THE UNIVERSITY OF TEXAS AT AUSTIN, CENTRAL HEALTH, AND COMMUNITY CARE COLLABORATIVE AFFILIATION AGREEMENT

July 10, 2014

TABLE OF CONTENTS

REPRESENTATIONS AND WARRANTIES.			
2.1.	By CCC.		
2.2.	By Central Health.		
2.3.	By UT		
DUTIES AND OBLIGATIONS OF THE CCC. 1			
3.1.	Primary Responsibility for Permitted Investment Payments	14	
3.2.	Secondary Responsibility for Permitted Investment Payments by Central Health.	1.4	
_			
	ES AND OBLIGATIONS OF UT.		
4.1.	UT Austin Dell Medical School.		
4.2. 4.3.	Support of the IDS. UT Austin Dell Medical School Provision of Clinical Services		
4.3. 4.4.	Women's Health.		
4.4. 4.5.	Ethical and Religious Directives.		
4.6.	Ground Lease.		
4.7.	Permitted Investment Payments.		
4.8.	Medical Support.		
4.9.	MAP and Charity Care Patient Access to Clinical Services		
4.10.	Medical and Clinical Research Resources.	19	
4.11.	Seton/UT Affiliation Agreement.	19	
4.12.	Master Agreement.	19	
4.13.	Communication.	19	
JOINT DUTIES AND OBLIGATIONS			
5.1.	Joint Affiliation Committee (the "JAC").		
5.2.	Responsibilities.	20	
TERM	[20	
TERMINATION			
7.1.	Mutual Agreement	21	
7.2.	UT Events of Default	21	
7.3.	CCC and/or Central Health Events of Default		
7.4.	Omnibus Remedies Agreement		
7.5.	Material Breach		
7.6.	Change in the Law		
7.7.	Legal Jeopardy		
7.8.	Reduction in Seton Funding Support to UT	28	

Page

8.	DISPUT	TE RESOLUTION	28	
	8.1.	Definition of Dispute	28	
	8.2.	Negotiation	28	
	8.3.	Mediation	28	
	8.4.	Judicial Resolution	29	
9.	CONFIDENTIALITY			
	9.1.	Public Announcements	30	
	9.2.	Confidential Information	30	
	9.3.	PIA/CH/UT/Public Officials	31	
	9.4.	Confidentiality and Medical Privacy Laws	31	
	9.5.	Access to Books and Records		
	9.6.	Notice of Request or Demand to Disclose Records	32	
10.	GUARA	ANTY	32	
11.	GENERAL PROVISIONS.			
	11.1.	Expenses; Legal Fees and Costs		
	11.2.	Choice of Law.		
	11.3.	Benefit/Assignment.		
	11.4.	No Third Party Beneficiary		
	11.5.	Waiver of Breach.		
	11.6.	Notices		
	11.7.	Force Majeure.		
	11.8.	Severability.		
	11.9.	Gender and Number.		
		Divisions and Headings.		
		Drafting.		
		Entire Agreement/Amendment.		
		Relationship of Parties.		
		Conformance with Law		
		No Referral		
		Additional Documents.		
		Interpretation		
Exhibit	· 1	Affiliation Vision Statement		

Exhibit 10

Guaranty of Affiliation Agreement

THE UNIVERSITY OF TEXAS AT AUSTIN, CENTRAL HEALTH, AND COMMUNITY CARE COLLABORATIVE AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT (this "Agreement") is between THE UNIVERSITY OF TEXAS AT AUSTIN ("UT"), COMMUNITY CARE COLLABORATIVE (the "CCC"), and TRAVIS COUNTY HEALTHCARE DISTRICT, D/B/A CENTRAL HEALTH ("Central Health").

RECITALS:

WHEREAS, Central Health is a hospital district created pursuant to Chapter 281 of the Texas Health and Safety Code and, as such, is obligated by law to provide for the medical care of the indigent and safety net population of Travis County, Texas;

WHEREAS, Central Health fulfills this obligation by supporting the maintenance, development, and improvement of health care services and infrastructure by independent health care providers and others in the Travis County medical community;

WHEREAS, one of these providers is Seton Healthcare Family ("Seton"), which owns and operates a teaching hospital, University Medical Center at Brackenridge ("UMCB");

WHEREAS, Central Health has also formed the Community Care Collaborative ("CCC") with Seton to improve and coordinate the health care for residents of Travis County through the creation of an Integrated Delivery System ("IDS");

WHEREAS, two essential aspects of Central Health's vision for Travis County and the IDS are the (i) construction and operation of a new Teaching Hospital by Seton to replace UMCB, and (ii) the organization, construction and operation in Travis County, Texas, of a Medical School by UT ("UT Austin Dell Medical School");

WHEREAS, Central Health and Seton have executed the Master Agreement that details the terms of their agreement to develop and operate the IDS through the CCC as well as the agreement of Seton to construct, own and operate the new Teaching Hospital;

WHEREAS, Central Health, the CCC, and Seton have executed an Omnibus Healthcare Services Agreement on June 1, 2013 ("Omnibus Agreement") that establishes a baseline of medical services to be provided by Seton to residents of Travis County, Texas;

WHEREAS, in May 2012, the Board of Regents of the University of Texas System approved (i) at a minimum, funding of \$25 million per year to support the UT Austin Dell Medical School, and (ii) \$5 million per year for eight years, for faculty recruitment to the UT Austin Dell Medical School, both of which are contingent on the continuation of current or increased levels of support for graduate medical education residency programs and clinical faculty positions by Seton, and local community support of \$35 million per year for the direct support of the UT Austin Dell Medical School;

WHEREAS, this affiliation between and among Central Health, the CCC, and UT will expand the healthcare infrastructure for the region, increase access for patients, and provide necessary permanent and ongoing funding for the establishment and operation of the UT Austin Dell Medical School as a premier medical education institution for Travis County and the ages. These operations will include activities and functions which will redound to the health and welfare of the residents of Travis County and provide ongoing and significant community benefits that support the public purposes of Central Health including, without limitation:

- Education of Medical Students and Residents who will become the very well trained future practitioners needed in Travis County and increase available primary and specialty care resources in the community to the benefit of Travis County residents and Central Health patients.
- Recruit Faculty who will develop and apply the most modern and effective educational techniques, technology and content available in the country.
- Recruit Faculty who will devise and implement new techniques and methods for improving the manner in which highest quality health care services are safely provided.
- Develop methods to increase the efficiency of health care delivery and to reduce costs.

AFFILIATION AGREEMENT DMSLIBRARY01:23081403.5

• Develop and implement strategies to improve and maintain the health of the population.

• Develop innovative educational approaches and health care delivery models based on interdisciplinary team-based care that includes nurses, pharmacists, Medical Students and Residents, physician assistants, social workers, public health students, nutritionists and other care providers that will serve as a catalyst for workforce development in Travis County.

 Recruit Faculty who will further develop and implement programs to educate primary care physicians, including expanded educational experiences in ambulatory sites including clinics.

• Sponsor and oversee the highest quality programs in post-graduate medical education ("GME") to prepare Residents for practice, especially in Travis County.

• Recruit Faculty who can provide the highest quality of "cutting edge" clinical care for the residents of Travis County and serve as educational resources the UT Austin Dell Medical School, Seton, and Central Health educational and training programs.

• Provide the highest quality of continuing medical education ("CME") to the physicians of Travis County.

• Recruit Faculty to conduct research which will lead to discoveries and innovations that will prevent, palliate, and cure disease and will keep health care in Travis County on the frontiers of the best patient care.

• Undertake programs to translate these discoveries and innovations into products and procedures which can be rapidly brought to the bedside, including commercialization when appropriate.

• Conduct research and implement programs designed to address the social context of illness and the social determinants of health.

Many, if not most of these activities will evolve and expand as the UT Austin Dell Medical School becomes operational and matures and, of necessity, be carried out by the UT Austin Dell Medical School in collaboration with its partners, including Central Health, the CCC, Seton, and other organizations and foundations in the community;

WHEREAS, UT has agreed to participate with Central Health and Seton in the development of the IDS by constructing and operating the UT Austin Dell Medical School that will educate and teach undergraduate medical students ("Medical Students) and individuals participating in post-graduate medical education programs (collectively "Residents") in the new Teaching Hospital owned and operated by Seton and in other community hospitals and clinics;

WHEREAS, the faculty members of the UT Austin Dell Medical School ("Faculty"), Residents, and Medical Students at the UT Austin Dell Medical School will bring new and expanded resources that will allow Central Health and the IDS to provide better, integrated health care to meet the obligations of Central Health and the mission of the CCC;

WHEREAS, the UT Austin Dell Medical School will engage in medical research, development, and innovation intended, among other objectives, to improve the health care and health care delivery system available to the residents of Travis County;

WHEREAS, the recruitment of Faculty and Residents by the UT Austin Dell Medical School will bring additional primary, specialty, and subspecialty medical care providers to serve the health care needs of Travis County residents consistent with the obligations of Central Health and the mission of the CCC;

WHEREAS, the UT Austin Dell Medical School will enhance and improve the ability of Central Health and the CCC to provide and deliver essential health care services to Travis County residents;

WHEREAS, the UT Austin Dell Medical School will partially provide the staff for the Teaching Hospital, Dell's Children's Hospital and the Community Clinics that provide substantial amounts of health care and directly serves the public purpose of Central Health and the mission of the CCC;

WHEREAS, Seton is unable to perform certain ERD Restricted Services and Central Health must be able to assure that such ERD Restricted Services are available to Travis County residents;

WHEREAS, the UT Austin Dell Medical School Faculty and Residents will assist Central Health in providing such ERD Restricted Services to Travis County residents that Seton will not be able to perform in order to assure Travis County residents that such ERD restrictions will not impede or restrict the delivery of health care services or limit the scope and content of UT Austin Dell Medical School training programs regarding women's health services;

