless either party terminates the Agreement as provided in Section 4.2.

4.2 Termination

- Either Party may terminate this Agreement with or without cause by providing 90 days’ written notice to the other Party.
- Immediate termination may occur if either Party materially breaches the Agreement or if distributions for the services provided hereunder are discontinued. The non-breaching Party shall provide the breaching Party with 30 days’ prior written notice of termination.

If at any time during the term of this Agreement, Hospital District, in its sole discretion, determines that the welfare or safety of a participant in Mental Health Agency’s program

may be in jeopardy, Hospital District may immediately suspend this Agreement, including but not limited to the obligation to pay, upon giving notice to Mental Health Agency.

Violation of the contract terms or breach of this Agreement by Mental Health Agency or Hospital District shall be grounds for termination. This Agreement shall not be considered as specifying the exclusive remedy for any default, but all remedies existing at law and in equity may be availed of by either party and shall be cumulative.

- If the Agreement is terminated, the Parties agree to coordinate and cooperate in transference of the services to a party designated by the Hospital District.

Hospital District shall pay Mental Health Agency for work completed up to the termination date of this Agreement.

- 4.3 Notwithstanding any provisions contained in this Agreement, the obligations of the Hospital District under this Agreement are expressly contingent upon the availability of funding for each item and obligation for the Term of the Agreement. Mental Health Agency shall have no right of action against Hospital District in the event Hospital District is unable to fulfill its obligations under this Agreement as a result of lack of sufficient funding for any item or obligation from any source utilized to fund this Agreement or failure to budget or authorize funding for this Agreement during the current or future fiscal years. In the event that Hospital District is unable to fulfill its obligations under this Agreement as a result of lack of sufficient funding or if funds become unavailable, Hospital District at its sole discretion may terminate this Agreement by written notice to Mental Health Agency.

ARTICLE V – COMPENSATION (FUNDING AND PAYMENT)

5.1 Funding Sources

The Hospital District funding for services provided under this Agreement may be derived from:

- Council distributions to the Hospital District.
- Other local, state, or federal funding sources as available.

5.2 Payment Terms

- The Hospital District agrees to compensate the Mental Health Agency for services rendered during the period of this agreement and as set forth in Exhibit A (Payment Schedule), attached hereto and incorporated by reference.
- The Mental Health Agency shall submit descriptive invoices monthly to the Hospital District's Administrator/Chief Executive Officer. Invoices must include/be accompanied by information deemed by the Hospital District to be necessary for adequate fiscal control concerning all Services rendered by Mental Health Agency under this agreement, including, but not limited to, appropriate performance measures, the dates the Services

were performed, receipts, time sheet (if applicable, which shall include hours worked and the applicable hourly rate)

- Each invoice received for payment from Mental Health Agency shall be reviewed by the Hospital District to monitor financial compliance by Mental Health Agency under this agreement and for approval by the Hospital District.
- Hospital District's payment of approved invoices submitted by Mental Health Agency shall be made within 30 days of receipt of said invoice.
- Funds provided by the Hospital District under this Agreement shall be expended by Mental Health Agency only for the purposes described in this Agreement. Funds received by Mental Health Agency under this Agreement may not be used for any other purpose including staff bonuses or performance payments, entertainment, gifts, or legal expenses.
- Upon written notice by Hospital District to Mental Health Agency, notifying Mental Health Agency of an overpayment by Hospital District, Mental Health Agency shall refund said overpayment to Hospital District within 10 days from its receipt of said notice of overpayment by Hospital District.
- Hospital District may withhold all or part of any payments to Mental Health Agency to offset reimbursement for any overpayments that Mental Health Agency has not refunded to Hospital District. Hospital District may take repayment from funds available under this Agreement in amounts necessary to fulfill Mental Health Agency's repayment obligations as applicable.

ARTICLE VI – RESPONSIBILITIES OF THE PARTIES

6.1 Responsibilities of Mental Health Agency

The Mental Health Agency shall:

1. Ensure all services comply with federal, state, and local laws, including the Council guidelines.
2. Ensure the services and activities contemplated in this Agreement are performed in a professional manner and in accordance with the terms and conditions of this Agreement, and in a manner consistent with generally accepted business practices.
3. Employ properly licensed and trained professionals to deliver services.
4. Maintain accurate records of service delivery and quarterly submit required reports to the Hospital District. See Performance Measures/Metrics Exhibit "B" attached hereto as a means of measuring and reporting the effectiveness of the services provided for herein.
5. Cooperate in any audits or program evaluations conducted by the Hospital District or regulatory agencies.

