

COUNTY COUNCIL
OF
TALBOT COUNTY, MARYLAND

2009 Legislative Session, Legislative Day No.: October 13, 2009

Resolution No.: 169 AS AMENDED on November 10,
2009

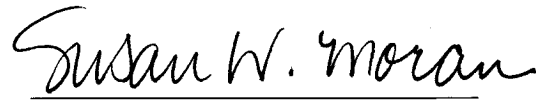
Introduced by Mr. Bartlett, Mr. Duncan, Mr. Foster, Mr. Harrison, Mr. Pack

A RESOLUTION TO APPROVE EXECUTION OF AN AGREEMENT FOR ANNEXATION INTO THE TOWN OF EASTON OF COUNTY-OWNED PROPERTY NORTH OF THE EXISTING TOWN BOUNDARY, WEST OF U.S. ROUTE 50, SHOWN ON A PLAT ENTITLED "ANNEXATION 2009, TOWN OF EASTON OF THE LANDS OF TALBOT COUNTY, MARYLAND IN THE FIRST ELECTION DISTRICT, TALBOT COUNTY, MARYLAND", PREPARED BY CHRISTOPHER WATERS PROFESSIONAL LAND SURVEYING, LAST REVISED JULY 7 AUGUST 4, 2009, LYING GENERALLY WEST OF AND INCLUDING THE TALBOT COUNTY COMMUNITY CENTER, CONSISTING OF A TOTAL OF 276.479 ACRES OF LAND, MORE OR LESS (the "Plat") which is attached hereto and incorporated by reference herein as Exhibit B

By the Council, October 13, 2009

Introduced, read the first time, and ordered posted, with Public Hearing scheduled on Tuesday, November 10, 2009 at 2:00 p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 North Washington Street, Easton, Maryland 21601.

By order:


Secretary

A RESOLUTION TO APPROVE EXECUTION OF AN AGREEMENT FOR ANNEXATION INTO THE TOWN OF EASTON OF COUNTY-OWNED PROPERTY NORTH OF THE EXISTING TOWN BOUNDARY, WEST OF U.S. ROUTE 50, SHOWN ON A PLAT ENTITLED "ANNEXATION 2009, TOWN OF EASTON OF THE LANDS OF TALBOT COUNTY, MARYLAND IN THE FIRST ELECTION DISTRICT, TALBOT COUNTY, MARYLAND", PREPARED BY CHRISTOPHER WATERS PROFESSIONAL LAND SURVEYING, LAST REVISED JULY 7 AUGUST 4, 2009, ~~LYING GENERALLY WEST OF AND INCLUDING THE TALBOT COUNTY COMMUNITY CENTER, CONSISTING OF A TOTAL OF 276.479 ACRES OF LAND, MORE OR LESS~~ (the "Plat") which is attached hereto and incorporated by reference herein as Exhibit B

WHEREAS, Talbot County, Maryland, (the "County") Shore Health System, Inc. ("SHS"), and the Town of Easton (the "Town") have negotiated the terms of an Annexation Agreement that is attached hereto as Exhibit A and incorporated by reference herein.

SECTION ONE: BE IT RESOLVED BY THE COUNTY COUNCIL OF TALBOT COUNTY, MARYLAND, that:

1. Talbot County is authorized to execute the Annexation Agreement attached as Exhibit "A", as it may be amended following public review and comment, subject to final consideration and adoption of this Resolution by the County Council.

SECTION TWO: This Resolution shall take effect immediately upon the date of its passage.

Introduced, read first time.

By Order, _____, Secretary

ADOPTED

By the Council, _____

Certified _____, Secretary

PUBLIC HEARING

Having been posted and Notice of time and place of hearing and Title of Resolution No. _____ having been published, a public hearing was held on _____ at p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 North Washington Street, Easton, Maryland 21601.

BY THE COUNCIL

ENACTED:

By Order _____
Secretary

Foster - _____

Pack - _____

Duncan - _____

Bartlett - _____

Harrison - _____

EXHIBIT A

**ANNEXATION AGREEMENT AND
PUBLIC FACILITIES AGREEMENT**

THIS ANNEXATION AGREEMENT ("Agreement") made this ____ day of _____ 2009, by the **TOWN OF EASTON**, a Maryland municipal corporation ("Town"), **TALBOT COUNTY, MARYLAND**, a Maryland charter county ("County") and **SHORE HEALTH SYSTEM, INC.**, a Maryland corporation, assignee of option rights to purchase part of the property subject to this Agreement ("SHS"). The County and SHS are collectively referred to herein as "Petitioners".

RECITALS

The Recitals set forth herein, to the extent that they set forth the intentions of or commitments by the parties, are enforceable provisions of this Agreement.

A. The County is the fee simple owner of three parcels of land totaling of 276.479± acres of land (the "County Property") comprised of: Parcel "A", Tax Map 17, Parcel 75, containing 88.08 acres of land, more or less, of which 86.975 acres is proposed for annexation; Parcel "B", Tax Map 17, Parcel 129, containing 148.06 acres of land, more or less, of which 145.870 acres is proposed for annexation; and Parcel "C", Tax Map 17, Parcel 38, containing 43.67 acres of land, more or less, of which 43.633 acres is proposed for annexation. SHS is the assignee of options to acquire Parcels A and B, as referenced by Memoranda of Option Agreements recorded among the Land Records of Talbot County, Maryland at Liber 1636, folio 346 and Liber 1636, folio 359 and by Assignments recorded among the Land Records of Talbot County, Maryland at Liber ____, folio ____ and Liber ____, folio ____ [*Assignment will be recorded and reference inserted prior to execution of this Agreement*].