WHEREAS, UT will require time to develop the UT Austin Dell Medical School infrastructure and pursue UT Austin Dell Medical School accreditation;

WHEREAS, as part of its development, the UT Austin Dell Medical School will be recruiting Faculty, preparing to matriculate Medical Students, and accepting the transfer of sponsorship of graduate medical education programs currently sponsored by The University of Texas Southwestern Medical Center ("UTSW") in Austin, TX prior to the opening of the UT Austin Dell Medical School;

WHEREAS, the UT Austin Dell Medical School will require funds during this development stage of the UT Austin Dell Medical School to create infrastructure and support the recruitment of Faculty, Residents, and Medical Students that will provide medical services in Travis County;

WHEREAS, the residents of Travis County participated in an election on November 6, 2012, that authorized an increase in the tax rate for Central Health that will generate additional tax revenue which will, among other initiatives, facilitate Central Health's ability to fund improved health care in Travis County, including permanent, ongoing funding support of UT for the development and operation of the new UT Austin Dell Medical School and the UT Austin Dell Medical School's ability to perform the activities and functions as described in the Recitals to and elsewhere in this Agreement to the benefit of and consistent with the mission of Central Health and the support of new trauma and specialty medicine services, community-wide health clinics, and the training of medical providers that will be available to treat Travis County residents and to obtain federal matching funds for health care services;

WHEREAS, Central Health wishes to use the creation of CCC as a mechanism to provide the \$35 million annual funding support to UT for the UT Austin Dell Medical School; provided, however, should CCC cease to be the mechanism for annual funding support of the UT Austin

Dell Medical School, the responsibility of Central Health to provide \$35 million in annual funding support for the UT Austin Dell Medical School from Central Health tax revenues or other sources or mechanisms available to Central Health will continue to the extent permitted by the Constitution and Laws of the State;

WHEREAS, Central Health believes that the execution and performance of this Agreement is consistent with and will further its constitutional and statutory duty to provide medical services to the indigent and safety net population of Travis County, Texas;

WHEREAS, the Parties have agreed upon a joint affiliation vision statement, which is attached hereto as Exhibit 1; and

WHEREAS, each party freely enters into this relationship without any legal or financial pressure or coercion from the other party or from any other organization or entity;

Now, THEREFORE, for and in consideration of the mutual covenants set forth herein, the parties agree as follows:

1. <u>DEFINITIONS</u>. For purposes of this Agreement, capitalized terms used in this Agreement shall have the following respective meanings unless otherwise specifically provided:

"Agreement" means this Affiliation Agreement, as later amended, supplemented, or modified from time-to-time in accordance with its terms.

"<u>Baseline MAP Enrollees</u>" shall, with respect to Central Health, CCC, and Seton, have the meaning stated in Section 4.4 of the Omnibus Agreement.

"Board of Regents" means the Board of Regents of The University of Texas System.

"<u>CCC</u>" means Community Care Collaborative, a tax-exempt Texas nonprofit corporation established by Central Health and Seton as a component of the IDS.

"CCC and/or Central Health Event of Default" has the meaning set forth in Section 7.3.

"Central Health" means Travis County Healthcare District d/b/a Central Health.

"Charity Care Patients" shall have the same meaning as stated in the Omnibus Agreement but shall be understood to incorporate by reference the UT Austin Dell Medical School Charity Care Policy as it relates to services furnished by Faculty and Residents.

"Charity Care Healthcare Services" shall have the same meaning as is stated in the Omnibus Agreement with the inclusion of UT together with Seton and Central Health in subsection(c) of that definition.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute of similar import together with the regulations thereunder.

"Community Clinics" means nonprofit medical clinics in Travis County that provide services to the indigent and safety net population.

"Confidential Information" has the meaning set forth in Section 9.2.

"Constitution" means the Constitution of the State of Texas.

"Contract" means any agreement, evidence of indebtedness, mortgage, deed of trust, note, bond, indenture, security agreement, commitment, instrument, understanding or other contract, obligation, or arrangement of any kind; provided, however, that such term shall not include this Agreement or any other agreement to be executed and delivered pursuant to this Agreement.

"<u>Dispute</u>" has the meaning set forth in <u>Section 8.1</u>.

"DSRIP" shall have the meaning stated in Section 4.2.4.

"Effective Date" means July 10, 2014.

"ERD Restricted Services" means medical services or procedures that cannot be performed or delivered in Seton facilities or otherwise delivered by Seton medical personnel, if any, because of limitations created by the ERDs.

"ERDs" means the Ethical and Religious Directives for Catholic Health Care Service as promulgated by the United States Conference of Catholic Bishops or its successor organizations as such ERDs may be modified or supplemented from time to time or interpreted by the Bishop of the Diocese of Austin.

"<u>Faculty</u>" means those physicians and other professionals who are appointed as faculty members by UT with full, partial, or volunteer appointments in the UT Austin Dell Medical School.

"Governmental Authority" means: (i) any nation or government; (ii) any federal, state, county, province, city, town, municipality, local, or other political subdivision thereof or thereto; (iii) any court, tribunal, department, commission, board, bureau, instrumentality, agency, council, arbitrator, or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; and (iv) any other governmental entity, agency or authority having or exercising jurisdiction over any party or relevant Person, item or matter; excluding, in all such categories, Central Health and UT.

"Ground Lease" has the meaning described in Section 4.6.

"IDS" means the integrated delivery system consisting of a provider network, clinical management, operational structure, data analysis structure, financial management system, and accountable care mechanisms developed by the CCC, Central Health, and Seton pursuant to the Master Agreement.

"JAC" has the meaning stated in Section 5.1.

"Judicial Resolution" has the meaning stated in Section 8.4.

"<u>Laws</u>" means any and all laws, statutes, rules, regulations, ordinances, orders, writs, injunctions or decrees and other pronouncements having the effect of law of any Governmental Authority.

"MAP" means the Medical Access Program funded and supported by Central Health and which provides limited medical benefits to uninsured residents of Travis County.

"Map Enrollees" shall have the same meaning as is stated in the Omnibus Agreement.

"MAP Healthcare Services" shall, with respect to Central Health, CCC, and Seton, have the meaning stated in the definitions of the Omnibus Agreement.

"Master Agreement" means that certain Master Agreement between Central Health and Seton executed on June 5, 2013, as amended on June 16, 2013, and effective as of June 1, 2013.

"Material Breach" means a Party's breach of a material and substantive provision of this Agreement.

"Mediation Notice" has the meaning set forth in Section 8.3.1.

"Medical Student" means undergraduate medical students enrolled in the UT Austin Dell Medical School or other undergraduate medical students participating in education programs in association with the UT Austin Dell Medical School.

"Notice of Material Breach" has the meaning set forth in Section 7.5.1.

"Omnibus Agreement" shall mean the Omnibus Healthcare Services Agreement executed by Central Health, CCC, and Seton and effective on June 1, 2013.

"Omnibus Remedies Agreement" means the Omnibus Remedies Agreement as described in Section 7.4.

"Parties" means Central Health, UT, and the CCC.

"Permitted Investments" means the continuing investment in programs, projects, operations, and providers that furthers the missions of the CCC and Central Health, benefits UT, and complies with all Laws that apply to each Party, and shall include, but not be limited to, the enhancement of medical services for residents of Travis County; directly or indirectly increasing the health care resources available to provide services to Travis County residents; the discovery and development of new procedures, treatments, drugs, and medical devices that will augment the medical options available to Travis County residents; and the development and operation of collaborative and integrated health care for Travis County residents. With respect to this Agreement, Permitted Investments include the provision of direct operating support to UT that will be used by UT in its discretion to facilitate and enhance the (i) development, accreditation, and on-going operation of the UT Austin Dell Medical School and its administrative infrastructure, (ii) recruitment, retention, and work of the UT Austin Dell Medical School Faculty, Residents, Medical Students, researchers, administrators, staff, and other clinicians, and (iii) other related activities and functions as described in the Recitals to this Agreement.

"<u>Permitted Investment Payments</u>" has the meaning described in <u>Sections 3.1</u>, <u>3.2</u>, and 4.7.

"<u>Person</u>" means any individual, company, body politic, body corporate, association, corporation, partnership, limited liability company, firm, joint venture, trust, Governmental Authority or similar entity.

"<u>PIA</u>" means the Texas Public Information Act as it may be later amended from time to time.

"Residents" means those individuals participating in post-graduate medical education programs sponsored by the UT Austin Dell Medical School.

"<u>Seton 162b Entity</u>" means the one or more Seton controlled nonprofit health organizations certified by the Texas Medical Board pursuant to Texas Occupations Code, Section 162.001, through which certain UT Austin Dell Medical School Faculty and other providers are employed or otherwise provide clinical services.

"Seton" means Seton Healthcare Family or any successor organization to the Seton Healthcare Family operating the Teaching Hospital and holding an affiliation agreement with UT to serve as a primary clinical site for and provide funding in support of the GME programs sponsored by the UT Austin Dell Medical School.

"Seton/UT Affiliation Agreement" has the meaning described in Section 4.11.

"State" means the State of Texas.

"Teaching Hospital" is initially UMCB, but shall be replaced by the new teaching hospital to be constructed, owned and operated by Seton pursuant to the terms of the Master Agreement.

"<u>Termination Notice</u>" means written notice of termination of this Agreement given by one Party to another Party pursuant to the terms of this Agreement.

"<u>UT</u>" means The University of Texas at Austin, an agency of the State.

"<u>UT Fiscal Year</u>" means from September 1 of each year through August 31 of the following year.

"<u>UT Austin Dell Medical School</u>" means the new medical school to be developed, owned, and operated by UT, as described in the Recitals, and named the Dell Medical School at The University of Texas at Austin.

