

## DEVELOPMENT AGREEMENT FOR HEALTH FACILITIES

This Agreement (this "Agreement") is made as of September 25 2012, by and between the CITY OF LEAGUE CITY, TEXAS, a home rule municipality (the "City"), and HAPPY HARBOR METHODIST HOME, INC. (the "Developer").

### RECITALS

WHEREAS, the Developer proposes to construct certain improvements consisting of a continuing care retirement community containing approximately 100 independent living units, 8 catered living units, 34 assisted living units, 24 memory support units, and 48 nursing beds along with associated common areas to be located at 304 Alabama Avenue in League City, Galveston County, Texas (the "Project"); and

WHEREAS, in order to obtain financing for the proposed construction of the Project, the Developer seeks the consent of the City to the issuance by Red River Health Facilities Development Corporation of certain revenue bonds as authorized under the Health Facilities Development Act, Chapter 221 of the Texas Health and Safety Code, the proceeds of which are to be utilized by the Developer for the proposed construction of the Project; and

WHEREAS, as consideration for the consent by the City to the issuance of the above-referenced revenue bonds, the Developer agrees to enter this Agreement by the terms of which the Developer commits to develop the Project under certain conditions regarding initiation of a schedule of payments in lieu of taxes and restrictions affecting its design and related infrastructure, as set forth below; and

WHEREAS, City and Developer agree that all costs associated with the performance of the terms and conditions of this Agreement are to be borne by the Developer, and by this agreement the parties wish to formalize such terms; Now, therefore,

### AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, including but not limited to the City's approval of Resolution No. 2012-31, the City and the Developer contract and agree as follows:

1.0. The Developer covenants and agrees that it shall choose a name for the Project other than "MRC Clear Springs" or its substantial equivalent, and that a name will be established prior to the issuance of a building permit for the Project.

2.0 The Developer covenants and agrees that it will commission a Traffic Impact Analysis ("TIA") in order to study the different options for ingress/egress along FM 518, FM 270, Coryell and Alabama. The TIA shall be performed in accordance with

the format prescribed by Section 102-5(d) of the Code of Ordinances of the City. The TIA will be completed following coordination with the City's Director of Engineering and submitted during the design and permitting process to the City and/or the Texas Department of Transportation.

3.0 The Developer covenants and agrees to install cameras and an appropriate monitoring system at the entry access points into all buildings comprising the Project as well as the perimeter of its campus. This installation will be completed prior to the certificate of occupancy date.

4.0 The Developer covenants and agrees to design and install an irrigation system for the Project landscape with reuse grey water, provided the quality and capacity is adequate and available for use at the site.

5.0 The Developer understands that if site surface detention at the Project is deemed necessary by the City's Engineering Department and/or the U. S. Army Corps of Engineers, the Developer covenants and agrees that it will engineer and maintain the detention area(s) as a useful site amenity.

6.0 The Developer understands that the initiation of a PILOT (Payment in Lieu of Taxes) program with the City is contingent upon the Developer filing the appropriate application for tax exempt status with Galveston County Appraisal District (GCAD) and further, upon approval and receipt of said tax exempt status from GCAD. Upon approval and receipt of said tax exempt status from GCAD, the Developer covenants and agrees that it will enter into a PILOT Program Agreement with the City within 30 days. The principal terms of said PILOT Program Agreement will include the Developer's agreement to pay the City no less than \$76,000 annually in lieu of ad valorem taxes, and the Developer shall also covenant and agree that it will pay or cause payment of such monies on an annual basis so long as the Project enjoys an exemption from ad valorem taxation.

7.0 The City understands that the unique design for the Project is intended to provide the most appropriate levels of care provided to best meet the age and needs of site residents; therefore, the proposed community shall not be governed by the Comprehensive Plan's goal of 24 units per building.

8.0 The Developer covenants and agrees that it hereby assumes all financial obligations as it relates to the performance of the terms and conditions of this Agreement.

9.0 All covenants and agreements contained by or on behalf of a Party in this Agreement shall bind its successors and assigns and shall inure to the benefit of the other Parties, their successors and assigns

10.0 This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, as such laws are now in effect.

11.0 THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

12.0 Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the parties, the parties agree that such approval or consent shall not be unreasonably conditioned, withheld or delayed.

13.0 This Agreement may be executed in multiple counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same instrument,

14.0 If any Party hereto is the prevailing party in any legal proceedings against another Party brought under or with relation to this Agreement, such prevailing Party shall additionally be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing Party to such proceedings.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the 26<sup>th</sup> day of September, 2012.

CITY OF LEAGUE CITY, TEXAS

By: Michael W. Loftin  
Michael W. Loftin  
City Manager

ATTEST:

By: Diana M. Stapp  
City Secretary

**DEVELOPER:**

HAPPY HARBOR METHODIST HOME,  
INC.

By:   
Name: Ronald E Jennette  
Title: President