B. The County Property is adjacent to and contiguous with the present corporate boundary of the Town. Except for four small sections, the County Property is intended to be annexed into the Town. The portions of the County Property to be annexed (the "Annexation Property") are depicted by a plat entitled "~~Proposed~~ Annexation 2009, Town of Easton of the Lands of Talbot County, Maryland in the First Election District, Talbot County, Maryland" prepared by Christopher Waters Professional Land Surveying, last revised ~~July 7~~ August 4, 2009 (the "Annexation Plat"), which is attached hereto as Exhibit A to this Agreement. The Annexation Property is also described by metes, bounds, courses and distances by a legal description (the "Annexation Description") prepared by Christopher Waters Professional Land Surveying, entitled "Annexation Town of Easton Lands of Talbot County, Maryland", which is attached hereto as Exhibit B;

C. In order to effectuate the annexation of the Annexation Property, the Petitioners executed and submitted to the Town a Petition for Annexation of the Annexation Property ("Annexation Petition"). Petitioners constitute at least twenty-five percent (25%) of the persons eligible to sign the Annexation Petition and are the owners of at least twenty-five percent (25%) of the assessed valuation of the Annexation Property.

D. The 2004 Town of Easton Comprehensive Plan, as amended, states that the Annexation Property is "suitable for institutional, recreational and public uses." The Town Plan specifically maps and identifies the Annexation Property as a Priority Development Area. The Town's current draft Comprehensive Plan includes the Annexation Area in the Town's Priority Growth Area.

E. SHS desires to develop the portions of the County Property that it has the right to purchase designated as Parcels A and B on the Annexation Plat (hereinafter referred to as the "SHS Annexation Area") with uses permitted by a new Town zoning district to be called the Regional Healthcare District.

F. The County desires to continue to operate and further develop the Talbot County Community Center and athletic fields on the area designated as Parcel C on the Annexation Plat (hereinafter referred to as the "County Annexation Area") with uses permitted by a new Town zoning district to be called the Governmental/Institutional District and/or other governmental and public uses.

G. Petitioners requested annexation of the Annexation Property by the Town so long as certain matters pertaining to its future development are resolved, including without limitation, matters related to zoning and extension of public utilities and services.

H. The Town desires to control the growth that will occur adjacent to its boundaries and to ensure that such growth enhances the character of the Town and that the impacts of such growth are managed for the benefit of the Town and its citizens.

I. The County desires to transfer Parcels A and B to SHS for the purposes of relocating the existing hospital, currently located in the Town of Easton, to the SHS Annexation Area, and to provide SHS with sufficient additional land to develop a regional healthcare campus to serve the health care needs of the Mid-Shore Region.

J. The Town is willing to annex the Annexation Property, provided that SHS agrees to adhere to the laws, ordinances and regulations of the Town and such other provisions set forth herein regarding the use and development of the Annexation Property. The County is exempt from application of certain municipal laws, ordinances and regulations. Nothing in this Agreement is intended to waive, vary, or modify the County's exempt status, which is expressly reserved. To the extent, and only to the extent, Town laws, ordinances, and regulations otherwise apply to the County, the County agrees to adhere to the laws, ordinances, and regulations of the Town.

K. Following public hearings held on November 10, 2009, on November __, 2009, the County Council approved Resolution Nos. __ and __, which, respectively, (i) expressly approve application of the zoning described by Section 2.2 to the Annexation Property pursuant to Art. 23A, §9(c) and (ii) authorize the execution of this Agreement.

L. Appropriate and required Town public hearings have been held pursuant to applicable law and the Easton Town Council voted to adopt Annexation Resolution No. 5955 on _____, 2009, a copy of which is attached hereto as Exhibit C.

M. Petitioners and the Town desire to set forth the terms and conditions of the proposed annexation.

NOW, THEREFORE, in consideration of the mutual interests, provisions and covenants, agreements, and undertakings set forth herein, the sufficiency of which is expressly acknowledged, Petitioners and the Town mutually agree as follows:

1. **Property.** The lands annexed pursuant to the Resolution attached hereto are depicted by the Annexation Plat and identified in the tax records of Talbot County as Parcels 38, 75 and 129 of Tax Map 17, including a portion of the Maryland Route 662 right-of-way. The property subject to this Annexation Agreement is all of the County Property, excepting small portions of the rights of way of Maryland Route 662, Hailem School Road and Hiners Lane as shown on the Annexation Plat.

2. **Zoning Upon Annexation.**

2.1 **Existing Uses.** Petitioners and the Town agree that all existing land uses whether permitted uses, accessory uses, nonconforming uses, or special exception uses, currently made in and upon the Annexation Property may continue, and as to SHS, that following annexation the

land uses of the Annexation Area shall be subject to the terms of the new Regional Healthcare (RH) Zoning District of the Town of Easton at such time as the RH Zoning District is formally applied to said lands. All existing and future governmental uses in the County Annexation Area shall be conclusively presumed to be permitted uses and exempt from application of the Town Governmental/Institutional District (G/I) or other zoning ordinances.