"<u>UT Austin Dell Medical School Charity Care Policy</u>" means the UT Austin Dell Medical School policy addressing the provision of indigent and charity care furnished at UT Austin Dell Medical School owned or controlled health care facilities and otherwise provided by Faculty and Residents through UT Austin Dell Medical School provider practice entities.

"<u>UMCB</u>" is the University Medical Center Brackenridge hospital facility located at 601 East 15th Street, Austin, Texas 78701.

2. REPRESENTATIONS AND WARRANTIES.

- 2.1. <u>By CCC</u>. CCC represents and warrants to UT that the following facts and circumstances are true and correct.
 - 2.1.1 <u>Corporate Capacity</u>. The CCC is now, and will remain during the term of this Agreement, a nonprofit corporation duly organized, validly existing, and in good standing under the Laws of the State.
 - 2.1.2 <u>Authorization of the Transaction</u>. The CCC has the requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to conduct its business as now being conducted.
 - 2.1.3 <u>Noncontravention</u>. The execution, delivery, and performance of this Agreement by the CCC and all other agreements referenced herein or ancillary hereto to which the CCC is to become a party hereunder and the consummation of the transactions contemplated hereby:
 - (1) are within the corporate powers of the CCC, do not contravene the terms of its governing documents, and have been approved by all requisite corporate action;
 - (2) except as specifically stated in this Agreement, do not require the CCC to obtain any approval or consent of, or make any filing with, any

Governmental Authority bearing on the validity of this Agreement which is required by Law or the regulations of any such Governmental Authority;

- (3) will neither conflict with, nor result in, any breach or contravention of any commitment, Contract, lease, bond documents, or bond covenant to which the CCC is a party or by which the CCC is bound;
- (4) will not violate any statute, Law, rule or regulation of any Governmental Authority to which the CCC may be subject; and
- (5) will not violate any judgment of any court or Governmental Authority to which the CCC may be subject.
- 2.1.4 <u>Binding Effect</u>. This Agreement and all other agreements to which the CCC will become a party hereunder are and will constitute the valid and legally binding obligation of the CCC and are and will be enforceable against the CCC in accordance with the respective terms hereof and thereof, except as enforceability against the CCC may be restricted, limited or delayed by applicable bankruptcy, insolvency or other Laws affecting creditors' rights and debtors' relief generally.
- 2.2. <u>By Central Health</u>. Central Health represents and warrants to UT that the following facts and circumstances are true and correct:
 - 2.2.1 <u>Public Entity</u>. Central Health is a hospital district under State Law and, except for any limitations on its authority established by the Constitution and the Laws of the State, has the power and authority to enter into and perform its obligations under this Agreement.
 - 2.2.2 <u>Powers, Consents, Absence of Conflicts with Other Agreement.</u> The execution, delivery, and performance of this Agreement and all other agreements referenced in or ancillary hereto to which Central Health is to become a party and the consummation by Central Health of the transactions contemplated herein:
 - (1) are within its constitutional and statutory powers and are not in contravention or violation of the Law and have been approved by all requisite public action;

- (2) do not require any approval or permit of, or filing or registration with, or other action by, any Governmental Authority bearing on the validity of this Agreement which is required by Law;
- (3) will not conflict in any material respect with, or result in any violation of or any other legal obligation of Central Health; and
- (4) are and will constitute the valid and legally binding obligation of Central Health and are and will be enforceable against Central Health in accordance with the respective terms hereof.
- 2.3. <u>By UT</u>. UT represents and warrants to Central Health and the CCC that the following facts and circumstances are true and correct:
 - 2.3.1 <u>Public Entity</u>. UT is organized under State Law as an agency of the State and, subject to the approval of the Board of Regents, has the power and authority to enter into and perform its obligations under this Agreement.
 - 2.3.2 <u>Powers, Consents, Absence of Conflicts with Other Agreement</u>. Subject to the approval of the Board of Regents, as and if required by the Board of Regents rules, the execution, delivery, and performance of this Agreement and all other agreements referenced in or ancillary hereto to which UT is to become a party and the consummation by UT of the transactions contemplated herein:
 - (1) are within its constitutional and statutory powers and are not in contravention or violation of the Laws of the State and have been approved by all requisite public action;
 - (2) do not require any approval or permit of, or filing or registration with, or other action by, any Governmental Authority bearing on the validity of this Agreement which is required by the Laws of the State;
 - (3) will not conflict in any material respect with, or result in any violation of or any other legal obligation of UT; and

(4) are and will constitute the valid and legally binding obligation of UT and are and will be enforceable against UT in accordance with the respective terms hereof.

3. DUTIES AND OBLIGATIONS OF THE CCC.

- 3.1. <u>Primary Responsibility for Permitted Investment Payments</u>. For UT Fiscal Years pending on or beginning after the Effective Date, the CCC will, as its first spending priority, cause to be paid to UT the annual Permitted Investment Payments of Thirty-Five Million Dollars (\$35,000,000) each UT Fiscal Year. Such funds shall be utilized by UT to fund Permitted Investments. The annual Permitted Investment Payments shall be paid to UT on or before August 15 of each such UT Fiscal Year.
- 3.2. Secondary Responsibility for Permitted Investment Payments by Central Health. In the event (i) the CCC defaults, in whole or in part, in its timely payment to UT of an annual Permitted Investment Payment or (ii) the CCC is dissolved or otherwise ceases to exist or operate, to the extent authorized by the Constitution or the Laws of the State, Central Health shall be responsible for such annual Permitted Investment Payments from Central Health Tax revenues or other sources or mechanisms available to Central Health pursuant to the terms of the Guarantee Agreement attached hereto as Exhibit 10 and incorporated by reference.

4. DUTIES AND OBLIGATIONS OF UT.

- 4.1. <u>UT Austin Dell Medical School</u>. UT will develop, own, and operate the UT Austin Dell Medical School and pursue full accreditation from the Liaison Committee for Medical Education and the Accreditation Council for Graduate Medical Education ("ACGME"). Subject to continuing funding support from Seton and Central Health, UT Austin Dell Medical School will operate and serve as the ACGME sponsoring institution of GME residency programs in Austin, Texas, including those GME programs currently sponsored by The University of Southwestern Medical Center ("UTSW") in affiliation with Seton, with rotations at the Teaching Hospital and certain other IDS service sites in Travis County.
- 4.2. <u>Support of the IDS</u>. The Parties recognize that the CCC, Central Health, and Seton are seeking to transform the current health system for the Travis County safety net

population by the development of the IDS. Both the UT Austin Dell Medical School and the Teaching Hospital are considered by Central Health and the CCC as essential elements of this IDS along with Community Clinics, mental health facilities, and other providers and outpatient clinics. The UT Austin Dell Medical School will participate in the programs of the IDS and assist the CCC, Central Health, and Seton in their efforts to achieve this transformation of health care delivery through the IDS. To that end, the UT Austin Dell Medical School as part of its operations shall:

- 4.2.1 Assist the CCC in serving low-income communities by offering opportunities to train Residents and Medical Students in community-based settings;
- 4.2.2 Assist Central Health and the CCC in developing appropriate levels of clinical services at Community Clinics and new clinic locations in Travis County;
- 4.2.3 Promote effective and efficient medical practice by training professionals to work together in multi-disciplinary teams;
- 4.2.4 Assist the CCC, Central Health, and Seton with their Delivery System Reform Incentive Payment ("DSRIP") projects under the existing Medicaid 1115 Waiver Program of the State.
- 4.2.5 Provide medical care with a focus on preventative health care and the multitude of factors that impact health outcomes;
- 4.2.6 Recruit, train, and educate Medical Students, including those from diverse ethnic and cultural backgrounds, consistent with applicable Laws.
- 4.2.7 Generate and utilize data to educate physicians and patients on methods to achieve better health outcomes and reduce health disparities in Travis County.
- 4.2.8 Endeavor to promote training that integrates biomedical science with other disciplines, thereby providing students with a full understanding of the myriad of factors that influence the health of the individual and the populations and suggested interventions that improve both, by developing and teaching innovative ways to provide medical care and strengthen population health within Travis County through research, education, public health policy and clinical practice.

- 4.2.9 Engage in clinical research to improve the quality of care in the community that will include integration of care, cultural sensitivity in treatment, and effective use of population data in the treatment of patients.
- 4.3. UT Austin Dell Medical School Provision of Clinical Services. As soon as the Faculty and Residents are available in Travis County, Texas to provide clinical services, UT will make available, through the Seton 162b Entity or UT Austin Dell Medical School provider practice entities, appropriate members of its Faculty and Residents to provide clinical services at clinics and other facilities acting as providers for the IDS, including the Teaching Hospital, Dell Children's Medical Center, and other reasonably accessible facilities and clinics utilized by such Faculty and Residents to provide clinical services for IDS patients ("Service Sites"). Subject to evolutions in the generally accepted practice of medicine as reflected in periodic adjustments by the UT Austin Dell Medical School to its teaching programs, this participation will include Faculty and Residents providing a comprehensive range of medical services and clinic experiences to residents of Travis County who present to the various Service Sites and coordination with those Service Sites to assure efficient and quality care to the residents seeking services in those settings. At such Service Sites, the Seton 162b Entity or UT Austin Dell Medical School provider practice entities will accept MAP (or its successor) patients, Charity Care Enrollees, members of any health plan owned by Central Health and the CCC, any residents participating in any program of the IDS and uninsured patients, in the same manner and pursuant to procedures that ensure the same access as other patients of the Seton 162b Entity or UT Austin Dell Medical School provider practice entities regardless of the patient's age, gender, race, color, religion, origin, sexual orientation, disability, health status, insurability, genetic information, source of payment, or utilization of medical or mental health services, consistent with the applicable UT Austin Dell Medical School Charity Care Policy. The Parties understand that the permanent and ongoing funding commitments of Central Health, CCC, and Seton to UT described in this Agreement, in that certain affiliation agreement between Seton and UT being prepared as of the Effective Date of this Agreement, and indirectly through the comprehensive affiliation arrangement existing as of the Effective Date of this Agreement between or among Central Health, Seton, and/or CCC, including the Master Agreement and Omnibus Agreement, are the bases for UT Austin Dell Medical School's provision of clinical services under this <u>Section 4.3</u>. Should such funding commitments be diminished or otherwise

compromised during the Term of this Agreement, UT Austin Dell Medical School will use its best efforts to continue to provide the same level of clinical services as furnished prior to the diminution or compromise of such funding commitment, subject to good faith negotiations among the Parties to promptly identify and arrange for comparable, alternative levels of funding to UT Austin Dell Medical School.

