

RESOLUTION NO. 16-97

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, APPROVING THE TERMS AND CONDITIONS OF AN AGREEMENT BY AND BETWEEN THE CITY OF MESQUITE, TEXAS, AND COLUMBIA/HCA HEALTHCARE CORPORATION AND AUTHORIZING ITS EXECUTION BY THE MAYOR; AND PROVIDING AN EFFECTIVE DATE THEREOF.

WHEREAS, the City Council has been presented a proposed Agreement by and between the City of Mesquite, Texas, and Columbia/HCA Healthcare Corporation and has established Reinvestment Zone No. Seven in the City of Mesquite, Texas, and has determined to enter into a commercial/industrial tax abatement agreement with Columbia/HCA Healthcare Corporation, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference (hereinafter called "Agreement"); and

WHEREAS, upon full review and consideration of the Agreement, and all matters attendant and related thereto, the City Council is of the opinion that the terms and conditions thereof should be approved, and that the Mayor, shall be authorized to execute it on behalf of the City of Mesquite;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. The terms and conditions of the Agreement having been reviewed by the City Council of the City of Mesquite and found to be acceptable in the best interests of the City of Mesquite and its citizens, are hereby in all things approved.

SECTION 2. The Mayor is hereby authorized to execute the Agreement and all other documents in connection therewith on behalf of the City of Mesquite, substantially according to the terms and conditions set forth in the Agreement.

SECTION 3. That this resolution shall take effect from and after its passage, as in the Charter in such cases is made and provided.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 7th day of April, 1997.

ATTEST:

Ellen Williams
Ellen Williams
City Secretary

APPROVED:

B.J. Smith
B.J. Smith
City Attorney

Cathy Ray
Cathy Ray
Mayor

*Pgs 6-7
sent to Columbia
for execution*

THE STATE OF TEXAS
COUNTY OF DALLAS

AGREEMENT

This Agreement is entered into by and between the CITY OF MESQUITE, TEXAS, a home rule city and municipal corporation of Dallas County, Texas, duly acting herein by and through its Mayor (hereinafter referred to as "CITY"); and COLUMBIA MESQUITE HEALTH SYSTEM, L.P., duly acting herein by and through its authorized officers, (hereinafter referred to as "COLUMBIA or OWNER").

WITNESSETH:

WHEREAS, on the 7th day of April, 1997, the City Council of the City of Mesquite, Texas, passed Ordinance No. 3150 establishing Reinvestment Zone No. Seven, City of Mesquite, Texas for commercial/industrial tax abatement, hereinafter referred to as the "ORDINANCE", as authorized by Chapter 312, Texas Property Tax Code, as amended, hereinafter referred to as "STATUTE"; and

WHEREAS, the CITY has adopted by Resolution (No. 7-88 and No. 05-97), Criteria and Guidelines governing tax abatement reinvestment zones and agreements (the "CRITERIA"); and

WHEREAS, the CRITERIA constitutes appropriate Guidelines and Criteria governing tax abatement agreements to be entered into by the CITY as contemplated by the STATUTE; and

WHEREAS, the CITY has adopted a resolution (Resolution No. 9-88) stating that it elects to be eligible to participate in tax abatement; and

WHEREAS, the CITY desires to participate in tax abatement to maintain and/or enhance the commercial/industrial economic and employment base of the Mesquite area to the long term interest and benefit of the CITY, in accordance with said ORDINANCE and STATUTE; and

WHEREAS, the contemplated use of the PREMISES, as hereinafter defined, the contemplated improvements to the PREMISES in the amount as set forth in this Agreement, and the other terms hereof are consistent with encouraging development of said Reinvestment Zone No. Seven in accordance with the purposes for its creation and are in compliance with the CRITERIA and the ORDINANCE and similar guidelines and criteria adopted by the CITY and all applicable law;

NOW THEREFORE, the parties hereto do mutually agree as follows:

1. The property to be the subject of this Agreement shall be that property described by metes and bounds and map attached hereto as EXHIBITS "A" and "B" and made a part hereof and shall be hereinafter referred to as PREMISES.