2.2 Zoning. Simultaneously with the filing of the Annexation Petition, the Petitioners requested that the Town adopt an ordinance that: (i) amends the official Town zoning map to include the Annexation Property, (ii) applies the RH District to the SHS Annexation Area to permit the uses described by Section 3.1(a), and (iii) applies the G/I District to the County Annexation Area to permit the uses described by Section 3.1(b). The Town introduced Ordinance No. 561, a copy of which is attached hereto as Exhibit D, on September 21, 2009. On October 5, 2009, the Town introduced Ordinance No. 560, a copy of which is attached hereto as Exhibit E, to establish the RH and G/I districts. Nothing in this Agreement is intended to waive, vary, or modify the County's existing exemption from municipal zoning for governmental facilities or uses owned or operated by the County on Parcel C following annexation into the Town's corporate limits.

3. Development. SHS hereby agrees and acknowledges that development of the SHS Annexation Area must comply with applicable zoning and approval processes of the Town. Development must also comply with development impact fee ordinances of the Town and County, as applicable. Nothing herein shall, in any way, constitute a development approval of a specific project or a waiver of any associated fees.

3.1 Intended Uses of Annexation Property.

(a) SHS intends to develop portions of the SHS Annexation Area with an acute care hospital of approximately 187 bed capacity and a variety of regional healthcare and related uses, possibly including other uses permitted by the RH District. If SHS proceeds with development of Parcel A and/or Parcel B, initial construction, other than grading, drainage and infrastructure improvements, shall include construction of at least the first phase of an accredited acute care hospital¹ on Parcel A and/or Parcel B. When all phases of construction of the hospital are complete, the acute care hospital constructed on Parcel A and/or Parcel B shall contain at least 100 beds. This Agreement shall not otherwise limit, restrict or control the size or number of beds of such hospital, which may be developed in accordance with applicable Town zoning.

¹ Such "accredited acute care hospital", including the first phase, shall include, at a minimum, the following services: overnight care of patients, emergency, surgery, pathology, clinical lab and pharmacy.

(b) The County intends to continue to use and further develop portions of the County Annexation Property for a variety of community events and recreational and related uses, possibly including other uses permitted by the G/I District, and other public uses to the extent such uses are not subject to municipal zoning.

4. **Public Services and Improvements.** In the event the Annexation Property is annexed, the following provisions, at a minimum, will govern the obligations of the parties. Except with respect to infrastructure improvements specifically required by this Agreement to be provided by the County (for example, Section 4.4 - water and sewer infrastructure necessary to provide 125% of the service requirements for a 187-bed hospital) or Town, nothing in this Agreement shall be interpreted to obligate the County or Town to use or appropriate highway user revenues, development impact fees or other public funds for infrastructure improvements. Notwithstanding anything herein to the contrary, this Agreement shall not preclude, limit or otherwise affect the ability of SHS to propose and enter into development impact fee credit agreement(s) with the Town and/or County.

4.1 **Standards for Public Improvements.** Petitioners agree to comply with the Town's design standards and requirements in effect at the time of construction (the "Town Standards") with respect to any public improvements or infrastructure to be owned and maintained by the Town, such as roads, streets and alleys, curbs and gutters, sidewalks and water, sewer and stormwater drainage systems. Petitioners agree to comply with the County's design standards and requirements in effect at the time of construction (the "County Standards") with respect to any public improvements or infrastructure to be owned and maintained by the County, such as roads, streets and alleys, curbs and gutters, sidewalks and stormwater drainage systems.

4.2 **Reservation and Allocation of Water and Sewer Capacity; Provision of Public Services.** The Town represents that it generally favors the use and development of the Annexation Property as described by Section 3.1 and, subject to the infrastructure extension and/or improvement obligations of Petitioners set forth in this Section 4, will support these existing uses and proposed development of the Annexation Property by providing all necessary municipal services required by the Annexation Property, including, but not limited to, adequate water, sewer, gas, data/communication and electric services through Easton Utilities, fire and police protection, garbage collection and other municipal services generally available to Town residents subject to applicable Town fees and tariffs and other costs in effect at the time service is rendered, unless otherwise agreed between the Town and the applicable property owner(s). With regard to public water and sewer allocation, the Town guarantees, covenants and warrants

that it will not set any policy, position or course of action that is detrimental to existing use or proposed development of the Annexation Property that is inconsistent with other applicable Town regulations and standards. These covenants notwithstanding and subject to limitations established by any subsequent development rights and responsibilities agreement(s), the parties understand and agree that the Town and the County, if otherwise authorized by law, may enact future ordinances or charter provisions, or amendments deemed necessary to protect the public health, safety and welfare of the citizens of the Town and County and said ordinances, charter provisions, or amendments shall apply to the development of the Annexation Property, provided such application does not interfere with the Petitioners' vested rights. Such enactments shall apply to the County only to the extent the County is not otherwise exempt from such enactments. Nothing in this Agreement shall entitle or obligate Easton Utilities to provide electric service to any portion of the Annexation Property located outside of its authorized service area.

4.3 Roads. To the extent that public roadway extensions, improvements or realignments will be reasonably necessary to serve the SHS Annexation Area or portions thereof, SHS agrees to construct or cause to be constructed, at its expense, except to the extent that public funding is acquired for such purpose, roadways, roadway extensions, or improvements serving the SHS Annexation Area, including internal roads, in accordance with the applicable standards, specifications and requirements of the Town, County and/or Maryland State Highway Administration ("SHA").

