

ST. DAVID'S HEALTHCARE PARTNERSHIP, L.P., LLC

and

WILLIAMSON COUNTY, TEXAS

CHAPTER 381

ECONOMIC DEVELOPMENT AGREEMENT

This Economic Development Agreement ("AGREEMENT") is entered into this ____ day of _____, 2016, by and between Williamson County, Texas, a Texas political subdivision, ("COUNTY") and GHC-Galen Healthcare, LLC, the Manager of St. David's Healthcare Partnership, L.P., LLC ("DEVELOPER").

WHEREAS, Developer is the owner of a 52 acre tract of unimproved land (the "PROPERTY") located as shown on Exhibit "A," attached hereto and incorporated herein; and

WHEREAS, the purpose of this Agreement is to promote economic development as contemplated by Chapter 381 of the Texas Local Government Code, and;

WHEREAS, the County hereby establishes an economic development program and authorizes the making of economic development grants to Developer in recognition of the positive economic benefits to the County through Developer's construction of a free-standing emergency room, medical office building and hospital, as more fully described herein, (the "PROJECT"); and

WHEREAS, the County has agreed to reimburse ad valorem taxation payments, as stated herein; and

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Developer agree as follows:

1. **Authority.** The County's execution of this Agreement, as authorized by Chapter 381 of the Texas Local Government Code, constitutes a valid and binding obligation of the County in the event Developer completes the Project as described herein. The County acknowledges that Developer is acting in reliance upon the County's performance of its obligations under this Agreement in making its decision to commit substantial resources and money to construct the Project.
2. **Term.** This Agreement shall become enforceable upon its Effective Date. This Agreement shall terminate seven (7) years after the City of Leander approves a Certificate of Occupation for the final building within the Project, or ten (10) years after the Effective Date, whichever is earlier.
3. **Rights and Obligations of Developer.** In consideration of the County's compliance with this Agreement, Developer agrees as follows:

- 3.1 **Construction of the Project.** Developer agrees to begin construction of a free standing emergency department (“FSED”) or Phase I (as defined below) on the Property within one (1) year after the Effective Date. Developer agrees to begin construction of either Phase II or Phase III (as defined below) within three years after the City of Leander approves a Certificate of Occupancy for the FSED.
4. **Rights and Obligations of the County.** In consideration of Developer’s compliance with this Agreement, the County agrees as follows:
- 4.1 **County Property Tax Reimbursement.**
- (a) The parties contemplate that the Property will be developed in three Phases, Phase I, Phase II and Phase III. The Property is currently listed in one real property tax account on the records of the Williamson County Central Appraisal District, Account No. R-433110 containing 51.993000 acres. When construction of Phase I begins, the Developer will create a new property tax account with the Williamson County Central Appraisal District containing approximately two (2) acres of unimproved land (“PHASE I PROPERTY”) upon which Phase I will be constructed.
- When construction of Phase II begins, the Developer will create a second new property tax account with the Williamson County Central Appraisal District containing approximately three (3) acres of unimproved land (“PHASE II PROPERTY”) upon which Phase II will be constructed.
- When construction of Phase III begins, the Developer will create a third new property tax account with the Williamson County Central Appraisal District containing approximately twenty-five (25) acres of unimproved land (“PHASE III PROPERTY”) upon which Phase III will be constructed.
- After construction of Phase III begins, the parties contemplate that there will be a total of four real property tax accounts with the Williamson County Central Appraisal District for the Property: (i) one containing approximately two (2) acres of land and the Phase I Real Property Improvements; (ii) a second containing approximately three (3) acres of land and the Phase II Real Property Improvements; (iii) a third containing approximately twenty-five (25) acres of land and the Phase III Real Property Improvements; and (iv) a fourth (currently account number R-433110) which will contain approximately twenty-two (22) acres of unimproved land subject to an agricultural exemption.
- (b) The Developer will construct a free standing emergency department (“FSED”) containing approximately 10,000 square feet of new construction (“PHASE I”). The County shall not reimburse any portion of County real property taxes or business personal property taxes paid on Phase I property.