2. The OWNER shall complete Phase One of its expansion project on the PREMISES (hereinafter referred to as "PHASE I IMPROVEMENTS") with a total cost for construction and business personal property (as described in Exhibit C) of at least sixty million dollars (\$60,000,000) and substantially complete same on or about January 1999; provided, that OWNER shall have such additional time to complete the PHASE I IMPROVEMENTS as may be required in the event of a "force majeure" if OWNER is diligently and faithfully pursuing, completion of the PHASE I IMPROVEMENTS. For this purpose, "force majeure" shall mean any contingency or cause beyond the reasonable control of OWNER including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, governmental or de facto governmental action (unless caused by acts or omission of OWNER), delays caused by franchise utilities, fire, explosions or floods, and strikes. The date of completion of the IMPROVEMENTS shall be defined as the date an initial Certificate of Occupancy for PHASE I IMPROVEMENTS is issued by the City of Mesquite.

The OWNER shall complete Phase II of its project (as described in Exhibit C) on the PREMISES with a total cost for construction and business personal property of at least five million dollars (\$5,000,000) and substantially complete same prior to, or on or about January 2004; provided, that OWNER shall have such additional time to complete the PHASE II IMPROVEMENTS as may be required in the event of a "force majeure" if OWNER is diligently and faithfully pursuing, completion of the PHASE II IMPROVEMENTS. For this purpose, "force majeure" shall mean any contingency or cause beyond the reasonable control of OWNER including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection,

Page 2

governmental or de facto governmental action (unless caused by acts or omission of OWNER), delays caused by franchise utilities, fire, explosions or floods, and strikes. The date of completion of the IMPROVEMENTS shall be defined as the date an initial Certificate of Occupancy for PHASE II IMPROVEMENTS is issued by the City of Mesquite.

3. The OWNER agrees and covenants that it will diligently and faithfully in a good and workmanlike manner pursue the completion of the IMPROVEMENTS as a good and valuable consideration of this AGREEMENT. OWNER further covenants and agrees that all construction of the IMPROVEMENTS will be in accordance with all applicable state and local laws and regulations or valid waiver thereof. In further consideration, OWNER shall thereafter, from the date a Certificate of Occupancy is issued until the expiration of the Agreement, continuously operate and maintain the PREMISES as an acute care or specialty hospital, along with related office buildings.

4. In the event that: (1) the IMPROVEMENTS for which an abatement has been granted are not completed in accordance with this Agreement; or (2) OWNER allows its ad valorem taxes owed the CITY to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes; or (3) OWNER breaches any of the terms or conditions of this Agreement, then this Agreement shall be in default. In the event that the OWNER defaults in its performance of (1), (2) or (3) above, then the CITY shall give the OWNER written notice of such default and if the OWNER has not cured such default within thirty (30) days of said written notice, or, if such default cannot be cured by the payment of money and cannot with due diligence be cured within a 90-day period owing to causes beyond the control of the OWNER, this Agreement may be terminated by the CITY or the abatement extended by this agreement may be reduced in percentage of taxes to be abated and/or period during which abatement is to be extended by revision of this agreement as may be determined by the City to be a reasonable abatement based upon partial performance by the Owner. As liquidated damages in the event of

default, all taxes which otherwise would have been paid to the CITY without the benefit of abatement (but without the addition of penalty; interest will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas) will become a debt to the CITY shall be due, owing and paid to the CITY within sixty (60) days of the expiration of the above-mentioned applicable cure period.

5. The CITY represents and warrants that the PREMISES do not include any property that is owned by a member of council or boards, agencies, commissions, or other governmental bodies approving, or having responsibility for the approval of, this Agreement.

6. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. This Agreement cannot be assigned by OWNER other than to wholly-owned subsidiary of OWNER unless written permission is first granted by the CITY, which permission shall be at the sole discretion of the CITY. Notwithstanding the foregoing limitation, as to any medical office building constructed on the Premises, the tax abatement provided hereunder may be assigned by OWNER without the consent of the CITY.

7. It is understood and agreed between the parties that the OWNER, in performing its obligations hereunder, is acting independently, and the CITY assumes no responsibilities or liabilities in connection therewith to third parties and OWNER agrees to indemnify and hold harmless therefrom.

8. The OWNER further agrees that the CITY, its agents and employees, shall have reasonable right of access to the PREMISES to inspect the IMPROVEMENTS in order to insure that the construction of the IMPROVEMENTS are in accordance with this Agreement and all applicable state and local laws and regulations or valid waiver thereof. After completion of the IMPROVEMENTS, the CITY shall have the continuing right to inspect the PREMISES to insure that the PREMISES are thereafter maintained and operated in accordance with this Agreement.