SHS, the County, and the Town shall coordinate with one another concerning re-configuration of Maryland Route 662 and possible establishment of a shared SHS/County access to the Annexation Property from Route 50. The County Annexation Area already has existing, adequate access from Route 50. Subject to SHA approval, SHS and the County may agree to establish a shared SHS/County access to Route 50 that entails change, abandonment, re-configuration, or relocation of the existing County access. The County's responsibility, if any, to contribute to the cost of constructing new, reconfigured or relocated County Annexation Area access to Route 50, Route 622 and/or a new road extended between Route 50 and Route 662 shall be determined and agreed between SHS and the County after the design for such improvements is complete. Subject to the County's and the Town's acceptance of the design, the County and the Town will support SHS in obtaining all required SHA reviews and permits related to access to Route 50.

Except with respect to access improvements necessitated by a new or modified access for the Annexation Area from Route 50 resulting from development of the SHS Annexation Area, the County agrees that neither SHS nor the Town will be responsible to pay for or to construct

roadway extensions, improvements or realignments that may be reasonably necessary to serve the County Annexation Area or portions thereof, and that any such improvements will be constructed in accordance with applicable standards and specifications of the Town, County and/or SHA. If appropriate, allocation of any road-related expenses between the Petitioners for shared or mutually beneficial road improvements shall be covered in one or more separate agreements.

4.3.1 Maryland Route 662. Although the portion of Maryland Route 662 within the Annexation Property will be annexed into the Town with the Annexation Property, unless and until the Town or County accepts it and/or any relocated section thereof, the State Highway Administration will continue to own and maintain such portion of Maryland Route 662. SHS agrees to construct improvements that are directly related to development of the SHS Annexation Area, at its expense, except to the extent that public funding is acquired for such purpose, in accordance with applicable standards and specifications of the Town, County and/or SHA. In the design of any reconfiguration of Maryland Route 662, SHS shall coordinate with the County Department of Public Works (DPW) and take DPW's design recommendations into consideration to minimize any adverse effects on through public access resulting from reconfiguration of Maryland Route 662. The County agrees that neither SHS nor the Town will be responsible to pay for or to construct improvements that are directly related to use and/or development of the County Annexation Area and that any such improvements will be constructed in accordance with applicable standards and specifications of the Town, County and/or SHA. The Town agrees, and subject to the foregoing, the County agrees, to use its best efforts to support SHS in obtaining all required SHA reviews and permits related to development of the SHS Annexation Area so long as said reviews and permits are consistent with development approvals granted by the Town and/or County for the Annexation Area.

4.3.2 Maryland Route 50. Improvements along Maryland Route 50 may be required to accommodate development of the Annexation Property. SHS agrees to construct improvements that are directly related to development of the SHS Annexation Area, at its expense, except to the extent that public funding is acquired for such purpose, in accordance with applicable standards and specifications of the Town, County and/or SHA. The County agrees that neither SHS nor the Town will be responsible to pay for or to construct improvements that are directly related to use and/or development of the County Annexation Area and that any such improvements will be constructed in accordance with applicable standards and specifications of the Town, County and/or SHA. In the design of any improvements along Maryland Route 50, SHS shall coordinate with DPW and take DPW's design recommendations into consideration to minimize any adverse effects on through public access to the County Annexation Area resulting

from such improvements. The Town agrees, and subject to the foregoing, the County agrees, to use its best efforts to support SHS in obtaining all required SHA reviews and permits related to development of the SHS Annexation Area so long as said reviews and permits are consistent with development approvals granted by the Town and/or County for the Annexation Area.

4.3.3 Hailem School Road. Improvements along Hailem School Road may be required to accommodate development of the SHS Annexation Area. SHS agrees to construct improvements that are directly related to development of the SHS Annexation Area and required by applicable County and Town rules, regulations, ordinances and standards at SHS' expense, except to the extent public funding is acquired for such purpose, in accordance with applicable standards and specifications of the County and Town. The Town agrees to use its best efforts to support SHS in obtaining, and the County agrees to cooperate with SHS in timely completing, all required reviews and permits related to Hailem School Road improvements required by the County and Town to accommodate development of the SHS Annexation Area so long as said reviews and permits are consistent with development approvals granted by the Town and/or County for the Annexation Area.

4.4 Public Utility Improvements and Extensions. Except as provided herein, to the extent that extensions of public utilities will be necessary to meet the utility service requirements within the Annexation Property, SHS, as to Parcels A and B, and the County, as to Parcel C, will construct or cause to be constructed, at their sole expense including charges provided for in the applicable tariff(s) in effect at the time service is rendered, except to the extent public funding is acquired for such purpose, such lighting, gas, cable, electric and public water and sanitary sewer utility extensions, including water and sewer mains, trunk lines, fire hydrants and appurtenant facilities, to serve their respective properties in accordance with the standards and specifications of the Town. Except as provided herein, where appropriate, allocation of the expenses for utility extension, including without limitation the elevated water storage tank, between the Petitioners and/or the Town shall be covered in one or more separate agreements. Such facilities will be located and designed pursuant to Town standards. Upon completion of construction and satisfactory inspection in accordance with Town standards, the Town shall assume the ownership and on-going operation and maintenance of these facilities in accordance with Town ownership and maintenance policies or pursuant to the terms of a development rights and responsibilities agreement.

