

RENEWAL AND SIXTH AMENDMENT TO THE
INTERLOCAL AGREEMENT BETWEEN TRAVIS COUNTY
HEALTHCARE DISTRICT AND CITY OF AUSTIN, TEXAS

This Renewal and Sixth Amendment to the Interlocal Agreement between the Travis County Healthcare District and the City of Austin, Texas ("Sixth Amendment") is entered into this ____ day of November, 2007, and is effective as of October 1, 2007.

Whereas, the Travis County Healthcare District (the "District") and the City of Austin, Texas (the "City") entered into an interlocal agreement, effective on October 1, 2004, as amended ("Interlocal Agreement") under which the City manages community health centers and provides certain other services to the District; and

Whereas, Section 10(b) of the agreement provides that the agreement will terminate on September 30, 2007, unless otherwise extended in writing by the parties; and

Whereas, the City acknowledges that the District has provided reasonable assurance that the District has appropriated sufficient funds and taken sufficient steps to provide for the prompt, non-discretionary payment of all applicable Service Payments, and that the District's budget (as approved by the County) for the applicable Service Payments and other terms are consistent with the scope of services and obligations requested of the City for the applicable period, as demonstrated by new Exhibit J to the Interlocal Agreement; and

Whereas, the District and the City wish to renew the Interlocal Agreement for another year, beginning October 1, 2007, and ending September 30, 2008, unless extended in writing by the parties; and

Whereas, the District and the City also wish to amend the Interlocal Agreement to address potential transfers of City employees prior to the termination of the City's obligation to provide Services as herein defined, address provision of information by the City to the District and how potential enhancement payments by the District will be handled, and reflect the District's Fiscal Year 2008 budget and revised payments due under the Interlocal Agreement for Fiscal Year 2008;

Therefore, the District and the City hereby agree as follows:

1. Except as amended herein, the terms of the Interlocal Agreement, as amended and renewed to date, are renewed through September 30, 2008.

2. The parties amend Section 3(c) in its entirety to read as follows:

(c) The City shall maintain books and records of its operations under this Agreement in accordance with the financial policies of the City and in a manner that allows the City to provide to the District the information required to be provided under this Agreement. The City and the District shall establish, and the City shall comply with, a mutually acceptable format and schedule for monthly reports to the District on the City's activities under this Agreement, which

shall include the information referred to in Exhibit E. The District has advised the City that current District policies require the District to prepare financial statements on a GAAP basis monthly, quarterly, and annually, and to have the annual statements audited. Upon reasonable notice from the District, the City shall provide the District sufficient information reasonably necessary to enable the District to prepare its quarterly and annual financial statements in accordance with GAAP. Subject to reimbursement by the District of City costs, the City will make such information available on a monthly basis. Once a quarter, on reasonable advance notice, the City will allow such information and the relevant City records to be examined by members of the District's Board of Managers, the District President and CEO or her designee(s), and/or an independent, public accounting firm that is engaged by the District. Such persons shall conduct such examination at the same time. More frequent examinations shall be subject to mutual consent, and the City may require reimbursement of its costs. Section 8(i) contains provisions for a District audit of relevant City books and records. Additionally, the City shall promptly respond to requests from District staff for financial and other operational information concerning the Services being performed under this Agreement, except with regard to the information specifically identified below, and, by this statement, the City provides any necessary authorization for disclosure of that information, except with regard to the information specifically identified below, to the District. District shall submit requests to the CCSD CEO or his designees. If the District requests information and the City provides it to the District, the District agrees to notify the City if a Texas Public Information Act request for those materials is made. The information exempted from this provision is clinical information, information protected by the attorney-client privilege or information that is part of an on-going audit or an on-going investigation related to the Services being performed under this Agreement. The parties agree that "clinical information", as used in this section, refers to information that is protected by patient confidentiality or privacy laws, quality review or quality improvement information that is confidential under law, and nursing peer review information or other information that is made confidential by law.

3. The parties amend Section 5(e)(vii) in its entirety to read as follows:

(vii) At the time that the City's obligations to provide Services to the District ceases, the City shall transfer to the District title to all furniture, equipment, and supplies, and shall transfer records then used by the City in the performance of the Services, except that the City shall not be required to transfer any such property if such transfer would violate the rights of a third party or would cause a disruption in other operations of the City (for example, telecommunications or information technology assets). Additionally, should any Services performed by the City under this Agreement transfer to the District or to a 501(c)(3) non-profit corporation created to house the employees and operations of the District Clinics prior to the termination of the City's obligations to provide Services to the District, the City shall transfer to the District title to all furniture, equipment, and supplies, and shall transfer records then used by the City in the performance of those transferred Services subject to the limitations set forth herein. Such transfers shall be, and the conveyance documents shall reflect that they are, on an "AS IS," "WHERE IS" and "WITH ALL FAULTS" basis; provided, however, that property that is owned by the City will be transferred free of any liens. Prior to the transfer of records under this

section, the parties agree to enter into a records agreement to address issues such as records ownership, storage and access, responses to public information requests, retention schedules, and the handling of personnel files and other employment records. The parties agree that neither party shall be obligated to waive any privilege provided by law or to violate any laws or duties to third parties. Compensation for such transfers shall be deemed to have been included in the Service Operating Payments due to the City prior to and as of the date of transfer.