9. Subject to the terms and conditions of this Agreement, and subject to the rights and holders of any outstanding bonds of the CITY, a portion of ad valorem real property taxes and business personal property taxes from the PREMISES otherwise owed to the CITY shall be abated. Said abatement shall be an amount equal to fifty percent (50%) of the taxes assessed upon the increased value of the PHASE I IMPROVEMENTS in Reinvestment Zone Number Seven (7) over the value in the year in which this Agreement is executed and in accordance with the terms of this Agreement and all applicable state and local regulations or valid waiver thereof, provided that the OWNER shall have the right to protest and/or contest any assessment of the PREMISES and said abatement shall be applied to the amount of taxes finally determined to be due as a result of any such protest and/or contest. Said abatement shall extend for a period of five (5) years beginning January 1, 1999. Said abatement shall be extended for an additional (5) years beyond the expiration of the initial term of this abatement if PHASE II IMPROVEMENTS are substantially completed prior to, or on or about January 1, 2004.

10. It shall be the responsibility of OWNER, pursuant to V.T.C.A., Tax Code 311.43 to file an annual application form with the chief appraiser of each appraisal district in which the PREMISES has situs. In addition, OWNER shall certify annually to the CITY that OWNER is in compliance with each of the applicable terms of this Agreement.

11. Any notice required by this Agreement shall be deemed to be properly served if deposited in the U.S. Mail, by certified letter, return receipt requested, addressed to the addressee at the address shown below, or by hand delivery to the addressee with receipt signed by the addressee, subject to the right of either party to designate a different address by notice given in the manner described.

If intended for CITY to:
Office of the City Manager
City of Mesquite
P.O. Box 850137
Mesquite, Texas 75185-0137

If intended for OWNER to:
Tom Frazier
CEO, Columbia East Regional Medical Center
Columbia/HCA Healthcare Corporation
13455 Noel Road, 19th Floor
Dallas, Texas 75240

12. This Agreement was authorized by Resolution No. 16-97 of the City Council at its meeting on the 7th day of April, 1997, authorizing, the Mayor to execute the Agreement on behalf of the City.

13. This shall constitute a valid and binding Agreement between the CITY and COLUMBIA MESQUITE HEALTH SYSTEM, L.P. when executed in accordance herewith.

14. The Agreement is performable in Dallas County, Texas, witness our hands this 9th day of April, 1997.

ATTEST:

CITY OF MESQUITE, TEXAS

Ellen Williams
City Secretary

Tom Frazier
Mayor

APPROVED AS TO FORM:

B. Smith
City Attorney

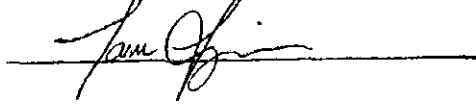
Page 6

Tax Abatement Agreement
Columbia Mesquite Health System, L.P.
REDAL: 103594.2 17752-00033

ATTEST:



Columbia East Regional Medical Center



APPROVED AS TO FORM:

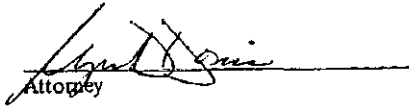

Attorney

EXHIBIT A
PART 1

BEING a 45.584 acre tract situated in the THEOPHALUS THOMAS SURVEY, ABSTRACT NO. 1461, Dallas County, Texas; said tract being part of that same as described as TRACT 4 in deed to Audubon Partners Ltd., as recorded in Volume 94033, Page 2414, Deed Records, Dallas County, Texas; and all of the tract of land as described in deed from Andy Beal recorded in Volume 94033, Page 2389, Deed Records, Dallas County, Texas; said 45.584 acre tract being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found in the southerly line of 175 foot T.P. & L. Right-of-way as recorded in Volume 5458, Page 216 and Volume 71063, Page 567; said point also being in the north line of Interstate Highway 30 (a variable right-of-way); said point also being the beginning of a curve to the left whose center bears South 33 degrees 37 minutes 50 seconds East, a distance of 11,773.93 feet from this point;

THENCE Southwesterly with said curve to the left and along said north line of Interstate Highway 30, through a central angle of 01 degrees 30 minutes 02 seconds, an arc distance of 308.35 to a 1/2 inch iron rod with "Pacheco Koch" cap found;