The cost of design and construction of water and sewer lines, pumping stations and related infrastructure necessary to serve 125% of the needs of a 187 bed acute care hospital on the SHS Annexation Area [$350 \text{ GPD/bed} \times 187 \text{ beds} = 65,450 \times 125\% = 81,800 \text{ GPD}$] and the

cost to extend water and sewer service to the County Annexation Area shall be borne by the County. Such infrastructure shall be designed and constructed to accommodate wastewater flows via gravity to the pump station from all areas of Parcels A and B. The County's obligation to extend water and sewer service to the SHS Annexation Area in the foregoing sentences is contingent on a commitment by SHS to construct an acute care hospital with at least 100 beds. SHS shall be responsible for expenses for incremental improvements required to provide additional water and sewer service and to expand water and sewer infrastructure for additional development of the SHS Annexation Area beyond the service provided by the County under the foregoing sentences. To the extent that water and sewer infrastructure is expanded or increased to serve properties other than the SHS Annexation Area, the cost of such expansion or increase shall not be the responsibility of SHS. The County shall be responsible for expenses for additional service and expanded water and sewer infrastructure for additional development on the County Annexation Area. To the extent that water and sewer service infrastructure is expanded or increased to serve the SHS Annexation Area beyond 125% of the service requirements for a 187-bed acute care hospital or to serve properties other than the County Annexation Area, the cost of such expansion or increase shall not be the responsibility of the County.

The Town shall not require Petitioners to design, construct, locate or oversize such water and sewer extensions and/or improvements so as to serve any properties other than the Annexation Property unless the Town pays Petitioners the reasonable incremental or additional costs, as objectively determined, incurred by Petitioners as a result of such Town requirement or unless otherwise agreed between the Town and the applicable Petitioner(s) or successor property owner(s).

The Parties shall cooperate in connection with the design of all utility infrastructure for their mutual benefit. Agreements regarding details of such infrastructure may be set forth in subsequent development rights and responsibilities agreements.

SHS and the Town agree to cooperate with the County in connection with all grant or loan applications for public funding for water and sewer infrastructure.

4.5 Easements and Rights-of-Ways. Petitioners and Town agree to grant to each other upon request, at no cost, rights-of-way or easements over their respective property in the event that such rights-of-way or easements shall be necessary for the installation, maintenance, replacement and/or removal of public utilities in accordance with the provisions of this Section 4. The provisions of this Agreement expressly include, but are not limited to, establishment of

an access easement extending from the reconfigured alignment of Maryland Route 662 across the SHS Annexation Area to Parcel C in a location and configuration to be determined. If the Petitioners are unable to obtain off-site easements and rights-of-way as may be necessary for the development of the Annexation Property, the Town agrees to assist Petitioners in obtaining such easements and rights-of-way. If necessary, the Town agrees to institute and process condemnation proceedings to acquire such easements and rights-of-way, the costs of which shall be paid by the owner(s) of the portion(s) of the Annexation Area requiring or benefitting from such easements and rights-of-way.

5. **Mutual Assistance.** The parties shall do all things reasonably necessary or appropriate to carry out and to expedite the terms and provisions of this Agreement and to aid and assist each other in carrying out the terms and provisions of this Agreement and the intentions of the parties as reflected by said terms including, without limitation, the giving of such notices, the holding of such public hearings, the enactment by the Town of such resolutions and ordinances and the taking of such other actions as may be necessary to enable the parties' compliance with the terms and provisions of this Agreement and as may be necessary to give effect to the terms and objectives of this Agreement and the intentions of the parties as reflected by said terms.

Petitioners and the Town agree to promptly execute all permit applications needed by Petitioners for permits or approvals from federal, State or County agencies and departments or any other public or private agencies from whom a permit is required to develop the Annexation Property, provided that such permit applications are prepared in accordance with applicable laws, ordinances, rules, and regulations and consistent with development approvals granted by the Town and/or County for the Annexation Area. The parties each further agree to cooperate in the securing of such permits or approvals from such agencies. Nothing in this Agreement shall require either the Town or the County to vary, deviate, or depart from applicable rules, regulations, or standards in processing any permit, application, or in issuing any approval. All such rules, regulations, and standards shall remain in full force and effect.

6. **Other Provisions.**

6.1 **Applicable Law.** It is the intention of the parties that all questions with respect to the construction of this Agreement and rights and liabilities of the parties hereunder shall be determined in accordance with the laws of the State of Maryland.

6.2 Scope of Agreement. This Agreement is not intended to limit the exercise of police powers of the Town or the County or to limit the operation of the Town and County governments, or to guarantee the outcome of any administrative process. Unless otherwise specifically provided in writing in this Agreement or any other subsequent agreement, this Agreement shall be subject to all properly enacted laws, and properly adopted governmental regulations, now or hereafter existing and applicable. This Agreement shall not be rendered invalid by reason of the enactment or amendment of any law or the adoption or amendment of any regulation, which law or regulation is either (1) enacted or adopted in the exercise of a governmental power for a valid governmental purpose; (2) enacted or adopted by the Town or County as the result of a mandate by the State of Maryland or the U.S. Government; or (3) applicable to both the Annexation Property and to similarly situated property located outside of the Town in Talbot County.

