



Tenet Hospitals Limited

Proposed 1st Amendment to a Chapter 380 Agreement for the
Construction and Operation of the Hospitals of Providence
Transmountain Campus

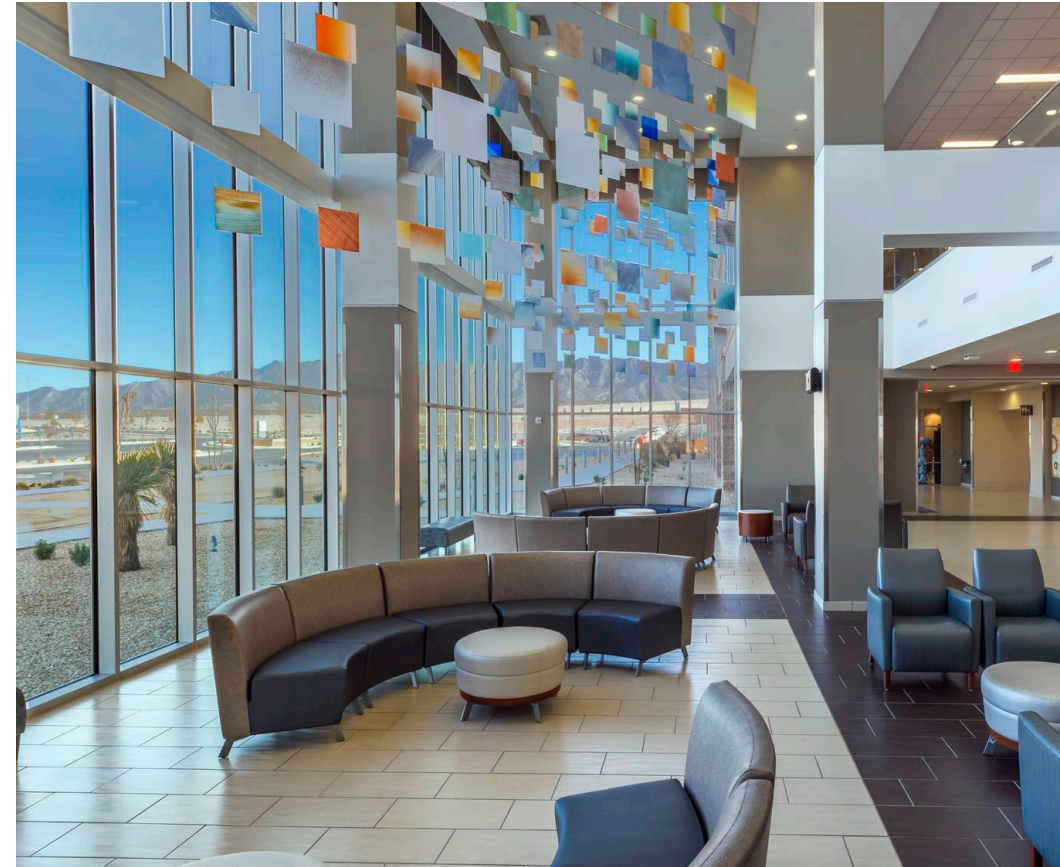
Goal 1: Create an Environment Conducive to Strong, Sustainable
Economic Development



July 30, 2024

Tenet Hospitals Limited : Agreement Summary

- **Project Description:**
Develop and operate a 325k to 350k sf, 108 bed **Hospital**; and a 110k sf **Medical Office Building** to serve as primary location for the Texas Tech University Health Science Center at El Paso's expanded faculty
- **Project Location:** 2000 Transmountain Dr.
- **Agreement Effective Date:** May 6, 2014
- **Agreement Term:** 18 years (2032)
- **Minimum Contractual Investment:** \$120M
- **Actual Investment: \$185M**