THENCE South 56 degrees 25 minutes 35 seconds West with said north line of Interstate Highway 30, a distance of 33.71 feet to a 1/2 inch iron rod with "Pacheco Koch" cap found; said point being the southeast corner of a tract of land described in deed to Mike Bieler and S.A. Bieler, recorded in Volume 82234, Page 2565, Deed Records, Dallas County, Texas;

THENCE North 58 degrees 53 minutes 17 seconds West, with the northeast line of said Bieler tract, a distance of 473.93 feet to a 1/2 inch iron rod found;

THENCE South 34 degrees 34 minutes 12 seconds West, with the northwest line of said Bieler tract, a distance of 261.19 feet to a 1/2 inch iron rod with "Pacheco Koch" cap found; said point being in the northeast line of Audubon Parkway (a 60 foot right-of-way) as described in Volume 88248, Page 3828, Deed Records, Dallas County, Texas;

THENCE North 55 degrees 17 minutes 28 seconds West, with said northeasterly line of Audubon Parkway, a distance of 980.14 feet to a 1/2 inch iron rod with "Pacheco Koch" cap found;

THENCE South 44 degrees 57 minutes 36 seconds West, passing at 60.97 feet the northeast corner of Twin Hills Estates Addition, as recorded in Volume 17, Page 351, Plat Records, Dallas County, Texas; continuing along the north line of said Twin Hills Estates Addition; in all 1211.48 feet to a 1/2 inch iron rod found; said point being in the north line of Republic Drive (a 100 foot right-of-way), described in Volume 88248, Page 3828, Deed Records, Dallas County, Texas; said point being the beginning of a curve to the left whose center bears South 27 degrees 47 minutes 49 seconds East, a distance of 890.00 feet from this point;

THENCE Southwesterly along said north line of Republic Drive and with said curve to the left through a central angle of 17 degrees 14 minutes 35 seconds, an arc distance of 267.84 feet to a 1/2 inch iron rod with "Pacheco Koch" cap found;

THENCE South 44 degrees 57 minutes 36 seconds West, continuing along the said northeast line of Republic Drive, a distance of 87.47 feet to a 1/2 inch iron rod with "Pacheco Koch" cap found at the most southerly southeast corner of the Dallas Christian School Addition, an addition to the City of Mesquite as recorded in Volume 94163, Page 2553, Deed Records, Dallas County, Texas;

THENCE North 08 degrees 43 minutes 00 seconds East, departing Republic Drive and with the easterly boundary of said Dallas Christian School Addition, passing at a distance of 321.15 feet a 1/2 inch iron rod with "Pacheco Koch" cap found at an east corner of said Dallas Christian School Addition, in all a distance of 592.86 feet to a 1/2 inch iron rod with "Pacheco Koch" cap set for corner;

THENCE North 00 degrees 59 minutes 13 seconds West, a distance of 708.57 feet to a 1/2 inch iron rod with "Pacheco Koch" cap set an east corner of said Dallas Christian School Addition;

North 02 degrees 39 minutes 30 seconds West, along a southeast line of said Dallas Christian School Addition, a distance of 132.16 feet to a 1/2 inch iron rod with "Pacheco Koch" cap found;

North 01 degrees 38 minutes 30 seconds West, departing said Dallas Christian School Addition, a distance of 312.70 feet to a 1/2 inch iron rod with "Pacheco Koch" cap found;

North 18 degrees 06 minutes 38 seconds East, a distance of 370.40 feet to a 1/2 inch iron rod with "Pacheco Koch" cap set; said point being in the southwestern line of said 175 foot T.P. & L. tract;

THENCE South 62 degrees 50 minutes 01 seconds East, with said southwest line of T.P. & L. tract, a distance of 2931.29 feet to the POINT OF BEGINNING and containing 1,985,618 square feet or 45.584 acres of land, more or less.