- 4.4. <u>Women's Health</u>. A primary obligation of Central Health and the CCC is to assure that adequate services of all types are available to the women of Travis County. The UT Austin Dell Medical School will assist Central Health and the CCC in meeting this obligation by providing comprehensive education and training in women's health services to its Residents and Medical Students and comprehensive women's clinical services to this population as described in <u>Section 4.3</u> above. Further, the UT Austin Dell Medical School plans to accept the transfer of sponsorship from UTSW and maintain an accredited graduate medical education residency program which includes all aspects of women's health.
- 4.5. Ethical and Religious Directives. The Parties acknowledge that Seton is limited by the Ethical and Religious Directives of the Catholic Church and cannot provide ERD Restricted Services in Seton facilities. UT agrees that it will cooperate with and assist the CCC and Central Health such that (i) the ERDs shall not impede the delivery of medically appropriate health care to the residents of Travis County outside of Seton facilities and (ii) the ERDs do not limit the education provided by Faculty to Medical Students and Residents. UT will participate with providers other than Seton to assure the education and training of the Residents and Medical Students in a comprehensive range of clinical services and the availability of such clinical services to Travis County residents.
- 4.6. <u>Ground Lease</u>. UT will execute and maintain a ground lease with Central Health which shall, consistent with the terms of the ground lease, authorize Central Health to sublease certain property to Seton for the purpose of building and operating the new Teaching Hospital on such property ("Ground Lease").
- 4.7. <u>Permitted Investment Payments</u>. UT shall utilize the Permitted Investment Payments for funding of Permitted Investments and shall periodically inform Central Health and

the CCC through the JAC and other means acceptable to UT as to the nature of the Permitted Investments being supported by such Permitted Investment Payments.

- 4.8. <u>Medical Support</u>. Consistent with <u>Section 4.3</u> above, (i) UT will coordinate with the CCC, Central Health, and Seton in developing and staffing programs that will provide medical and clinical services through the Faculty and Residents that will benefit the residents of Travis County and (ii) UT Faculty and Residents licensed, privileged, or otherwise authorized to provide patient care services shall be available to participate in the IDS.
- 4.9. MAP and Charity Care Patient Access to Clinical Services. As soon as the Faculty and Residents are licensed, privileged, or otherwise authorized and available to provide patient care services in Travis County, they will provide clinical services to the residents of Travis County as described in <u>Section 4.3</u> above. Additionally, as described in <u>Section 4.3</u> above and subject to evolutions in the generally accepted practice of medicine as reflected in periodic program adjustment by the UT Austin Dell Medical School, the UT Austin Dell Medical School shall coordinate with Central Health, the CCC, Seton, the Seton 162b entity and UT Austin Dell Medical School provider practice entities to make available Faculty and Residents to provide part of the physician services component of the (i) MAP Healthcare Services and Charity Care Health Care Services in comparable specialties and scope as are provided as of the Effective Date of this Agreement by UTSW faculty and residents under the Omnibus Agreement, through or in conjunction with that certain UTSW and Seton Affiliation Agreement, effective as of November 30, 2009, and (ii) women's or other health services that Seton cannot provide because of ERDs. It is understood by the Parties that a period of five (5) years will be required for the UT Austin Dell Medical School to recruit a full complement of Faculty. In conjunction with the recruitment of additional Faculty and expansion of GME programs by UT Austin Dell Medical School, additional specialty and sub-specialty care will be provided by Faculty and Residents at such Service Sites, consistent with the efficient delivery of clinical services and the UT Austin Dell Medical School mission. Expansion of specific clinical programs will be addressed by the JAC. On an annual basis, the JAC shall consider changes to the types and volume of clinical services that it proposes to be provided by the Faculty and Residents through the Seton 162b Entity or UT Austin Dell Medical School provider practice entities. In the event that the members of the JAC cannot agree on the changes to the type and volume of clinical

services that it proposes to be provided by the Faculty and Residents licensed, privileged, or otherwise authorized to provide patient care services, the UT Austin Dell Medical School shall, consistent with Section 4.3 above, cooperate with Central Health, the CCC, the Seton 162b Entity or UT Austin Dell Medical School provider practice entities to provide in the next year the same type and volume of clinical services to Travis County residents (including MAP Enrollees and Charity Care Enrollees) as were provided in the immediately previous year, subject to evolutions in the generally accepted practice of medicine as reflected in periodic programmatic adjustments by the UT Austin Dell Medical School.

- 4.10. Medical and Clinical Research Resources. The Parties acknowledge that UT will, as a part of the UT Austin Dell Medical School's mission, engage in research activities to develop medical and clinical innovations that will improve and enhance the medical care available to patients. The UT Austin Dell Medical School will participate in clinical research programs that are intended to expand the medical research presently performed in Travis County. UT will pursue a broad range of medical research regardless of any potential conflict with the ERDs and in doing so will consider the eventual availability and accessibility to Travis County residents of the innovations developed from this research.
- 4.11. <u>Seton/UT Affiliation Agreement</u>. UT intends to enter into and maintain an Affiliation Agreement with Seton that will govern the relationship between the UT Austin Dell Medical School and Seton. UT will use reasonable efforts to maintain a similar affiliation agreement with Seton or any other entity that owns or operates the Teaching Hospital during the term of this Agreement.
- 4.12. <u>Master Agreement</u>. UT will cooperate where reasonably possible with the CCC, Central Health, and Seton to assist in their performance under the Master Agreement.
- 4.13. <u>Communication</u>. The UT Austin Dell Medical School, CCC, and Central Health will communicate and share information on a regular basis regarding the participation of each Party in the IDS and will coordinate with each other in the effort to achieve IDS integration and efficiency.

5. <u>Joint Duties and Obligat</u>ions

- 5.1. Joint Affiliation Committee (the "JAC"). The CCC, Central Health, and UT shall form the Joint Affiliation Committee to coordinate the relationship of the Parties and serve as a vehicle of communication as it relates to provisions of this Agreement. Each of the Parties, in good faith, shall take the recommendations of the JAC into account in coordinating their missions and operations so as to benefit the IDS, medical education, research, and patient care in Travis County. The JAC shall meet at least quarterly to communicate regarding the operations of each Party under this Agreement and to discuss and evaluate how the Parties may more effectively coordinate the obligations, mission, and goals of all the Parties under this Agreement. The JAC shall consist of six (6) members. UT and Central Health shall each appoint two (2) members of the JAC, and CCC and The University of Texas System shall each appoint one (1) member. Members shall serve at the pleasure of the Party who designates them and may be removed or replaced by the designating Party at any time. In addition to the six (6) regular members of the JAC, Seton may appoint one (1) ex-officio member to the JAC with prerogatives to receive notice of, attend, and participate in discussions at JAC meetings but such ex-officio member is not authorized to vote or to be counted in determining the existence of a quorum at any meeting properly attended by such ex-officio member.
- 5.2. Responsibilities. The JAC will facilitate communication among the Parties. UT will, consistent with Section 4.7 above, periodically inform the JAC and its members as to the nature of the Permitted Investments being supported by the Permitted Investment Payments and the progress of such Permitted Investments. The JAC shall also serve as a forum regarding the Parties' overall relationships and their joint effort to improve and enhance health care delivery to the residents of Travis County through the IDS. The JAC shall advise and assist CCC and Central Health in the development of performance metrics to measure the achievement of IDS mission and goals and the identification of contributions made by the Permitted Investments.
- **TERM.** The Agreement shall take effect on the Effective Date. The initial term of the Agreement shall be twenty-five (25) years from the Effective Date ("Initial Term"). The Agreement shall automatically renew for successive twenty-five (25) year terms ("Additional Terms") unless either Party provides to the other Party notice of non-renewal no less than one (1) year prior to the expiration of the Initial Term or any Additional Term.
- **7. TERMINATION**. This Agreement may be terminated as follows:

- 7.1. <u>Mutual Agreement</u>. The Parties may terminate the Agreement by mutual Agreement, effective on the future date mutually agreeable to the Parties,
- 7.2. <u>UT Events of Default</u>. Subject to the Omnibus Remedies Agreement and <u>Section 11.7</u> below, Central Health may terminate this Agreement immediately, or on a specified future date, by Termination Notice if any one or more of the following events shall occur (individually a "UT Event of Default"):
 - 7.2.1 UT files a petition in bankruptcy;
 - 7.2.2 UT admits in writing its inability to pay its debts generally as they come due or makes a general assignment of benefits for its creditors;
 - 7.2.3 UT consents to the appointment of a receiver of itself or of the whole or any substantial part of its property;
 - 7.2.4 UT closes or otherwise abandons the UT Austin Dell Medical School:
 - 7.2.5 The UT Austin Dell Medical School does not have its first class of Medical Students matriculated by July 1, 2018;
 - 7.2.6 UT terminates the Ground Lease other than as permitted by the terms of the Ground Lease or as otherwise agreed to between the Parties;
 - 7.2.7 The UT Austin Dell Medical School fails to become accredited consistent with Section 4.1 by December 31, 2022, or fails to maintain this accreditation thereafter following exhaustion of available plan of correction and appeal procedures;
 - 7.2.8 Subject to the prior exhaustion of the Dispute resolution process set forth in Article 8 below, the UT Austin Dell Medical School, for reasons other than reductions in funding support from Central Health and the CCC, significantly and materially reduces the number of accredited GME programs it sponsors in Austin, Texas, as described in Section 4.1 above, as Section 4.1 may be amended following the renegotiation required in Section 7.8 below; provided, however, a termination pursuant to this Section 7.2.8 shall be deferred and not effective until following the graduation, transfer, withdrawal, or disenrollment of all Residents participating in or accepted for participation in the then-existing UT Austin Dell Medical School GME programs; or