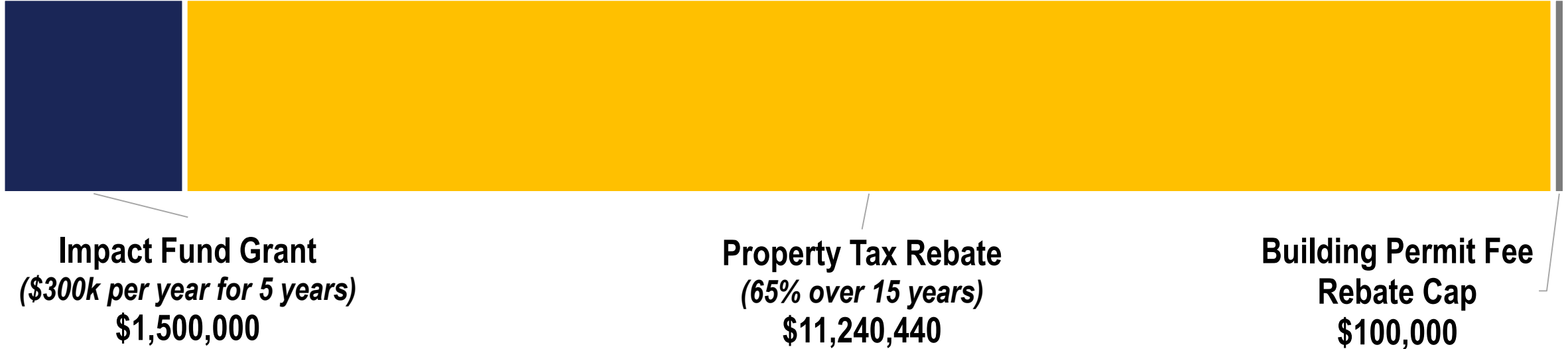
Tenet Hospitals Limited : Employment Metrics

- **Job Creation Metrics:**
Create a minimum of **300 new FTEs** at the new Transmountain Campus, at least 270 of which pay at least 90% of the Median County Wage for the year covered by the grant submittal package*
- **Job Retention Metrics:**
Retain a minimum of **2,991 existing FTEs** at its three existing hospitals in El Paso*
- **Contractual Definition of “FTE”:**
 - A job requiring a minimum of 2,080 hours of work over a 12 month period
 - Tenet pays a minimum of 50% of the health insurance premium



*Tenet is provided flexibility in creation and retention metrics; however, as consideration, the Grant Payment due to Tenet is reduced if Tenet does not meet the above specified metrics