EXHIBIT A
PART 2

BEING a 481,320 square feet or 11.0496 acre tract of land, more or less situated in the Theophilus Thomas Survey, Abstract No. 1461, City of Mesquite, Dallas County, Texas, and being part of the Twin Hill Estates, an addition to the City of Mesquite, Texas according to the plat thereof recorded in Volume 17, Page 351, Map Records of Dallas County, Texas and vacated by City of Mesquite Ordinance No. 2473 as recorded in Volume 87206, Page 1157, Deed Records of Dallas County, Texas, said tract being all of a 11.0496 acres tract described in deed to Warner Commercial. Lusardi, Trustee of the Warner Commercial. Lusardi Family Trust, as recorded in Volume 93243, page 5237, Deed Records of Dallas County, Texas and being more particularly described as follows:

BEGINNING at a found 1/2 inch iron rod for a corner at the intersection of the northwest line of Republic Parkway (an 80 foot right of way) with the southwest line of Audubon Parkway (a 60 foot right of way);

THENCE, the following courses and distances with the northwest line of Republic Parkway;

- S 34 degrees 41' 37" W, a distance of 19.32 feet to a found 1/2 inch iron rod at the beginning of a tangent curve to the right with a central angle of 63 degrees 40' 31", a radius of 810.00 feet, a chord bearing of S 66 degrees 31' 52" W and a chord distance of 854.57 feet;
- Southwesterly, along said curve, an arc distance of 900.19 feet to a found 1/2 inch iron rod at the beginning of a reverse curve to the left with a central angle of 36 degrees 10' 53", a radius of 890.00 feet, a chord bearing of S 80 degrees 16' 42" W and a chord distance of 552.73 feet;
- Southwesterly, along said curve, an arc distance of 562.02 feet to a found 1/2 inch iron rod for a corner in the northwest line of the said vacated Twin Hills Estates, said point being in the southeast line of a tract of land conveyed to Audubon Partners, Ltd. by deed recorded in Volume 94033, Page 2414, Deed Records of Dallas County, Texas;

THENCE, N 44 degrees 56' 40" E, departing the northwest line of Republic Parkway and with the northwest line of the said vacated Twin Hills Estates and the southwest line of the said Audubon Partners, Ltd. tract, a distance of 1150.51 feet to a found 1/2 inch iron rod with a cap for a corner in the southwest line of Audubon Parkway;

THENCE, S 55 degrees 18' 23" E, with the southwest line of Audubon Parkway, a distance of 640.86 feet to the Point of Beginning.

EXHIBIT A
PART 2

BEING a 481,320 square feet or 11.0496 acre tract of land, more or less situated in the Theophilus Thomas Survey, Abstract No. 1461, City of Mesquite, Dallas County, Texas, and being part of the Twin Hill Estates, an addition to the City of Mesquite, Texas according to the plat thereof recorded in Volume 17, Page 351, Map Records of Dallas County, Texas and vacated by City of Mesquite Ordinance No. 2473 as recorded in Volume 87206, Page 1157, Deed Records of Dallas County, Texas, said tract being all of a 11.0496 acres tract described in deed to Warner Commercial, Lusardi, Trustee of the Warner Commercial, Lusardi Family Trust, as recorded in Volume 93243, page 5237, Deed Records of Dallas County, Texas and being more particularly described as follows:

BEGINNING at a found 1/2 inch iron rod for a corner at the intersection of the northwest line of Republic Parkway (an 80 foot right of way) with the southwest line of Audubon Parkway (a 60 foot right of way);

THENCE, the following courses and distances with the northwest line of Republic Parkway;

- S 34 degrees 41' 37" W, a distance of 19.32 feet to a found 1/2 inch iron rod at the beginning of a tangent curve to the right with a central angle of 63 degrees 40' 31", a radius of 810.00 feet, a chord bearing of S 66 degrees 31' 52" W and a chord distance of 854.57 feet;

- Southwesterly, along said curve, an arc distance of 900.19 feet to a found 1/2 inch iron rod at the beginning of a reverse curve to the left with a central angle of 36 degrees 10' 53", a radius of 890.00 feet, a chord bearing of S 80 degrees 16' 42" W and a chord distance of 552.73 feet;

- Southwesterly, along said curve, an arc distance of 562.02 feet to a found 1/2 inch iron rod for a corner in the northwest line of the said vacated Twin Hills Estates, said point being in the southeast line of a tract of land conveyed to Audubon Partners, Ltd. by deed recorded in Volume 94033, Page 2414, Deed Records of Dallas County, Texas;

THENCE, N 44 degrees 56' 40" E, departing the northwest line of Republic Parkway and with the northwest line of the said vacated Twin Hills Estates and the southwest line of the said Audubon Partners, Ltd. tract, a distance of 1150.51 feet to a found 1/2 inch iron rod with a cap for a corner in the southwest line of Audubon Parkway;

THENCE, S 55 degrees 18' 23" E, with the southwest line of Audubon Parkway, a distance of 640.86 feet to the Point of Beginning.