- 7.2.9 Subject to the prior exhaustion of the Dispute resolution process set forth in Article 8 below, the UT Austin Dell Medical School, for reasons other than reductions in funding support from Central Health and the CCC, significantly and materially reduces the scope of clinical services provided by Faculty and Residents at Service Sites through the Seton 162b Entity or UT Austin Dell Medical School provider practice entities from that (i) provided as of the Effective Date by UTSW faculty and residents, in pertinent part, under the Omnibus Agreement, as described in Section 4.3 above, as Section 4.3 may be amended following the renegotiation required in Section 7.8 below, plus (ii) additional clinical services subsequently agreed to be provided by the UT Austin Dell Medical School; provided, however, a termination pursuant to this Section 7.2.9 shall be deferred and not effective until following the graduation, transfer, withdrawal, or disenrollment of all Residents participating in or accepted for participation in the then-existing UT Austin Dell Medical School GME programs.
- 7.3. CCC and/or Central Health Events of Default. Subject to the Omnibus Remedies Agreement and Section 11.7 below, UT may terminate this Agreement immediately, or on a specified future date, by Termination Notice if any one or more of the following events (individually a "CCC and/or Central Health Event of Default") shall occur:
 - 7.3.1 CCC or Central Health files a petition in bankruptcy;
 - 7.3.2 CCC or Central Health admits in writing or otherwise demonstrates its inability to pay its debts;
 - 7.3.3 CCC or Central Health makes a general assignment of benefits for its creditors;
 - 7.3.4 CCC or Central Health consents to the appointment of a receiver of itself or of the whole or any substantial part of its property; or
 - 7.3.5 Termination in whole or in material part of the comprehensive affiliation arrangement existing as of the Effective Date of this Agreement between or among Central Health, Seton, and/or CCC, including the Master Agreement or Omnibus Agreement.

7.4. Omnibus Remedies Agreement. The Parties recognize the need to develop a document to coordinate the various default, remedy, and termination provisions under this Agreement and the other related affiliation arrangements between and/or among the Parties and Seton (an "Omnibus Remedies Agreement"). The Parties will use their best efforts to engage in prompt, good faith negotiations with Seton to (i) develop an Omnibus Remedies Agreement that comprehensively addresses the various defaults, remedies, and termination rights or options under this Agreement and the other affiliation arrangements between and/or among the Parties and Seton and (ii) if appropriate, implement amendments to this Agreement and the other affiliation arrangements between and/or among the Parties and Seton. To the extent the Omnibus Remedies Agreement is executed, this Agreement may be terminated pursuant to the terms and procedures set forth in such Omnibus Remedies Agreement.

7.5. Material Breach.

- 7.5.1 Notice of Alleged Material Breach. If a Party ("First Party") believes that the other Party ("Second Party") has committed a Material Breach of this Agreement, the First Party shall provide to the other Parties a written notice of the alleged Material Breach ("Notice of Material Breach"). If there is no Dispute (as defined below) regarding the alleged Material Breach, the Second Party shall immediately cure or immediately initiate action that will cure the Material Breach within ninety (90) days. If there is a Dispute regarding the alleged Material Breach, the Second Party will provide written notice stating such fact to the First Party within ten business days of the receipt of the Notice of Material Breach, and the Parties shall immediately initiate the Dispute resolution process set forth in Article 8.
- 7.5.2 <u>Dispute Resolution Process</u>. Notwithstanding <u>Section 7.5.1</u> above, if at the completion of a 90-day time period following delivery of the Notice of Breach, a Dispute continues to exist between the Parties regarding the alleged Material Breach or cure of such Material Breach, the Parties must initiate the Dispute resolution process set forth in <u>Article 8</u>. The Agreement will continue in force and effect during the Dispute resolution process and thereafter subject to the ultimate resolution of the Dispute, consistent with Article 8 below.

7.5.3 Remedies.

(1) UT Remedies. Upon the failure of Central Health or CCC to cure a Material Breach of this Agreement to the satisfaction of the UT and following the conclusion of the Dispute resolution process relating to such Material Breach, UT may pursue Judicial Resolution. For purposes of Chapter 271, Subchapter I of the Texas Local Government Code, the Parties acknowledge and agree that the Agreement is a properly executed, written contract that states the essential terms of an agreement for providing goods or services to a local governmental entity and that governmental immunity is waived as to Central Health and/or CCC (to the extent that governmental immunity is applicable to CCC). Central Health and/or CCC further agree not to raise the defense of governmental immunity in the event UT elects to pursue Judicial Resolution in accordance with the terms of this Section 7.5.3(1). If Central Health or CCC refuses to participate in the Dispute resolution process, asserts governmental immunity to avoid Judicial Resolution, or is unable to be a party to the Judicial Resolution because the Laws of the State prohibit such participation, UT may suspend the performance of any or all of UT's duties and obligations under this Agreement without recourse by Central Health or CCC until the Dispute is resolved to the satisfaction of UT. If a Judicial Resolution is not pursued because of Central Health or CCC's failure or inability to participate as a party to a Judicial Resolution and the Dispute is not otherwise resolved by good faith negotiations among or between the parties during the three (3) years following the date of the Notice Dispute, UT may terminate the Agreement by giving written Termination Notice, on the future date specified in such Termination Notice. All Termination Notice periods required pursuant to the terms of this Section 7.5.3(1) shall begin from the date such written Termination Notice is received by Central Health and/or CCC ("Central Health and/or CCC Termination Notice Date"). The effective date of the termination contemplated by this <u>Section 7.5.3(1)</u> shall be deferred and not effective until following the graduation, transfer, withdrawal, or disenrollment of all Residents participating in or accepted for participation in the then-existing UT Austin Dell Medical School GME programs.

- (2) <u>Central Health Remedies</u>. Upon the failure of UT to cure a Material Breach of this Agreement to the satisfaction of Central Health or the CCC and following the conclusion of the Dispute resolution process relating to such Material Breach, Central Health or the CCC has the initial option to pursue Judicial Resolution. Central Health or the CCC shall give written notice to UT of its intent to pursue Judicial Resolution ("Notice of Suit"). Upon receipt of such a notice UT shall have the following options:
 - (a) UT may raise the defense of sovereign immunity;
 - (b) To the extent that the Laws of the State allow, UT may waive the defense of sovereign immunity and proceed to participate in the Judicial Resolution; or
 - (c) To the extent that UT may do so under the Laws of the State, UT may bring suit against Central Health seeking a declaratory judgment regarding the Dispute that is raised by Central Health and proceed to participate in the Judicial Resolution.

If one of the following occurs:

- (i) UT refuses to participate in the Dispute resolution process;
- (ii) UT fails to respond in writing to the Notice of Suit within sixty (60) days of the Notice of Suit;
- (iii) UT responds in writing to the Notice of Suit that it will not file a declaratory judgment as described in Section 7.5.3(2)(c); or
- (iv) UT responds in writing to the Notice of Suit that it is unable or unwilling to effectively waive sovereign immunity as a defense to a lawsuit filed by Central Health or CCC seeking Judicial Resolution, or
- (v) if either party files a suit seeking a Judicial Resolution and such suit is dismissed or otherwise terminated by final judicial decision because such suit is precluded by sovereign immunity applicable to UT,

Central Health or the CCC may, without default under Article 3 above, withhold a reasonable estimate of the damages that Central Health and/or CCC would incur due to the alleged Material Breach, not to exceed the aggregate sum of Five Million Dollars (\$5,000,000) for all alleged Material Breaches during any UT Fiscal Year, from any payments that they are otherwise obligated to pay UT (including Permitted Investment Payments) under this Agreement by giving written notice to UT. If a Judicial Resolution is not pursued because of UT's failure or inability to participate as a party to a Judicial Resolution and the Dispute is not otherwise resolved by good faith negotiations among or between the parties during the three (3) years following the date of the applicable action described in Section 7.4.3(i), (ii), (iii), (iv), or (v) above, Central Health may retain the amount reasonably estimated and withheld and/or terminate the Agreement by giving written Termination Notice, on the future date specified in such Termination Notice. All Termination Notice periods required pursuant to the terms of this Section 7.5.3(2) shall begin from the date such written Termination Notice is received by UT ("UT Termination Notice Date"). The effective date of the termination contemplated by this Section 7.5.3(2) shall be deferred and not effective until following the graduation, transfer, withdrawal, or disenrollment of all Residents participating in or accepted for participation in the then-existing UT Austin Dell Medical School GME programs.

In the event a Judicial Resolution is achieved and Central Health is awarded damages for the Material Breach of the Agreement, Central Health or CCC may offset any amounts awarded in the Judicial Resolution against the amounts previously withheld and promptly remit the excess amount withheld to UT or, if such prior withhold is inadequate to liquidate the amount awarded, offset any remaining amounts awarded in the Judicial Resolution against any prospective amounts owed by Central Health or the CCC to UT including prospective Permitted Investments Payments.

7.6. <u>Change in the Law</u>. If there is a change in (or new interpretation by an applicable Governmental Authority of) the Law that materially and adversely affects the fundamental legal relationship of or financial arrangement between the Parties, then the Parties will negotiate in

good faith to amend the Agreement. If the Parties are unable within a six-month period to reach a new agreement, any Party may terminate the provisions of this Agreement by giving the other party Termination Notice, in which event the Agreement will terminate six months after the Termination Notice Date. Otherwise, in the event of a termination of this Agreement pursuant to this <u>Section 7.6</u>, no Party shall be liable or responsible for other damages suffered by another Party as a result of a termination pursuant to this <u>Section 7.6</u>.