6.2 Responsibilities of Hospital District

The Hospital District shall:

1. Administer use of the Council distributions used to fund this Agreement.
2. Provide funding in accordance with Article V of this Agreement.

ARTICLE VII – COMPLIANCE AND RECORDS

7.1 Confidentiality and HIPAA Compliance

Both Parties agree to comply with all applicable confidentiality laws, including:

- The Health Insurance Portability and Accountability Act (HIPAA)
- 42 C.F.R. Part 2 (Confidentiality of Substance Use Disorder Patient Records)
- Texas Health and Safety Code, Chapter 611 (Mental Health Records)
- Texas Health and Safety Code Section 181, et seq; and **all other laws and regulations that pertain to the privacy of medical records and medical information.**

7.2 Records Retention and Requirements

Mental Health Agency shall comply with all federal, state, and local laws and ordinances applicable to County and to Mental Health Agency for the work or services provided under this Agreement.

Hospital District may conduct at a minimum, two (2) monitoring visits to Mental Health Agency's facility to determine performance and compliance with the terms of this Agreement.

Mental Health Agency shall maintain books, records, and other documents relating to the receipt and disbursement of funds under this Agreement. Mental Health Agency must maintain a receipts and disbursements ledger and a general ledger with an income and expense account for each line item. Paid invoices revealing method of payment, date paid, and evidence of goods or services received shall be maintained and produced upon request by Hospital District.

Mental Health Agency shall allow any duly authorized representative of County, at all reasonable times, to have access to and the right to inspect, copy, audit, and examine all books, records, and other documents of closeout procedures respecting this Agreement, until final settlement and conclusion of all issues arising out of this activity are completed.

All records related to services under this Agreement shall be maintained by Mental Health Agency for at least seven (7) years following the termination of the parties agreement or as required by law.

As often and in such form as Hospital District may require, Mental Health Agency shall furnish to Hospital District information deemed by Hospital District to be pertinent to matters covered by this Agreement.

ARTICLE VIII – DESIGNATION OF REPRESENTATIVES

- 8.1 Hospital District hereby designates Belinda Espinoza (“**Hospital District’s Designated Representative**”) as its representative under this Agreement. Hospital District’s Designated Representative shall be the primary point of contact for Mental Health Agency unless the Hospital District’s Designated Representative delivers to Mental Health Agency a written notice designating another individual to act as Hospital District’s Designated Representative.
- 8.2 Mental Health Agency hereby designates Mark Hendrix (“**Mental Health Agency’s Designated Representative**”) as its designated representative under this Agreement and the primary point of contact for Hospital District unless the Mental Health Agency’s Designated Representative delivers to Hospital District a written notice designating another individual to act as Mental Health Agency’s Designated Representative.

ARTICLE IX– DISPUTE RESOLUTION

In the event of a dispute, the Parties shall first attempt resolution through informal discussions. If unresolved, the matter may be submitted to mediation before judicial intervention.

ARTICLE X RELATIONSHIP OF PARTIES

- 10.1 The Hospital District shall not be liable for any expense of Mental Health Agency, and in no event shall employees of Mental Health Agency ever be deemed to be employees of Hospital District. Mental Health Agency and Hospital District shall have and retain the exclusive right of control over its employees and contractors assigned to perform services under this Agreement in accordance with the applicable laws of the State of Texas. It is understood and agreed among the parties that Mental Health Agency and the Hospital District, in satisfying the conditions of this Agreement, have acted independently, and assume no responsibilities or liabilities to third parties in connection with these actions.
- 10.2 Nothing contained herein shall be deemed or construed by the Parties hereto, or by any third party as creating the relationship of principal and agent, partners, joint venturers or any similar relationship between the Parties hereto. Mental Health Agency and Hospital District agree that Mental Health Agency is an independent entity, that Mental Health Agency shall be responsible to all Parties for its respective acts and omissions, and that Hospital District

shall in no way be responsible therefore, and that neither has authority to bind the other, or hold out to third Parties that it has the authority to bind the other.