6.3. Entire Agreement. Except as specifically provided herein, this Agreement embodies and constitutes the entire understanding between the parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement.

6.4. Estoppel. The parties to this Agreement agree not to challenge or contest, and waive any right to challenge or contest, in any legal or equitable proceeding, in any forum whatsoever, the validity, legality, or enforceability of this Agreement, or any of its provisions, terms or conditions.

6.5. Waiver of Breaches. No waiver of any contingency or the breach of any of the terms or provisions of this document shall be a waiver of any other contingency or proceeding or succeeding breach of this document or any provision hereof.

6.6. Project as a Private Undertaking. It is understood and agreed by and between the parties hereto that the development of the SHS Annexation Area is a private undertaking, that neither the Town nor Petitioners are acting as the agent of each other in any respect hereunder, and that each party is an independent contracting entity with respect to the provisions of this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement.

6.7. Modification. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge or

termination is sought, and then only to the extent set forth in such instrument. No such modification shall be binding on the other parties hereto nor affect their rights under this Agreement as to any other party without such parties' written consent.

6.8. Headings. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

6.9. Binding Effect. The terms of this Agreement shall be binding upon and shall inure to the benefit of the parties, any successor municipal authorities of the Town and successor owners of record of the Annexation Property, it being expressly understood and agreed that this Agreement shall be assignable, in whole or in part, by SHS, with respect to the SHS Annexation Area and by the County with respect to the County Annexation Area, without the consent of the Town, any of its elected officials, employees or agents. Notwithstanding the foregoing, any transfer of all or a portion of the Annexation Property shall be subject to the terms of this Agreement.

Except with respect to Section 6.18, the Petitioners' obligations hereunder shall be contingent upon annexation of the Annexation Property, establishment of the Town zoning described by Section 2.2 and upon Petitioners' ownership of the Annexation Property, or a portion thereof, and shall not constitute personal obligations independent of ownership of the Annexation Property. Except with respect to the County's obligations relating to Parcels A and B under Sections 4 and 5, which obligations shall survive the County's conveyance or all or portions of Parcels A and/or B to SHS or its assigns, all obligations of either Petitioner or successor thereof shall relate only to the portion(s) of the Annexation Property owned by such Petitioner or successor.

6.10. No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the parties hereto and their respective successors and assigns as permitted and limited by this Agreement. It is expressly agreed by all parties that the owner or successor owner of a portion of the Annexation Property shall have no contractual rights by virtue of this Agreement to control, approve or otherwise direct the size, density, proposed use, style, arrangement, timing, phasing or any other aspect of development of the remainder of the Annexation Property that it does not own.

6.11. Severability. The parties hereto intend that should any provision, covenant, agreement, or portion of this Agreement or its application to any person, entity, or property be held invalid by a court of competent jurisdiction, the remaining provisions of this Agreement and

the validity, enforceability, and application to any person, entity, or property shall not be impaired thereby, but such remaining provisions shall be interpreted, applied and enforced so as to achieve, as near as may be, the purpose and intent of this Agreement to the greatest extent permitted by applicable law.

6.12. Enforceability. This Agreement shall be specifically enforceable in any court of competent jurisdiction by any of the parties hereto by any appropriate action or suit at law or in equity to secure the performance of the covenants herein contained.

6.13. Survival. The terms and conditions of this Agreement shall survive the effective date of the Annexation Resolution and shall not be merged or expunged by the annexation of the Annexation Property or any part thereof by the Town.

6.14. Exhibits. Each exhibit referred to herein or affixed hereto shall constitute a part of this Agreement and be incorporated herein by reference:

Exhibit A – Annexation Plat;

Exhibit B – Legal Description;

Exhibit C – Town Annexation Resolution No. 5955;

Exhibit D – Town Ordinance No. 561; and

Exhibit E – Town Ordinance No. 560.

6.15. Time. Time is of the essence of this Agreement and of each and every provision thereof.

6.16. Town's Annexation Action. This Agreement memorializes the Town's approval of the annexation and the negotiated terms thereof, as approved by the Town during its meeting on _____, 2009.

6.17. Sunset Provisions. This Agreement is subject to the Sunset Contingencies and Sunset Provision of Annexation Resolution No. 5955, attached as Exhibit C.

6.18. Annexation Fees. SHS shall reimburse the Town for the reasonable costs incurred by the Town from third parties (including Easton Utilities) who invoice the Town for their services rendered to the Town related to the consideration, analysis and/or evaluation of the issues relating to, and/or the processing of, the annexation application on behalf of the Town. All billing rates, fees, and out-of-pocket costs of all such third party costs shall be billed at their rates

otherwise charged to the Town or as otherwise agreed upon by the Town and the entity providing the service. Third party costs include, but are not limited to, legal fees, engineering fees, consulting fees, inspection fees, court reporting fees, advertisement costs for publishing and posting of public notices, etc. SHS shall pay the annexation fee of \$10,000.00 commensurate with its filing of the annexation petition (the "Annexation Fee"). The Annexation Fee shall be applied to the aforementioned costs incurred by the Town from third parties. The Town will bill SHS for any third party costs that are not covered by the Annexation Fee. No final action will be taken on any application with an outstanding balance. At any time during the processing of an application that SHS is more than thirty (30) days in arrears, all action on the application will cease until the Town's costs are reimbursed in full. This provision shall remain in full force and effect irrespective of whether or not the Annexation Property is successfully annexed into the Town.