7.7. Legal Jeopardy. The Parties acknowledge and agree that this Agreement is intended to comply with all Laws and to avoid jeopardizing the Parties' status as recipients of governmental or private funds for the provision of health care services, each Party's status as either a tax-exempt organization or a public entity, the Parties' ability to issue tax-exempt bonds or other financial instruments and to maintain the tax-exempt status of any existing bonds or other financial instruments. Any Party shall have the right to terminate the provisions of this Agreement without liability, if it reasonably and in good faith determines that the terms of this Agreement either more likely than not would be interpreted to violate any Laws applicable to it and, under the circumstances, the terms of the Agreement present an unacceptable legal risk of or a material violation of Laws, which, in such event, would jeopardize its status as a recipient of governmental or private funds for the provision of health care services or its status as a taxexempt organization or public entity, or its ability to issue tax-exempt bonds or to maintain the tax-exempt status of any existing bonds or other financial instruments. Notwithstanding a Party's right to terminate as set forth above, the Parties shall first use good faith efforts to amend this Agreement only to the extent necessary to conform the potentially violative terms to the applicable Laws; and will terminate the provisions of this Agreement pursuant to this Section only if it determines, in its reasonable and good faith judgment, that an amendment cannot be obtained and will not result in compliance. The Parties will act in good faith to attempt to reach such mutual agreement. The Parties agree that a Party's withholding of consent shall be deemed valid if the proposed amendment would result in a change to the Agreement that would be materially adverse to that Party. In the event of the termination under this Section, no Party is liable or responsible to the other for any damages, costs, or expenses that result from such termination.

7.8. Reduction in Seton Funding Support to UT. Given the significant role that Seton plays in the successful development and operation of the UT Austin Dell Medical School, in the unlikely circumstance that Seton implements substantial reductions in its funding support of UT Austin Dell Medical School's clinical services and GME programs, the Parties will use their best efforts to renegotiate this Agreement to address this loss of funding support to UT. In the event that the Parties are unable to obtain substantially comparable substitute funding within four (4) years of Seton's implementation of such reduction in funding support to UT, UT or Central Health may terminate this Agreement on the future date specified in a Termination Notice from the terminated party to the others; provided, however, a termination pursuant to this Section 7.8 shall be deferred and not effective until following the graduation, transfer, withdrawal, or disenrollment of all residents participating in, or accepted for participation in, the then-existing UT Austin Dell Medical School's GME programs.

8. **DISPUTE RESOLUTION**.

- 8.1. <u>Definition of Dispute</u>. "Dispute" means any and all material and substantive questions, claims, controversies, or disputes arising out of or relating to any provision of this Agreement, or any other material and substantive disagreements between the Parties as set forth in the Agreement that occur after the Effective Date unless specifically excluded by the terms of this Agreement.
- 8.2. <u>Negotiation</u>. At any time there is a Dispute between or among the Parties and the matter is not resolved either by the JAC or as otherwise provided for under this Agreement, the Parties shall promptly, amicably, and in good faith attempt to resolve such Dispute through negotiations among the chief executive officers of each Party. A disputing Party shall give written notice of the Dispute to the other Parties that shall contain a brief statement of the nature of the Dispute. The chief executive officers of each Party shall meet as soon as reasonably possible to attempt in mutual good faith to resolve the Dispute. If the Parties are unable to resolve the Dispute within thirty (30) days of receipt by the adverse Party of the written notice of Dispute, the Parties shall submit the Dispute to mediation as set forth below.
- 8.3. <u>Mediation</u>. In the event negotiation is unsuccessful, Disputes shall be subject to mediation conducted as follows:

- 8.3.1 <u>Commencement of Mediation</u>. Any Party wishing to commence mediation shall send a written notice of intent to mediate to the other Parties, specifying in detail the nature of the Dispute and proposing a resolution thereof ("Mediation Notice"). Within fifteen (15) days after such Mediation Notice is received by the Parties, if the Parties cannot agree on a proposed mediator, one shall be appointed by the executive director or other functional equivalent of the American Arbitration Association ("AAA"). Each party shall designate no more than three (3) representatives who shall meet with the mediator to mediate the dispute. Mediation shall be commenced as soon as reasonably possible. The mediator shall be a person having no conflict of interest relationship with a Party.
- 8.3.2 <u>Conduct of Mediation</u>. The mediation shall be conducted in Austin, Texas, and shall be non-binding. Any non-binding mediation conducted under the terms of this <u>Section 8.3.2</u> shall be confidential within the meaning of and to the extent permitted by State Law. The cost of the mediation shall be borne equally by the Parties. The mediation must be conducted and completed within ninety (90) days of the date of the Mediation Notice.
- 8.4. <u>Judicial Resolution</u>. If there is a failure to resolve a Dispute relating to a Material Breach through mediation as set forth above, any Party may initiate appropriate proceedings for a Material Breach of the Agreement and to seek any remedy allowed at law or in equity. In the event any Party recovers damages as a consequence of such Judicial Resolution ("Recovering Party"), such Recovering Party may, consistent with the more specific provisions of <u>Section 7.5.3</u> above, offset the amount of any judgment against any prospective sums due from such Recovering Party to the other Party, including but not limited to any prospective Permitted Investment Payments..

9. CONFIDENTIALITY.

- 9.1. <u>Public Announcements</u>. The Parties will endeavor to mutually agree in advance upon any public announcements, advertising, marketing, and communications to the media regarding this Agreement or the relationship created by this Agreement.
- 9.2. Confidential Information. Subject to Section 9.3 below, the Parties acknowledge that in connection with the performance of the services under this Agreement, a Party may be acquiring and making use of certain confidential information and trade secrets of the other Party which may include management reports, financial statements, internal memoranda, reports, patient records and patient lists, confidential technology and other materials, records and/or information of a proprietary nature that are otherwise not public information ("Confidential Information"). All tangible Confidential Information materials exchanged pursuant to this Agreement (including all copies thereof), including but not limited to all documents and any other tangible thing on or in which information is recorded, shall be deemed to be "on loan" while they are in the hands of any person other than the Party who first furnished the material. In order to further protect the Confidential Information, subject to Section 9.3 below, no Party shall, after the date hereof, use the Confidential Information of any other Party except in connection with the performance of the services pursuant to this Agreement, or divulge the Confidential Information to any Person, unless the other Parties consent in writing or such use or divulgence or disclosure is required by law. The Parties acknowledge and agree that, as a state agency subject to the PIA, UT is required to retain one copy of Confidential Information materials received by UT under this Agreement ("Retention Obligation"). Subject to Section 9.3 below and the Laws of the State, all originals of such Confidential Information shall be returned, upon request, at any time to the Party who furnished them and, subject to UT's Retention Obligation, all copies thereof shall be destroyed at that time. At the conclusion of this Agreement, all original tangible Confidential Information materials exchanged pursuant to this Agreement shall be returned to the Party who furnished them and, subject to UT's Retention Obligation, all copies thereof shall be destroyed. Without limiting other possible remedies for the breach of this covenant, subject to the above provisions of this Section 9.2 and in Section 9.3 below, and the Laws of the State, the Parties agree that injunctive or other equitable relief shall be available to

enforce this covenant, such relief to be without the necessity of posting a bond, cash or otherwise.

- 9.3. PIA/CH/UT/Public Officials. Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge and agree that (i) as public institutions, Central Health and UT are subject to and strictly adhere to all statutes, court decisions and the opinions of the Texas Attorney General with respect to disclosure of public information under the PIA; (ii) third parties may from time-to-time request or demand pursuant to the PIA that any Party provide access to or copies of certain Confidential Information owned or provided by a Party, and (iii) in such event, upon receipt of such request or demand, the Party receiving such request will (a) provide oral and written notice of such request or demand to the other Parties as soon as reasonably possible, (b) as deemed appropriate by the receiving Party, request a ruling from the Texas Attorney General concerning whether such Confidential Information must be disclosed, and (c) if a ruling from the Texas Attorney General is not requested, or following receipt of the Texas Attorney General ruling requiring disclosure, a Party desires to continue to assert that any such Confidential Information should not be disclosed to such third party, such Party may in its discretion take other appropriate legal action to oppose such request or demand and, in such event, all Parties will assist and cooperate with the Party contesting such disclosure to the maximum extent permitted by State Law.
- 9.4. <u>Confidentiality and Medical Privacy Laws</u>. Each Party will ensure that it maintains the confidentiality of all of its records in accordance with all applicable federal and State confidentiality and medical privacy Laws. Each Party will reasonably and in good faith cooperate with the other Parties and execute any agreements with the other Parties necessary for any Party to comply with any such Laws.
- 9.5. <u>Access to Books and Records</u>. Each Party agrees to comply with the following requirements governing the maintenance of documentation regarding the actions under this Agreement:
 - 9.5.1 <u>Availability of Records</u>. To the extent required by Law, each Party shall make available, upon written request of any Governmental Authority or any of its duly

authorized representatives, this Agreement, and books, documents, and records of such party.

- 9.5.2 <u>Subcontracts</u>. If a Party carries out any of the duties of this Agreement through a subcontract, as permitted under this Agreement, such subcontract shall contain a clause to the effect that, for as long as required by Law, after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of a Governmental Authority or any of its duly authorized representatives, the subcontract, and books, documents, and records of such organization.
- 9.6. Notice of Request or Demand to Disclose Records. If a Party receives a request or demand from a Government Authority to disclose any books, documents, or records relevant to this Agreement for the purpose of an audit or investigation, such Party shall immediately (and no later than twenty (20) days after receipt of such request or demand) notify the other Parties in writing of the nature and scope of such request or demand and shall make available to the other Parties, upon written request of the other Parties, all such books, documents, or records produced to the Government Authority.
- **10. GUARANTY**. To the extent authorized by the Constitution and Laws of the State, Central Health shall guaranty the obligations of the CCC contained in this Agreement pursuant to the terms of the Guaranty attached hereto as Exhibit 10 and shall execute such Guaranty on the Effective Date hereof.