ARTICLE XI NOTICES

- 11.1** All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally in hand or sent by certified mail or registered mail, return receipt requested, postage prepaid addressed to the proper party at the following address or to any such other address as the Parties hereto may hereafter designate in writing in advance by the parties in accordance herewith or five (5) days after being deposited in the United States Postal Service:

For the Hospital District:

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

For the Mental Health Agency:

Nueces Center for Mental Health and Intellectual Disabilities
Attn: Chief Executive Officer
1630 S. Brownlee Blvd.
Corpus Christi, Texas 78404-3134

Notice of changes of address by either Party must be made in writing and delivered (or mailed, registered or certified mail, postage prepaid) to the other Party's address contained in this Article within five (5) business days of such change.

ARTICLE XII – MISCELLANEOUS PROVISIONS

12.1 Amendments

This Agreement may be amended by mutual consent of both parties. In order to be effective, any amendment to the Agreement must be in writing, dated subsequent to the date of the Agreement and signed by both parties after approval by the respective governing bodies at a publicly noticed meeting.

12.2 Assignment:

A Party may not transfer, pledge or otherwise assign this Agreement, any interest in and to it, or any claim arising under it, without the prior written consent of the applicable non-

assigning Party and any purported assignment without such consent shall be void and unenforceable.

12.3 Governing Law and Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and venue shall be in Nueces County, Texas.

12.4 Changes in The Law

Changes in applicable local, state and federal rules, regulations or laws occurring during the term of this Agreement shall be automatically incorporated into this Agreement without written amendment, as of the effective date of the rule, regulation or law.

12.5 Use of Current Revenues

Each party hereto paying for the performance of governmental functions or services hereunder must make those payments from current revenues available to the paying party.

12.6 Waiver of Performance.

a. No waiver by Hospital District of a breach of any of the terms, conditions, covenants or guarantees of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, condition, covenant or guarantee herein contained. Further, any failure of Hospital District to insist in any one or more cases upon the strict performance of any of the covenants of this Agreement or to exercise any option herein contained, shall not be construed as a waiver of relinquishment for the future of that covenant or option. In fact, no waiver, change, modification or discharge by either party of any provision of this Agreement shall be deemed to have been made or shall be effective unless expressed in writing and signed by the Party to be charged.

b. No act or omission of Hospital District shall in any manner impair or prejudice any right, power, privilege, or remedy available to Hospital District under this Agreement, by law or in equity.

c. No representative or agent of Hospital District may waive the effect of the provisions of this section.

12.7 Severability

In the event that any provision of this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, then that invalidity, illegality or unenforceability of the Agreement shall be deemed stricken and deleted and construed as if such invalid, illegal or unenforceable provision had never been contained herein, but shall not affect the remaining provisions of this Agreement which shall remain in full force and effect.

12.8 Waiver of Defenses

Neither the Hospital District nor the Mental Health Agency waives any defenses assertible by either party, including governmental immunity, or immunity from liability, or defense afforded under law of any of the Parties or their officers, employees, representatives, and agents as a result of the execution of this Agreement and the performance of the covenants contained herein.

12.9 Captions

The Captions contained in this Agreement are for convenience of reference only, and in no way limit or enlarge the terms and/or conditions of this Agreement.

12.10 Governing Body Approval

This Contract must be approved by the governing bodies of both parties in accordance with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code.

12.11 Parties Bound

This Agreement shall be binding on and inure to the benefit of the Parties and their respective legal representatives, successors and assigns, except as otherwise expressly provided for in this Agreement. Representatives of each of the Parties represent that the execution and performance of this Agreement has been duly authorized by its governing authority and does not require the consent or approval of any other person which has not been obtained. Additionally, the individual executing this Agreement on behalf of each of the Parties represents, warrants, assures, and guarantees that the individual has full legal authority to execute this Agreement on behalf of the Party and to bind said Party to all terms, performances and provisions herein contained.

12.12 Notifications

The Hospital District shall promptly notify the Mental Health Agency if the Council amends its list of eligible strategies, the categorization of strategies, or the ranking of strategies within each category that affect the services provided by the Agency during the term of this Agreement.

12.13 Entire Agreement

This Contract, including all Exhibits and any attachments, constitutes the entire agreement between the Parties relating to such matter and supersedes all other negotiations and agreements, whether written or oral. No prior agreement or understanding between the parties pertaining to any such matter contained herein shall be effective.

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IN WITNESS WHEREOF, the Parties have executed this Agreement and effective as of the date of the last signature.

NUECES COUNTY HOSPITAL DISTRICT

By: _____
Jonny F. Hipp
Administrator/Chief Executive Officer

Date: _____

NUECES CENTER FOR MENTAL HEALTH AND INTELLECTUAL DISABILITIES

By: _____
Mike Davis
Chief Executive Officer

Date: _____