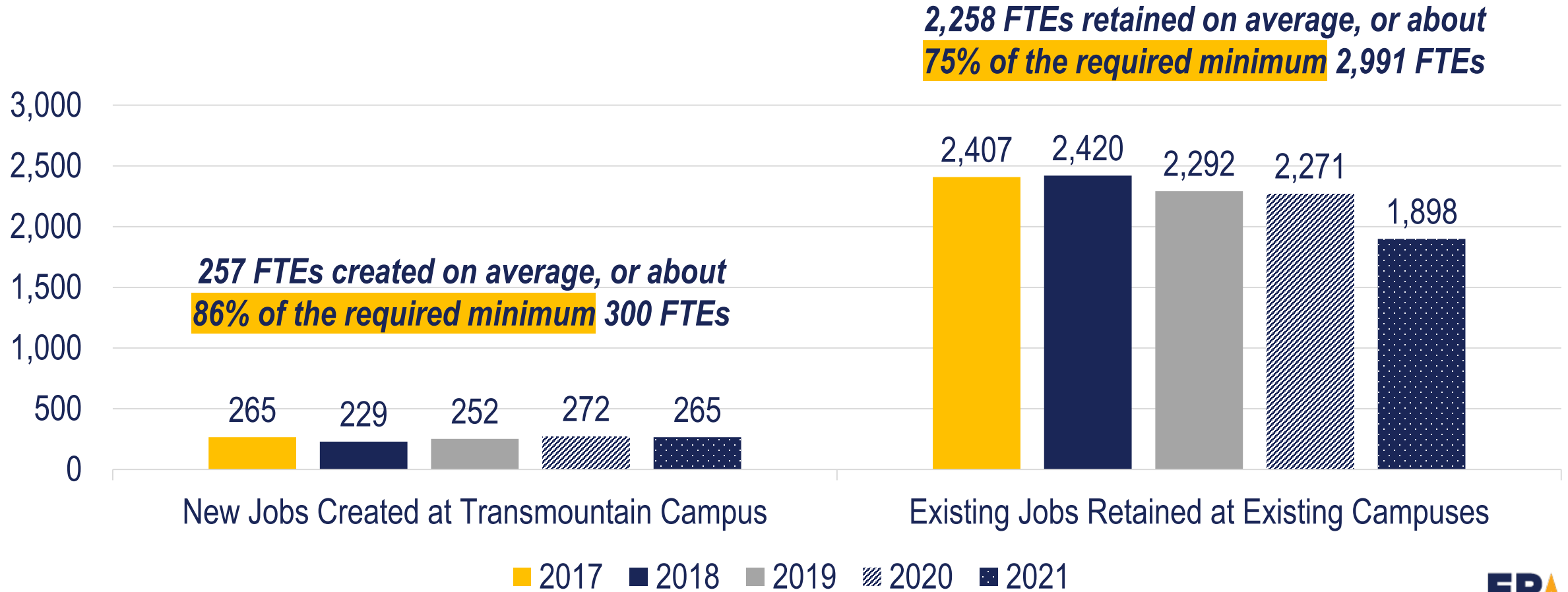
Tenet Hospitals Limited : Incentive Summary*



Total Incentive Over 15-Year Grant Period = \$12,840,440
 (10.7% of \$120M minimum contractual investment)

*To date, no grant payments have been released

Tenet Hospitals Limited : Employment Actuals



Tenet Hospitals Limited : Amendment Proposal

- Amend Full-Time Equivalent Definition to be a job requiring a minimum 1,820 hours per year with the total count of FTEs for a Grant Year calculated as the average number of qualifying jobs employed as of the final day of each quarter within the Grant Year
 - Aligns with hospital regulations regarding shifts
 - Exceeds Texas Workforce Commission requirements
 - Aligns with hours in Texas Enterprise Zone Program definitions
 - Simplifies verification process
- Clarify that positions may transfer among hospitals as long as:
 - A total 300 FTEs work at the Transmountain Campus; and
 - A total 2,398 (originally 2991) FTEs work at one of the other 3 hospitals
- Requirements regarding minimum wage and health insurance benefits remain unchanged





Tenet Hospitals Limited : Consideration Proposal

As consideration for proposed amendment:

- Forfeit incentive years they have been in default (2017, 2018, 2019, 2020, 2021, 2022)
- Additional Incentive package reduction of 18% to match reduction in Full Time Employees
- Total reduction of \$6,460,648 for a new incentive amount of **\$6,379,792 over 10 years.**

Total Property Tax Rebate Reduction = \$6,460,648

(Approximately 50% Reduction in incentive package)

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$413,748.85 | \$425,088.19 | \$475,716.78 | \$478,274.26 | \$451,322.89 | \$428,986.58 |

Tenet Hospitals Limited : Staff Recommendation

Staff recommends moving forward with the proposed amendment.

- Tenet **constructed and is operating a teaching hospital**, critical to public health and the recruitment of physicians to our region.
- Tenet **invested more than \$185 million** in construction of the hospital, more than 50% of the company's contractual requirement.
- Tenet has **created and is retaining quality jobs** – although employment actuals fell short of metrics, the issue was primarily due to a definition inconsistent with hospital regulations regarding limits on shifts and shift hours.
- **COVID has made it more difficult to retain healthcare employees** due to premium pay differentials and the ongoing healthcare industry resignations



Mission

Deliver exceptional services to support a high quality of life and place for our community



Vision

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government



Values

Integrity, Respect, Excellence,
Accountability, People