- (c) To be entitled to any County Property Tax Reimbursement under this Agreement the Developer must construct, complete and receive a Certificate of Occupancy from the City of Leander for Phase II or Phase III (as defined below). The Developer will construct, or designate a third-party to construct, a medical office building (“MOB”) containing approximately 20,000 square feet of new construction (“PHASE II”). In the alternative, Developer may construct an acute care hospital of approximately thirty (30) beds or more (“Phase III”). Phase II may be owned and operated by a third party.
- (d) Upon issuance of a Certificate of Occupancy for Phase II by the City of Leander, the County shall reimburse a portion of all County real property taxes and business personal property taxes paid on land, real property improvements, and business personal property located at or on the Phase II Property as follows:

Phase II:

- Years 1-3 50% of all ad valorem taxes paid on the increase in appraised value of the land, real property improvements, and business personal property located at or on the Phase II Property compared to the base year appraisal, which shall be for the tax year preceding the commencement of construction of Phase II, as calculated by the Williamson County Central Appraisal District.
- Years 4-6 25% of all taxes paid on the increase in the appraised value of the land, real property improvements, and business personal property located at or on the Phase II Property compared to the base year appraisal, which shall be for the tax year preceding the commencement of construction of Phase II, as calculated by the Williamson County Central Appraisal District.

- (e) Upon issuance of a Certificate of Occupancy for Phase III by the City of Leander, the County shall reimburse a portion of all County real property taxes and business personal property taxes paid on land, real property improvements, and business personal property located at or on the Phase III Property as follows:

Phase III:

- Years 1-3 50% of all ad valorem taxes paid on the increase in the appraised value of the land, real property improvements, and business personal property located at or on the Phase III Property compared to the base year appraisal,

which shall be for the tax year preceding the commencement of construction of Phase III, as calculated by the Williamson County Central Appraisal District.

Years 4-6 25% of all ad valorem taxes paid on the increase in the appraised value of the land, real property improvements, and business personal property located at or on the Phase III Property compared to the base year appraisal, which shall be for the tax year preceding the commencement of construction of Phase III, as calculated by the Williamson County Central Appraisal District.

- (f) The County shall make the above-described reimbursements to Developer on or before March 1 of each year for the period of time described herein. Once the Developer has been reimbursed in full, no more tax reimbursements will be due and owing to Developer by the County.

5. **Events of Default.** Each of the following shall constitute an Event of Default under this Agreement:

5.1 **Failure to Comply with Agreement.** Failure to locate, complete and operate the Project on the Property for the term of this Agreement shall constitute an event of default. Developer shall have thirty (30) days after receipt of notice of default to cure said default. Failure to cure the default within thirty (30) days after receipt of notice of default may result in the termination of this Agreement by the County.

5.2 **Insolvency.** The dissolution or termination of Developer's existence as an active business or concern, Developer's insolvency, appointment of receiver for any part of Developer's assets, any assignment of all or substantially all of the assets of Developer for the benefit of creditors of Developer, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Developer unless, in the case of involuntary proceedings, such proceedings are discharged within sixty (60) days after filing.

5.3 **Delinquent Taxes.** Developer agrees that the County has no legal obligation under this Agreement to make any reimbursements to Developer unless County is satisfied that all Ad Valorem Tax Payments legally due and owing against the Property have been paid.

5.4 **Failure to Cure.** If any Event of Default by Developer shall occur, and if Developer fails to cure same in accordance herein, then this Agreement may be terminated and the County's obligations end at that time.

6. **Termination of Agreement by County Without Default.** County may terminate this Agreement without an event of default by Developer and effective immediately if any state or federal statute, regulation, case law, or other law renders this Agreement

ineffectual, impractical or illegal, including case law holding that a Chapter 381 Economic Development Agreement grant such as are included in this Agreement is an unconstitutional debt.

7. **Grant Recapture.** In the event that Developer is in default of this Agreement, the County may recapture and collect from Developer the reimbursements previously made to Developer after providing Developer written notice and a minimum period of thirty (30) days to cure such default, and the default has not been cured within said time. In the event Developer does not so cure, Developer shall pay to the County the all previously paid reimbursements within thirty (30) days after the County makes demand for same. In addition to other available remedies under law and equity, the County shall have all remedies for the collection of the reimbursements as provided generally in the Tax Code for the collection of delinquent property taxes.

8. **Miscellaneous.**

- 8.1 **Mutual Assistance.** The County and Developer will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions in order to put each other in the same economic condition contemplated by this Agreement regardless of any changes in public policy, the law, or taxes or assessments attributable to the Property.

- 8.2 **Representations and Warranties of the County.** The County represents and warrants to Developer that the County has full constitutional and lawful right, power, and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all necessary County proceedings, findings, and actions. Accordingly, this Agreement constitutes the legal, valid, and binding obligation of the County, is enforceable in accordance with its terms and provisions, and does not require the consent of any other governmental authority.