4. (a) The District may make additional investments in the District Clinics to expand services and has considered potential funding amounts as part of its Fiscal Year 2008 budget. The funding of these potential expanded services is set out in Exhibit K attached hereto.

(b) The Service Payments as set out in Exhibit H have been modified to reflect this additional funding. Additionally, it is anticipated that, during Fiscal Year 2008, the District will hire at least seven (7) and no more than 43.5 full-time equivalents (FTEs), which positions are currently budgeted by the City to administer the Medical Assistance Program. The Service Payments as set out in Exhibit H have been modified to reflect the District's hiring of these seven (7) FTEs during Fiscal Year 2008. Should the District determine to fill more than these seven (7) available FTE positions in the Medical Assistance Program during Fiscal Year 2008, the parties agree to reduce the Service Payments based on the City's remaining budget for each eliminated position. The District's chief executive officer or chief financial officer and the City's assistant city manager or chief financial officer shall document in writing the amount by which the Service Payment shall be decreased and the effective date of such decrease. The Service Payments will automatically be decreased by the agreed-to amount, or a pro-rated amount if the effective date occurs mid-month, without further action by the parties.

5. The portion of Exhibit G entitled "Operating Budget" is amended in its entirety to read as follows:

Attached hereto as Exhibit G-1 is the original operating budget for the Services for Fiscal Year 2005. The total amount of payments to be made from October 1, 2004 through September 30, 2005, from the District to the City for those operations, which payments are in addition to the collections made by the City and applied to the cost of the Services, is \$41,752,392, which shall be paid to the City in accordance with the schedule on Exhibit H, as amended by the First Amendment to the Interlocal Agreement, effective March 1, 2005.

Attached hereto as Exhibit G-2 is the operating budget for the Services for Fiscal Year 2006. The total amount of payments to be made from October 1, 2005 through September 30, 2006, from the District to the City for those operations, which payments are in addition to the collections made by the City and applied to the cost of the Services, is \$45,084,126, which shall be paid to the City in accordance with the schedule on Exhibit H.

Attached hereto as Exhibit G-3 is the operating budget for the Services for Fiscal Year 2007. The total amount of payments to be made from October 1, 2006 through September 30, 2007, from the District to the City for those operations, which payments are in addition to the

collections made by the City and applied to the cost of the Services, is \$26,910,624, which shall be paid to the City in accordance with the schedule on Exhibit H.

Attached hereto as Exhibit G-4 is the operating budget for the Services for Fiscal Year 2008. The total amount of payments to be made from October 1, 2007 through September 30, 2008, from the District to the City for those operations, which payments are in addition to the collections made by the City and applied to the cost of the Services, is \$28,554,851.58, which shall be paid to the City in accordance with the schedule on Exhibit H.

6. Exhibit H, entitled "Service Payments," shall be amended to insert the following schedule of payments after the schedule currently in Exhibit H and before the text "as supported by the schedule attached hereto as Attachment 1" to read as follows:

10/07	\$2,302,231.88	02/08	\$2,406,247.22	06/08	\$2,420,053.88
11/07	\$2,302,231.88	03/08	\$2,406,247.22	07/08	\$2,389,750.88
12/07	\$2,302,231.88	04/08	\$2,420,053.88	08/08	\$2,389,750.88
01/08	\$2,406,247.22	05/08	\$2,420,053.88	09/08	\$2,389,750.88

7. The following exhibit is added to the Agreement as Exhibit J to read as follows:

EXHIBIT J
CERTIFIED MINUTES OF THE COMMISSIONERS COURT APPROVING FISCAL
YEAR 2008 DISTRICT BUDGET AND DISTRICT FISCAL YEAR 2008 BUDGET

8. A new Exhibit K, entitled "Expanded Services and Payments Beginning in Fiscal Year 2008," is attached to the Agreement and incorporated herein by reference for all purposes.

IN WITNESS WHEREOF, this Renewal and Sixth Amendment has been executed and delivered on behalf of the District and the City by their duly authorized representatives in one or more counterparts, which together shall constitute one agreement.

TRAVIS COUNTY HEALTHCARE DISTRICT

By: _____
Name: Patricia A. Young Brown
Title: President and Chief Executive Officer

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____