

**COUNTY COUNCIL**

**OF**

**TALBOT COUNTY**

2024 Legislative Session, Legislative Day No.: May 14, 2024

Resolution No.: 357

Introduced by: Mr. Callahan, Ms. Haythe, Mr. Leshner, Ms. Mielke, Mr. Stepp

**A RESOLUTION TO AMEND A DEVELOPMENT RIGHTS AND RESPONSIBILITIES AGREEMENT DATED OCTOBER 14, 2014, BY AND BETWEEN TALBOT COUNTY, MARYLAND, THE TOWN OF EASTON, AND SHORE HEALTH SYSTEM, INC. AND RECORDED AMONG THE LAND RECORDS OF TALBOT COUNTY IN LIBER MAS 2206, FOLIO 206**

By the Council: May 14, 2024

Introduced, read the first time, and ordered posted, with Public Hearing scheduled on Tuesday, June 11, 2024, at 5:30 p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 North Washington Street, Easton, Maryland 21601.

By order: *Susan W. Moran*  
Susan W. Moran, Secretary

**WHEREAS**, following due consideration of all public comment received during the duly advertised public hearing on the proposed DRRA Amendment in accordance with Md. Code Ann., Land Use § 7-305(f)(1) and §§ 50-6 and 50-7 of the County Code, the County Council determined that the execution of DRRA Amendment is in the best interest of the County and furthers the purpose and intent of Chapters 50 and 190 (Zoning, Subdivision, and Land Development) of the County Code, and the County Council desires to execute the DRRA Amendment proposed by the County, Town and Shore Health System, Inc.

**NOW, THEREFORE, BE IT RESOLVED** by the County Council of Talbot County, Maryland as follows:

**Section 1.** The recitals set forth above, including the written findings of the Planning Commission, are incorporated herein by reference and made a substantive part of this Resolution.

**Section 2.** Upon introduction of this Resolution, a public hearing will be scheduled and advertised in a newspaper of general circulation in Talbot County once a week for two consecutive weeks, with the first publication occurring at least 14 days prior to the public hearing, advising the public of the date, time, place, and purpose of the public hearing, at which time the proposed DRRA Amendment will be open for receipt and consideration of public comment.

**Section 3.** The President of the County Council, the County Manager, and any other County officials as may be appropriate under the circumstances, are hereby authorized to execute and deliver the DRRA Amendment, a true and correct copy of which (save for executing and dating) is attached to this Resolution as Exhibit A.

**Section 4.** The President of the County Council, the County Manager, and any other County officials as may be appropriate under the circumstances may make any non-substantive changes to the DRRA Amendment necessary to effectuate the purpose of this Resolution.

**Section 5.** The President of the County Council, the County Manager, and any other County officials as may be appropriate under the circumstances, are hereby authorized to take whatever additional actions are reasonably necessary to effectuate the terms of this Resolution.

**Section 6.** Any prior execution and delivery of documents related to the DRRA Amendment that are consistent with the purpose of this Resolution, are hereby ratified and approved.

**AND BE IT FURTHER RESOLVED** that this Resolution shall take effect immediately upon its date of adoption.

**PUBLIC HEARING**

Having been posted and Notice, Time and Place of Hearing and Title of Resolution No. \_\_\_\_\_ having been published, a public hearing was held on \_\_\_\_\_, 20\_\_ at \_\_\_\_ p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 N. Washington Street, Easton, Maryland.

**BY THE COUNCIL**

Read the second time:

Adopted:

By Order: \_\_\_\_\_  
Susan W. Moran, Secretary

Callahan -

Stepp -

Leshner -

Mielke -

Haythe -

Effective:

**FIRST AMENDMENT TO  
DEVELOPMENT RIGHTS AND RESPONSIBILITIES AGREEMENT**

**By and Between**

**TOWN OF EASTON,  
TALBOT COUNTY, MARYLAND**

**and**

**SHORE HEALTH SYSTEM, INC.**

**FIRST AMENDMENT TO  
DEVELOPMENT RIGHTS AND RESPONSIBILITIES AGREEMENT**

THIS FIRST AMENDMENT TO DEVELOPMENT RIGHTS AND RESPONSIBILITIES AGREEMENT (“**First Amendment**”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 2024, by and between SHORE HEALTH SYSTEM, INC., a Maryland corporation (“**SHS**”), the TOWN OF EASTON, a municipal corporation, organized and existing under the laws of the State of Maryland (“**Town**”), and TALBOT COUNTY, MARYLAND, a Maryland charter county (“**County**”).

**RECITALS**

This First Amendment is entered into based upon the following facts:

A. The Town, County and SHS entered into a Development Rights and Responsibilities Agreement dated October 14, 2014, which is recorded among the Land Records in Liber MAS 2206, folio 266 (“**DRRA**”).

B. Town, County and SHS desire to amend the DRRA and proceedings have been taken in accordance with the Development Agreement Statute, Town Enabling Law and County Enabling Law.

C. Town, County and SHS acknowledge and agree that the provisions of this First Amendment are fair, just and reasonable and the assurances provided by this First Amendment provide the certainty that is needed for SHS to make the long-term commitments involved in developing the Property and providing the benefits to Town, County and the general public.

D. In satisfaction of the requirements of Section 28-1504 of the Town Code, the Town Planning Commission considered the First Amendment at its May 16, 2024 meeting and by letter dated [REDACTED] made a recommendation that the First Amendment is consistent with the Town Comprehensive Plan.

E. On [REDACTED], 2024, the Town Council held a duly advertised public hearing on this First Amendment in accordance with the Town Enabling Law, and approved this Agreement on [REDACTED], 2024 by Resolution No. [REDACTED] (“**Town First Amendment Resolution**”), a copy of which is attached hereto as Exhibit FA-2. The Town First Amendment Resolution contains a statement, with references to specific provisions of applicable law, regulations or plans, that the proposed development is consistent with the applicable development regulations and the Town Comprehensive Plan.