EXHIBIT B

EXHIBIT "A"
Page 11 of 12

CITY OF MESQUITE REINVESTMENT ZONE NO. SEVEN (7)

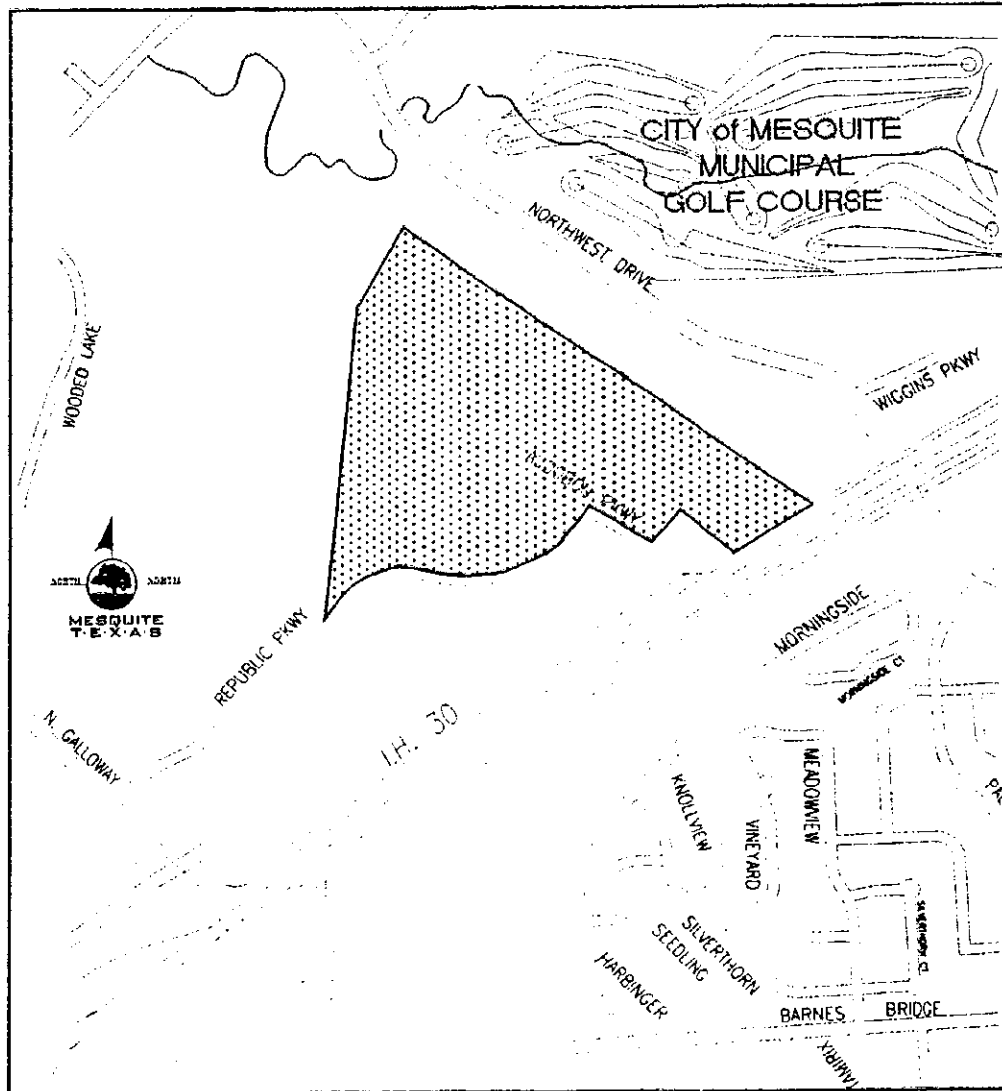


EXHIBIT C

Phase I - Improvements

Phase I improvements shall consist of a hospital, medical offices, and related uses, equipment and buildings substantially completed prior to, on or about January 1999.

Minimum requirements for Phase I are as follows:

- 200,000 square foot hospital building(s)
- 100 beds
- 60,000 square foot medical office building(s)
- \$60,000,000 in expenditures for construction and business personal property

Phase II - Improvements

Phase II improvements shall consist of any improvements having total construction and acquisition/installation costs in excess of five million dollars (\$5,000,000) added to Reinvestment Zone Number Seven (7) and substantially completed within the period beginning on or about January 1999 and ending on or about January 2004.