- 8.3 **Representations and Warranties of the Developer.** Developer represents and warrants to the County that Developer has full constitutional and lawful right, power, and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all actions necessary. Accordingly, this Agreement constitutes the legal, valid, and binding obligation of Developer, is enforceable in accordance with its terms and provisions, and does not require the consent of any other authority or entity.

- 8.4 **Default.** If either the County or Developer should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of thirty (30) days to cure such default, prior to instituting an action for breach or pursuing any other

remedy for default. If the County remains in default after notice and opportunity to cure, Developer shall have the right to pursue any remedy at law or in equity for the County's breach. If Developer remains in default after notice and opportunity to cure, the County's remedy shall be limited to a termination of any County property tax abatements previously granted to Developed Parcels, and the County shall no longer be obligated to grant tax abatements to subsequent Developed Parcels.

- 8.5 **Attorney's Fees.** In the event any legal action or proceeding is commenced between the County and Developer to enforce provisions of this Agreement and recover damages for breach, the prevailing party in such legal action shall be entitled to recover its reasonable attorney's fees and expenses incurred by reason of such action, to the extent allowed by law.
- 8.6 **Entire Agreement.** This Agreement contains the entire agreement between the parties. This Agreement may only be amended, altered or revoked by written instrument signed by the County and Developer.
- 8.7 **Binding Effect.** This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.
- 8.8 **Assignment.** Developer may assign all or part of its rights and obligations to a third party upon thirty days written notice to the County. Notwithstanding the foregoing sentence, the Developer may assign this Agreement to an affiliate, subsidiary or related party of Developer without the County's consent.
- 8.9 **Amendment.** This Agreement may be amended by the mutual written agreement of the parties.
- 8.10 **Termination.** In the event Developer elects not to proceed with the Project as contemplated by this Agreement, Developer shall notify the County in writing, and this Agreement and the obligations on the part of both parties shall be deemed terminated and of no further force or effect.
- 8.11 **Notice.** Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

Developer: St. David's Healthcare Partnership, L.P., LLP
c/o GHC – Galen Healthcare, LLC, Manager
HCA Incentives and Credits Director
P.O. Box #1504
Nashville, Tennessee 37202-1504

With a copy to: Garry M. Miles, Esq.

Locke Lord LLP
2200 Ross Avenue, Suite #2800
Dallas, Texas 75201

County: Dan A. Gattis, County Judge
710 Main Street, Suite #101
Georgetown, Texas 78626

Either party may designate a different address at any time upon written notice to the other party.

- 8.12 **Interpretation.** Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.
- 8.13 **Applicable Law.** This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Williamson County, Texas.
- 8.14 **Severability.** In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.
- 8.15 **Paragraph Headings.** The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.
- 8.16 **No Third Party Beneficiaries.** This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.
- 8.17 **Exhibits.** The following Exhibits "A" and "B" are attached and incorporated by reference for all purposes:
- Exhibit "A:" Property Description
Exhibit "B:" Project Description
- 8.18 **No Joint Venture.** It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The County, its past, present and future officers, elected officials, employees and agents of the County, do not assume any

responsibilities or liabilities to any third party in connection with the development of the Project or the design, construction or operation of any portion of the Project.

- 8.19 **Waiver of Immunity.** Notwithstanding anything to the contrary herein, the County and Developer hereby acknowledge and agree that this Agreement is subject to the provisions of Subchapter 1 of Chapter 271, Texas Local Government Code, as amended. The County agrees that its immunity from suit is waived for the purpose of adjudicating a claim for breach of this Agreement, which is subject to the terms and conditions of Subchapter 1 of Chapter 271, Texas Local Government Code, as amended.
- 8.20 **Reporting.** Within 30 days of the end of each calendar year, St.Davids shall submit to the County a schedule detailing the Ad Valorem Property Tax for such calendar year. As backup for the schedule, St. Davids will submit a copy of all property tax receipts for that calendar year showing the Ad Valorem Property tax paid.

EXECUTED to be effective as of the ____ day of _____, 2016.

**ST. DAVID'S HEALTHCARE PARTNERSHIP,
L.P., LLC**

BY: GHC-Galen Healthcare, LLC, Manager

SIGNATURE

TYPED OR PRINTED NAME

TITLE

WILLIAMSON COUNTY, TEXAS,

BY: _____
Dan A. Gattis, County Judge

EXHIBIT “A”

PROPERTY DESCRIPTION

EXHIBIT “B”

PROJECT DESCRIPTION