

# **ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT**

**Between the City Of Harker Heights, Texas  
and HH/Killeen Health System, LLC**

## **Background**

A. On or about December 19, 2000, the City Council of the City of Harker Heights adopted an Economic Development Program (the "Program") as authorized by: (1) the City's broad and inherent authority as a home-rule municipality under its Charter; (2) Article XI, Section 5, of the Texas Constitution; (3) Article VIII, Section 52-a of the Texas Constitution; and (4) Chapter 380 of the Texas Local Government Code. The Program provides for the City of Harker Heights (the "City") to provide economic development incentive funds to: support the creation of new jobs or improve wage scales for existing jobs; make the City more attractive to new residents, businesses, and visitors; encourage residential and commercial growth and development; expand the City's tax base; and generally to promote local economic development.

B. HH/Killeen Health System, LLC, a Delaware limited liability company, is considering constructing a new hospital upon approximately twenty-two acres of undeveloped land fronting on West Central Texas Expressway near the western boundary of the City.

C. The City Council has found that the proposed hospital will provide substantial benefits to the City, and should be encouraged by means of certain incentives to be made subject to the terms of this Agreement.

D. The parties accordingly enter into this Agreement providing for economic incentives as an inducement for the Hospital to invest its time, energy, and resources in the City, and by extension to facilitate the goals and objectives of the Program.

## **Agreement**

### **1. Definitions. In this Agreement:**

(a) *Ad Valorem Taxes* means ordinary taxes assessed pursuant to Title I of the Texas Property Tax Code against the real property, improvements and the tangible personal property located at the Property, but shall not in any event include any sums constituting fines; penalties; interest; or rollback taxes.

(b) *Affiliated Entity* means, with respect to the entity in question, any person or entity that directly or indirectly controls, is controlled by, or is under common control with, the entity in question, and includes any direct or indirect subsidiary or parent corporation of the entity in question now existing or hereafter formed or acquired. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of another, whether through the ownership of voting securities, by contract, as trustee or executor, or otherwise.

(c) *Agreement* means this Economic Development Incentive Agreement, together with its exhibits and addenda, as may be modified from time to time.

(d) *Business days* means normal working business days (i.e., Monday through Friday of each calendar week, exclusive of federal and national bank holidays).

(e) *City* means the City of Harker Heights, Texas, a home rule municipal corporation located in Bell County, Texas.

(f) *Commencement Date* means January 1 of the first year following the year in which the City issues a Certificate of Occupancy for the Facility.

(g) *Effective Date* means December 14, 2010.

(h) *Facility* means an acute care hospital facility that the Hospital proposes to build and operate on the Property to provide medical and surgical treatment and nursing care for sick or injured persons, such facility being a minimum of 147,000 gross square feet in size, and providing for a minimum of seventy-five (75) patient beds, as depicted in the Concept Plan attached hereto as Exhibit A, other ancillary facilities such as reasonably required parking and landscaping, and any medical office buildings constructed on the Property in connection with such acute care hospital.

(i) *Force Majeure* means any cause that, despite the exercise of due diligence by the affected party, is not reasonably within the control of and could not have been avoided by that party, including without limitation: acts of God; strikes, lockouts and other labor disputes or industrial stoppages; interruption of communications or public utilities; orders or actions of any governmental or military authority; blockade or embargo; expropriation or confiscation of facilities; civil riots, commotion or disturbances; acts of war, terrorism, the public enemy, revolution, rebellion or sabotage; materials shortages; rationing; fires, floods, lightning, storms, hurricanes, tornados, epidemics, earthquakes, landslides, drought, explosions or other calamity; and unavoidable accidents or breakdowns.

(j) *Hospital* means HH/Killeen Health System, LLC, a Delaware limited liability company, having its principal place of business in Plano, Texas.

(k) *Incentives* means, collectively, all economic development incentives described in Paragraph 5 of this Agreement.

(l) *Infrastructure* means extensions of the water line, sanitary sewer, and storm drainage conduit as generally described in Exhibit B.

(m) *Maintenance Security* means a maintenance bond or other surety instrument, such as a letter of credit or escrow account deposit.

(n) *Property* means real property described in Exhibit C.