6.19. Joint Planning Agreement. The Town and the County agree to work cooperatively to negotiate in good faith and enter into a joint planning agreement pursuant to Maryland Annotated Code, Article 66B, § 3.05(e), and, to the extent necessary, pursue local public legislation, to restrict annexation of the area to the north of Parcels A, B and C without consent of the County for period of forty (40) years.

6.20. Mutual Drafting; No Presumption. The drafting and negotiation of this Agreement has been undertaken by all parties hereto and their respective counsel. For all purposes, this Agreement shall be deemed to have been drafted jointly by all of the parties hereto with no presumption in favor of one party over another in the event of any ambiguity.

IN WITNESS WHEREOF, the parties have executed and sealed this Agreement as of the day and year first above written, provided, however, that for the purposes of determining the date hereof, as used in this Agreement, such date shall be the last date any of the parties hereto executes this Agreement.

WITNESS:

TOWN OF EASTON

By: _____
Robert C. Willey, Mayor

Approved as to form and legal sufficiency
by Sharon VanEmburch, Esq., Town Attorney

TALBOT COUNTY, MARYLAND

By: _____
Philip C. Foster, President
Talbot County Council

Approved as to form and legal sufficiency
by Michael Pullen, Esq., County Attorney

SHORE HEALTH SYSTEM, INC.

By: _____
Joseph P. Ross, President and CEO

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, 2009, before me, a Notary Public of the State aforesaid, personally appeared ROBERT C. WILLEY, who acknowledged himself to be the Mayor of the Town of Easton, a Maryland municipal corporation, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within Annexation Agreement, and acknowledged that he executed the same for the purposes therein contained as the fully authorized agent of said Town of Easton.

IN WITNESS WHEREOF my hand and Notarial Seal.

Notary Public

My Commission expires:

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, 2009, before me, a Notary Public of the State aforesaid, personally appeared PHILIP C. FOSTER, who acknowledged himself to be the President of the County Council of Talbot County, Maryland, a Maryland charter county, known to me (or satisfactorily proven) to be the person whose name is

subscribed to the within Annexation Agreement, and acknowledged that he executed the same for the purposes therein contained as the fully authorized agent of said Talbot County, Maryland.

IN WITNESS WHEREOF my hand and Notarial Seal.

Notary Public

My Commission expires:

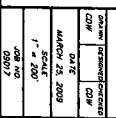
STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, 2009, before me, a Notary Public of the aforesaid State, personally appeared JOSEPH P. ROSS, President of Shore Health System, Inc., who was known to me (or satisfactorily proven) to be the person whose name is subscribed to the within Annexation Agreement, and acknowledged that he executed the same for the purposes therein contained as the fully authorized agent of said Shore Health System, Inc.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires: _____





**ANNEXATION 2009 TOWN OF EASTON
LANDS OF TALBOT COUNTY MARYLAND**

BEGINNING at a concrete monument found on the southerly boundary line of the herein described area at the northwest corner of the lands of Easton Technology, LLC (deed 886 / 542) and on the easterly boundary line of the lands of Alice Caldwell (deed 1159 / 780, 1014 / 960) said point also being the existing northerly municipal boundary of the Town of Easton 1996 annexation, as shown on a plat prepared by Waters Professional Land Surveying, Inc., dated March 25, 2009, entitled "ANNEXATION 2009 TOWN OF EASTON OF THE LANDS OF TALBOT COUNTY MARYLAND IN THE FIRST ELECTION DISTRICT TALBOT COUNTY MARYLAND"; THENCE, leaving said point and running with the said Caldwell lands the following two courses, (1) N 35°41'21" E a distance of 81.45' to an iron rod with cap found; THENCE, (2) N 62°28'37" W a distance of 304.03' to a concrete monument set on the easterly side of the 50' wide county maintained right of way line of Hailem School Road, said point also being at NAD 83/91 coordinates N420867.568 E1574399.125; THENCE, running with said right of way line and the westerly boundary line of the herein described area the following seven courses, (3) N 35°00'57" E a distance of 417.50' to a concrete monument set and a curve deflecting to the right with an arc length of 472.48', and a radius of 2475.00'; THENCE, with the said curve the following chord bearing (4) N 40°29'05" E, and a chord length of 471.76' to a concrete monument set; THENCE, (5) N 45°57'13" E a distance of 458.57' to a concrete monument set and a curve deflecting to the left with an arc length of 253.16', and a radius of 1525.00'; THENCE, with the said curve the following chord bearing (6) N 41°11'52"