11. GENERAL PROVISIONS.

11.1. Expenses; Legal Fees and Costs. Except as otherwise expressly set forth in this Agreement, all expenses of the preparation of this Agreement and of the consummation of the transactions set forth herein, including, without limitation, counsel fees, accounting fees, investment advisor's fees and disbursements, and costs incurred in connection with obtaining regulatory approvals shall be borne by the Party incurring such expense, whether or not such transactions are consummated. To the extent permitted by Laws of the State, in the event a Party elects to incur legal expenses to enforce or interpret any provision of this Agreement by judicial means, the prevailing Party will be entitled to recover such legal expenses, including, without

limitation, attorneys' fees, costs, and necessary disbursements, in addition to any other relief to which such Party shall be entitled.

- 11.2. <u>Choice of Law</u>. The Parties agree that this Agreement shall be governed by and construed in accordance with the Laws of the State without regard to its conflicts of laws rules. Venue of any lawsuit relating to this Agreement shall be in Travis County, Texas.
- 11.3. <u>Benefit/Assignment</u>. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, and permitted assigns; provided, however, that no Party hereto may assign this Agreement without the prior written consent of the other Party. Upon such permitted assignment, the obligations, responsibilities, duties on limitation applicable to such Party hereunder shall be applicable to and enforceable against both (or either) the assigning Party and such permitted assignee.
- 11.4. <u>No Third Party Beneficiary</u>. The terms and provisions of this Agreement are intended solely for the benefit of the Parties and their respective permitted successors or assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person or entity.
- 11.5. <u>Waiver of Breach</u>. The waiver by a Party hereto of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or any other provision hereof. All remedies, either under this Agreement, or by the Laws or otherwise afforded, will be cumulative and not alternative.
- 11.6. <u>Notices</u>. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be in writing and shall be deemed effectively given when personally delivered, when received by electronic means (including facsimile and email communication) (provided that the Party giving the notice has confirmation of such delivery or sending), when delivered by overnight courier or five (5) days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Central Health:

Executive Vice President and Director Central Health 1111 East Caesar Chavez Austin, Texas 78702

If to CCC:

Executive Director Community Care Collaborative 1111 East Caesar Chavez Austin, Texas 78702

If to UT:

Executive Vice President and Provost The University of Texas at Austin 1 University Station, G1000 Austin, TX 78712 (512) 475-7385 (fax)

With a copy to:

David W. Hilgers Husch Blackwell LLP 111 Congress Avenue, Suite 1400 Austin, Texas 78701-4093

With a copy to:

Beth Devery Travis County Attorney's Office P.O. Box 1748 Austin, Texas 78767 (512) 854-9316 (fax)

With a copy to:

Vice President and Chief Financial Officer The University of Texas at Austin P.O. Box 8179 Austin, TX 78713 (512) 471-7742 (fax)

Vice President for Legal Affairs The University of Texas at Austin P.O. Box R Austin, TX 78713 (512) 471-1255 (fax)

or to such other address or number, and to the attention of such other person or officer, as any Party hereto may designate, at any time, in writing in conformity with these notice provisions. Any notice given hereunder shall be deemed received five business days after it is mailed.

any delay or failure in performance of any part of this Agreement from any cause beyond its reasonable control and not primarily attributable to its gross negligence or willful misconduct, including, but not limited to, acts of God, acts of civil or military authority, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, strikes, or disruptions in Internet and other telecommunication networks, power and other utilities. Upon the occurrence of a condition described in this <u>Section 11.7</u>, the Party whose performance is prevented or compromised shall provide written notice to the other

Party, and the Parties shall promptly confer, in good faith, on what action may be taken to minimize the impact, on both Parties, of such condition.

- 11.8. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Laws, and if the rights or obligations of all Parties under this Agreement will not be materially and adversely affected thereby: (i) such provision will be fully severable; (ii) this Agreement will be construed and enforced as if the illegal, invalid or unenforceable provision had never comprised a part hereof; (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement; and (iv) in lieu of the illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to the illegal, invalid or unenforceable provision as may be possible.
- 11.9. <u>Gender and Number</u>. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.
- 11.10. <u>Divisions and Headings</u>. The Table of Contents, the divisions of this Agreement into articles, sections, and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.
- 11.11. <u>Drafting</u>. No provision of this Agreement shall be interpreted for or against a Party hereto on the basis that such Party was the draftsman of such provision, any Party having participated equally in the drafting hereof, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.
- 11.12. Entire Agreement/Amendment. This Agreement supersedes the Memorandum of Understanding executed between the Parties and Seton in September 2013, and all communications, agreements, and understandings between the Parties relating to the specific terms of this Agreement, each of which is hereby superseded and terminated, and no Party hereto shall be entitled to benefits other than those specified herein. As between the Parties, no oral

statement or prior written material not specifically incorporated herein shall be of any force and effect. The Parties specifically acknowledge that in entering into and executing this Agreement, the Parties rely solely upon the representations and agreements contained in this Agreement, and the agreements referenced herein, and no others. All prior representations or agreements, whether written or oral, not expressly incorporated herein are superseded unless and until made in writing and signed by all Parties. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument. No terms, conditions, warranties, or representations, other than those contained herein and no amendments or modifications hereto, shall be binding unless made in writing and signed by all Parties

- 11.13. Relationship of Parties. In performing its responsibilities pursuant to this Agreement, it is understood and agreed that each Party and its employees and representatives are at all times acting as independent contractors and that they are not partners, joint-venturers, or employees of the other Parties. It is expressly agreed that no Party nor any of its employees and representatives will for any purpose be deemed to be agents, ostensible or apparent agents, or servants of the other Parties and that this Agreement does not create any joint venture, joint enterprise, or partnership relationship between all or any two (2) of the Parties. The Parties agree to take any and all such action as may be reasonably necessary to inform the public and their patients of such fact.
- and intended to comply with all applicable Laws. Any provision of applicable Laws that invalidates any term of this Agreement, that are inconsistent with any term of this Agreement, or that would cause one or more of the Parties hereto to be in violation of Law shall be deemed to have superseded the terms of this Agreement; provided, however, that the Parties shall use their best efforts to accommodate the terms and intent of this Agreement to the greatest extent possible consistent with the requirements of applicable Laws and Section 11.8 above and negotiate in good faith toward amendment of this Agreement in such respect.
- 11.15. <u>No Referral</u>. Nothing contained in this Agreement shall require (directly or indirectly, explicitly or implicitly) any Party to refer any patients to any other Party or to use any other Party's facilities as a precondition to receiving the benefits set forth herein.

11.16. <u>Additional Documents</u>. Each of the Parties hereto agrees to consider and, if appropriate, execute any document or documents that may be reasonably requested from time-to-time by any other Party to implement, carry out, or complete such Party's obligations pursuant to this Agreement.

11.17. Interpretation. In this Agreement, unless the context otherwise requires:

- (1) References to this Agreement are references to this Agreement and to the Schedules and Attachments hereto:
- (2) References to Articles and Sections are references to articles and sections of this Agreement;
- (3) References to any Party to this Agreement shall include references to its respective successors and permitted assigns;
- (4) The terms "hereof," "herein," "hereby," and any derivative or similar words will refer to this entire Agreement;
- (5) References to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, notated or replaced by the Parties from time to time;
- (6) The word "including" shall mean including, without limitation; and
- (7) References to time are references to Central Standard or Daylight time (as in effect on the applicable day) unless otherwise specified herein.

[Signature Page to Follow]

TRAVIS COUNTY HEALTHCARE DISTRICT D/B/A CENTRAL HEALTH

Name: Larry Wallace
Title: Executive Vice President and Chief

Operating Officer 8/14/14

Date:_

COMMUNITY CARE COLLABORATIVE

Name: Larry Wallace

Title: Executive Director

Date:

THE UNIVERSITY OF TEXAS AT AUSTIN

Name: William C. Powers, Jr.

Title: President Date:_

Exhibit 1

AFFILIATION VISION STATEMENT

Vision for the Development of Transformative Medical Education and Health Care Services in Travis County

The University of Texas, Central Health, Seton and the Community Care Collaborative have initiated an various discrete but interrelated affiliations that will further their complementary missions of education and health care. These affiliations have been approved as appropriate by the voters of Travis County, the Board of Regents of The University of Texas System, the Central Health Board of Managers, the Ascension board of directors and the CCC board of directors. All the parties are committed to collaborating to achieve their shared vision for the development of transformative medical education and health care services in Travis County Texas. This vision includes:

- The development, construction, and operation of the UT Medical School, as a premier, world class, medical educational institution in Austin, Texas that will educate and train medical students, residents perform research functions for the improvement of medical delivery and the health care status of the public, and provide faculty, residents, and medical students who will be involved in the delivery of health care services in Travis County.
- The enhancement of medical specialties and services accessible to all Travis County residents including women's services and services for residents with limited access to health care.
- The development of a new integrated delivery system that will utilize the resources of the Medical School, local health providers, Central Health, Seton and the CCC to develop and provide an efficient, integrated clinical infrastructure in Travis County that will enable all Travis County residents to have prompt access to high-quality health care services.
- The construction and operation of a new teaching hospital in Travis County that will be a major provider of health care to Travis County residents and a platform for the Medical School to provide medical education and develop new physicians to provide services to Travis County residents.
- The ongoing support of the Medical School, the teaching hospital and the integrated delivery system by the joint resources of all of the parties, including the Proposition No. 1 funding approved by the Travis County voters in November 2012.
- The creation of organizational structures to facilitate communication between the institutions
 participating in the interrelated affiliations to ensure that the institutions work collaboratively to
 achieve their shared vision.

• The dedication, by all the institutions, of sufficient permanent and ongoing resources to assure that these new medical resources will serve the Travis County residents for decades to come.

The affiliations between and among The University of Texas, Central Health, Seton, and CCC, will expand the health care infrastructure for the region, increase access for patients, and provide necessary permanent and ongoing funding for the establishment and operation of the UT Medical School as a premier, world class medical education institution for Travis County and the ages. These operations will include activities and functions which will redound to the health and welfare of the residents of Travis County and provide ongoing and significant community benefits that support the public purposes of Central Health including, without limitation:

- Education of Medical Students and Residents who will become the very well trained future
 practitioners needed in Travis County and increase available primary and specialty care
 resources in the community to the benefit of Travis County residents and Central Health
 patients.
- Recruit Faculty who will develop and apply the most modern and effective educational techniques, technology and content available in the country.
- Recruit Faculty who will devise and implement new techniques and methods for improving the manner in which highest quality health care services are safely provided.
- Develop methods to increase the efficiency of health care delivery and to reduce costs.
- Develop and implement strategies to improve and maintain the health of the population.
- Innovate educational approaches and health care delivery models based on interdisciplinary team-based care that includes nurses, pharmacists, Medical Students and Residents, physician assistants, social workers, public health students, nutritionists and other care providers that will serve as a catalyst for workforce development in Travis County.
- Recruit Faculty who will further develop and implement programs to educate primary care physicians, including expanded educational experiences in ambulatory sites including clinics.
- Sponsor and oversee the highest quality programs in post-graduate medical education ("GME") to prepare Residents for practice, especially in Travis County.
- Recruit Faculty who can provide the highest quality of "cutting edge" clinical care for the
 residents of Travis County and serve as educational resources the UT Medical School, Seton, and
 Central Health educational and training programs.
- Provide the highest quality of continuing medical education ("CME") to the physicians of Travis County.

- Recruit Faculty to conduct research which will lead to discoveries and innovations that will
 prevent, palliate, and cure disease and will keep health care in Travis County on the frontiers of
 the best patient care.
- Undertake programs to translate these discoveries and innovations into products and procedures which can be rapidly brought to the bedside, including commercialization when appropriate.
- Conduct research and implement programs designed to address the social context of illness and the social determinants of health.

Many, if not most, of these activities will evolve and expand as the UT Medical School becomes operational and matures and, of necessity, be carried out by the UT Medical School in collaboration with its partners, including Central Health, CCC, Seton, and other organizations and foundations in the community.

Exhibit 10

GUARANTY OF AFFILIATION AGREEMENT

This Guaranty of the Affiliation Agreement ("Guaranty") is made and entered into between Central Health ("Guarantor") and The University of Texas at Austin ("UT"), and is made a part of The University of Texas of Austin, Central Health, and Community Care Collaborative Affiliation Agreement executed of even date herewith ("Affiliation Agreement").

In consideration of the mutual covenants and agreements set forth in the Affiliation Agreement and this Guaranty, the receipt and sufficiency whereof are hereby acknowledged, Guarantor agrees as follows:

- 1. Guaranty. Guarantor, to the extent permitted or authorized by the Constitution and the Laws of the State, does hereby guarantee to UT, its successors and assigns, the full and prompt performance by the CCC, its successors and assigns, of the Affiliation Agreement and of all terms, covenants, and conditions thereof, including but not limited to, the payment by the CCC of the Permitted Investment Payments and all other charges and obligations due under the Affiliation agreement. To the extent permitted and authorized by the Constitution and Laws of the State, this Guarantee is an absolute, irrevocable, unconditional, and continuing guaranty of payment and performance. However, in the event the Constitution or the Laws of the State prohibit or limit the Guarantor's authority under or the legality of this Guaranty, the terms of this Guaranty shall be amended automatically to conform with such Constitution or Laws of the State, and this Guaranty may not be enforced in any manner that could result in the Guarantor acting illegally or outside its authority.
- **Definitions**. In addition to the definitions included in the Guaranty, all of the definitions contained in the Affiliation Agreement are assumed and incorporated into this Guaranty.

3. Terms of Guaranty.

3.1. <u>Guarantor Obligations</u>. To the extent authorized by the Constitution or Laws of the State, Guarantor agrees that (a) the obligations of Guarantor pursuant to this Guaranty shall be binding upon Guarantor without any further notice or acceptance thereof; (b) this Guaranty shall not be affected by reason of assertion by UT against the CCC of any rights or remedies

reserved to UT in the Affiliation Agreement or by reason of any summary or other proceedings against the CCC other than the offset rights provided in Section 8.4; (c) immediately upon written notice by UT to Guarantor of default under the Affiliation Agreement by the CCC, Guarantor will pay UT all amounts of "Permitted Investment Payment" and/or other charges due or overdue from the CCC, its successors or assigns, under the Affiliation Agreement, within thirty (30) days of receipt of such notice, and will timely comply with or perform all of the terms, covenants, and conditions of the Affiliation Agreement to be performed by the CCC, its successors or assigns, as provided in the Affiliation Agreement; (d) no extension, forbearance, or leniency extended by UT to the CCC shall discharge Guarantor from Guarantor's obligations hereunder, and Guarantor agrees at all times that Guarantor will be liable notwithstanding that Guarantor has had no notice of any such extension, forbearance, or leniency; provided, however, that UT and the CCC may not, without the written consent of the Guarantor, at any time or from time to time, enter into any such changes, modifications, extensions, reversals of the Affiliation Agreement, amendment, or other covenants with respect to the Affiliation Agreement, and that Guarantor shall be released by any such action without their consent.

- 3.2. Continuing Guaranty. This Guaranty is of a continuing nature and shall remain in full force and effect until all the terms, covenants, conditions and agreements contained in the Affiliation Agreement are fully performed and observed. In the event any payment made by the CCC in satisfaction of any obligation of the CCC is returned by UT as a result of a court order or directive or requirement of law (in connection with any bankruptcy proceeding or otherwise) that obligation shall, for purposes of this Guaranty, be deemed to continue in existence and shall include any payment returned.
- 3.3. <u>Waiver</u>. Guarantor waives any and all notice of nonperformance or demand upon the CCC, and any opportunity to cure any Default of the CCC. Guarantor further agrees that all obligations of Guarantor under this Affiliation Agreement are independent of the obligations of the CCC under the Affiliation Agreement and that a separate action may be brought against Guarantor whether or not an action is commenced against the CCC under the Affiliation Agreement.
 - 3.3.1 Guarantor further agrees to be bound by each and every covenant, agreement, duty, liability and obligation, as set forth in the Affiliation Agreement, with

the same force and effect as if Guarantor were designated in and had executed the Affiliation Agreement as "the CCC" thereunder, it being specifically understood and agreed by Guarantor that Guarantor's liability under the Affiliation Agreement shall be primary, and that in any right of action which may accrue to UT against the CCC under the Affiliation Agreement, UT may, at UT's option, proceed directly against Guarantor with or without having commenced any action against or having obtained any judgment against the CCC or any successor or assignee of the CCC.

- 3.3.2 Neither Guarantor's obligations to make payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, or released in any manner whatsoever by any impairment, modification, change, release, or limitation on the liability of the CCC or the CCC's estate in bankruptcy, or of any remedies for the enforcement thereof resulting from the operation of any present or future provision of any federal or state bankruptcy, insolvency, or other similar law, or from the appointment of a receiver or from the decision of any court, or the actual or purported rejection of the Affiliation Agreement by a trustee in bankruptcy on behalf of the CCC.
- 3.3.3 The obligations of the undersigned under this Guaranty shall not be terminated, affected, or impaired in any manner by reason of:
 - (1) The assertion by UT against the CCC of any of the rights or remedies available to UT under the Affiliation Agreement;
 - (2) The failure of UT to exhaust or pursue any of UT's rights or remedies available against the CCC or any other guarantor;
 - (3) The granting by UT of any indulgences or extensions of time to the CCC;
 - (4) Any defenses, setoffs, or counterclaims of the CCC;
 - (5) UT's release or discharge of any other guarantor; or

(6) UT's receipt, application, release, or impairment of any security or

collateral given to secure the performance and observance of the terms and

covenants of the Affiliation Agreement.

3.3.4 The Guarantor subordinates any liability or indebtedness of the CCC now

or hereafter held by the Guarantor to the obligations of the CCC and the Guarantor to UT

under the Affiliation Agreement and this Guaranty.

3.3.5 It is agreed that the provisions of this Guaranty shall bind the legal

representatives, heirs, successors. and assigns of Guarantor and shall inure to the benefit

of the successors and assigns of UT.

3.4. <u>Limitations of the Constitution or Laws of the State</u>. UT acknowledges that the

Guarantor is a political subdivision of the State of Texas and as such is irrevocably bound by any

limitation on liability of Guarantor created by the Constitution or the Laws of the State.

Additionally, upon final termination of the Affiliation Agreement and satisfaction of all

outstanding obligations of CCC or Guarantor to UT, all obligations of the Guarantor under this

Guaranty shall be terminated.

IN WITNESS WHEREOF, the Parties hereto have executed this Guaranty of Affiliation

Agreement as of the date first above written.

GUARANTOR:

TRAVIS COUNTY HEALTHCARE DISTRICT

D/B/A CENTRAL HEALTH

<u>UT</u>:

THE UNIVERSITY OF TEXAS AT AUSTIN

Print Name: Larry Wallace

Title: Executive Vice

Executive Vice President and Chief

Operating Officer

Address: Central Health

1111 East Caesar Chavez St.

Austin, Texas 78702

Print Name: Williams C. Powers, Jr.

Title: President

Address: Office of the President

The University of Texas at Austin

P.O. Box T

Austin, Texas 78713