E, and a chord length of 252.87' to a concrete monument set; THENCE, (7) N 36°26'31" E a distance of 139.45' to a concrete monument set and a curve deflecting to the left with an arc length of 500.21', and a radius of 4325.00'; THENCE, with the said curve the following chord bearing (8) N 33°07'44" E, and a chord length of 499.93' to a concrete monument set; THENCE, (9) N 29°48'56" E a distance of 450.70' to a concrete monument set and the southerly boundary line of the lands of Ellen Johnson (deed oc 8 / 120), said point also being at NAD 83/91 coordinates N422999.286 E1576021.297; THENCE, running with the southerly boundary line of the said Johnson lands and the southerly boundary lines of the lands of Arthur Foster (deed 459 / 639) the following two courses, (10) S 88°24'53" E a distance of 1466.62' to a concrete monument set; THENCE, (11) N 55°55'07" E a distance of 460.78' to a concrete monument set on the westerly 40' wide state maintained right of way line of Maryland Route 662; THENCE, continuing (12) N 55°55'07" E a distance of 20.06' to a mag nail set on the centerline of Maryland Route 662; THENCE, continuing to the easterly side of the 40' wide state maintained right of way line of Maryland Route 662 (13) N 55°55'07" E a distance of 20.06' to a concrete monument set and a non-tangent curve deflecting to the right with an arc length of 199.13', and a radius of 2180.00'; THENCE, with said right of way and said curve the following chord bearing (14) N 35°53'39" W, and a chord length of 199.07' to a concrete monument set; THENCE, with said right of way (15) N 33°16'39" W a distance of 232.75' to a concrete monument set at the intersection of Maryland Route 662 and the easterly side of the 50' wide county maintained right of way line of Hiners Lane; THENCE, running with said right of way line the following four courses, (16) N

Christopher
WATERS
Professional Land Surveying

38°27'11" E a distance of 482.14' to a concrete monument set and a curve deflecting to the left with an arc length of 252.08', and a radius of 2405.00'; THENCE, with the said curve the following chord bearing (17) N 35°27'01" E, and a chord length of 251.96' to a concrete monument set; THENCE, (18) N 32°26'51" E a distance of 59.01' to a iron rod with cap found; THENCE, (19) N 32°26'51" E a distance of 72.62' to a iron rod with cap found at the southwest corner of the lands of Charles Griffin (deed 1451 / 454) on the northerly boundary line of the herein described parcel; THENCE, running with the southerly boundary line of the said Griffin lands and the southerly boundary line of the lands of Michael Grudis (deed 691 / 442), Mark Everngam (deed 726 / 555), William F. Saulisbury (deed 999 / 390), and William Franklin Saulisbury (deed 995 / 126), (20) N 75°59'51" E a distance of 1826.85' to a concrete monument found; THENCE, (21) N 75°59'51" E a distance of 15.37' to an iron rod with cap found on the westerly right of way line of U.S. Route 50 (120' wide right of way), said point also being at NAD 83/91 coordinates N424734.907 E1579961.863; THENCE, running with the westerly right of way line of U.S. Route 50 the following two courses, (22) S 01°29'12" E a distance of 1734.96' to a mag nail set; THENCE, (23) S 01°29'12" E a distance of 1039.87' to an iron rod with cap found at the northeast corner of the lands of Marion Gagnon (deed 1306 / 31); THENCE, running with the northerly boundary line of the said Gagnon lands the following two courses, (24) S 88°27'24" W a distance of 15.00' to an iron rod with cap found; THENCE, continuing (25) S 88°27'24" W a distance of 175.48' to a concrete monument found at the northwest corner of the aforementioned Gagnon lands; THENCE, running with the westerly boundary line of the said Gagnon lands the following two



courses, (26) S 18°47'23" E a distance of 590.00' to an iron rod with cap found; THENCE, continuing (27) S 18°47'23" E a distance of 50.43' to an iron rod with cap found at the southerly corner of the said Gagnon lands and the westerly right of way line of U.S. Route 50; THENCE, running with the westerly right of way line of U.S. Route 50 the following two courses, (28) S 01°29'12" E a distance of 396.80' to an iron rod with cap found, said point also being at NAD 83/91 coordinates N420952.910 E1580060.013; THENCE, (29) S 68°37'53" W a distance of 15.95' to an iron rod with cap found and the northeast corner of the lands of Alfred McNeal (deed 601 / 87); THENCE, running with the northerly boundary line of the said McNeal lands the following two courses, (30) S 68°37'53" W a distance of 555.99' to an iron rod with cap found on the easterly 40' wide state maintained right of way line of Maryland Route 662; THENCE, with said right of way line (31) N 30°47'30" W a distance of 983.56' to a concrete monument set, THENCE, (32) S 77°23'46" W a distance of 21.05' to a mag nail set in the centerline of Maryland Route 662; THENCE, continuing (33) S 77°23'46" W a distance of 21.05' to a concrete monument set on the westerly side of the 40' wide state maintained right of line of Maryland Route 662 and the northeast corner of the lands of Meadow Farm Joint Venture (deed 747 / 984) ; THENCE, continuing with the northerly boundary line of the said Meadow Farm Joint Venture Lands and the northerly boundary line of the lands of Cecil Gannon (deed 573 / 557), (34) S 77°23'46" W a distance of 2129.36' to an iron rod with cap found at the northwest corner of the said Gannon lands and the northeast corner of the lands of Easton Technology Center, LLC (deed 886 / 542), said point also being the northerly municipal boundary of the Town of Easton 1996 annexation; THENCE, with the northerly boundary line of the said Easton Technology Center, LLC lands and the said existing municipal boundary



the following two courses, (35) S 79°04'16" W a distance of 1303.43' to an iron rod with cap found; THENCE, (36) S 78°19'00" W a distance of 1024.97' to a concrete monument and the place of beginning.

CONTAINING, an area of 276.479 acres of land more or less.

Christopher D. Waters
Reg. Prof. Land Surveyor MD No. 11052