F. In satisfaction of the requirements of Section 50-5 of the County Code, on [REDACTED], 2024, the County Planning Commission held public meetings regarding this First Amendment and issued a recommendation that the First Amendment is consistent with the County Comprehensive Plan, which recommendation is memorialized as Resolution No. 24-[REDACTED] and attached hereto as Exhibit FA-3.

G. On [REDACTED] 2024, the County Council held a duly advertised public hearing on this First Amendment in accordance with the County Enabling Law, and approved this First Amendment on [REDACTED] 2024 by Resolution No. [REDACTED] (“**County First Amendment Resolution**”), a copy of which is attached hereto as Exhibit FA-4. The County First Amendment Resolution contains a statement, with references to specific provisions of applicable law, regulations or plans, that the proposed development is consistent with the applicable development regulations and the County Comprehensive Plan.

H. The DRRA, as modified by this First Amendment, is intended to be, and should be construed as, a Development Rights and Responsibilities Agreement within the meaning of the Development Agreement Statute and the Enabling Ordinance. Town, County and SHS have taken all actions mandated by and have fulfilled all requirements set forth in the Development Agreement Statute and the Enabling Ordinance, including requirements for notice, public hearings, findings, votes, and other procedural matters.

I. All parties entered into this First Amendment voluntarily and in consideration of the benefits of and the rights and obligations of the parties.

NOW, THEREFORE, in consideration of the foregoing recitals, which are not merely prefatory but are hereby incorporated into and made a part of this First Amendment, and the mutual covenants and agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, Town, County and SHS hereby agree as follows:

**AGREEMENT**

1. **RECITALS.** The recitals above are incorporated herein as material terms of this First Amendment.

2. **DEFINED TERMS.** For all purposes of this First Amendment, except as otherwise expressly provided or if the context otherwise requires, terms and phrases used in this First Amendment shall have the meaning as defined in the DRRA. Paragraph 1.1 of the DRRA is hereby amended as follows:

...

1.1.20. “**Existing Land Use Regulations**” means Land Use Regulations in effect on the Effective Date in which rights are intended to be vested under this Agreement. The Existing Land Use Regulations are identified below, attached hereto as exhibits for future reference and incorporated herein. With respect to the Town, the Existing Land Use Regulations include the following:

- (a) 2010 Comprehensive Plan, as adopted by Resolution No. 5958;
- (b) Zoning Ordinance, **effective December 5, 2021**, as amended by and up to and including Ordinance No. **803614**;
- (c) Subdivision regulations, **effective December 12, 2023**, as amended by and up to and including Ordinance No. **804549**;

- (d) Stormwater Management regulations, as amended by and up to and including Ordinance No. ~~643571~~; and
- (e) Forest Conservation regulations, as amended by and up to and including Ordinance No. 718584.

With respect to the County, the Existing Land Use Regulations include the following:

- 1. Comprehensive Plan, **effective August 6, 2016, as adopted by ~~as amended by and up to or including Resolution No. 176 and~~ Bill No. 13291178**; and
- 2. Comprehensive Water and Sewer Plan, as amended by and up to or including Resolution No. 199336.

...

1.1.26. **“Initial Plat”** means the subdivision plat prepared by Daft McCune Walker Inc. entitled “PLAT OF SUBDIVISION, LOTS 1 THROUGH 7, PARCEL A, AND REVISED TAX PARCEL 38”, dated October 8, 2014, last revised October 9, 2014 and ~~intended to be~~ recorded among the Plat Records of Talbot County, Maryland **in Plat Cabinet MAS 83, pages 458 through 464, inclusive hereafter**. The Initial Plat is incorporated herein by reference, and a reduced copy of the Initial Plat is attached hereto as Exhibit [redacted].

...

1.1.39. **“Pump Station/Substation Parcel”** means the area or parcel of land described in Paragraph 5.4 and depicted by Exhibit [redacted], or such alternative parcel(s) as may be agreed by the parties pursuant to one or more public works agreements.

3. **EXHIBITS**. Exhibits referenced herein but not attached hereto shall be the same as included in the DRRA. The following exhibits are attached hereto and incorporated herein and amend, replace and restate in their entirety the corresponding Exhibit of the DRRA:

- FA-E<sup>1</sup> Existing Development Approvals
- FA-F Existing and Required Development Approvals and Permits
- FA-H Legal Description of Property
- FA-I Partial Assumption and Novation Agreement Form
- FA-R Estoppel Certificate Form
- FA-T Traffic Study Summary

The following exhibits are attached hereto and incorporated herein and added to the list of Exhibits referenced by Paragraph 1.2 of the DRRA:

- FA-1 Town Planning Commission Recommendation
- FA-2 Town First Amendment Resolution
- FA-3 County Planning Commission Resolution
- FA-4 County First Amendment Resolution

<sup>1</sup> Exhibits to this First Amendment are referenced as (FA-#) to differentiate them from exhibits to the original DRRA.

4. **PRECEDENCE.** If the terms and conditions of this First Amendment conflict with any of the terms of the DRRA, the terms and conditions of this First Amendment shall take precedence, shall prevail and shall be binding upon Town, County and SHS.

5. **PARTIES.** Paragraph 2.1 of the DRRA is hereby amended as follows:

2.1. **Parties; Capacities.** The parties to this Agreement are the Town, County, and SHS. The County **initially** entered into this Agreement in several capacities and for several purposes: (i) in its governmental capacity under and for the purposes set forth in Chapter 50 of the County Code; (ii) in its capacity as the fee simple owner of the Property to consent to the imposition of this Agreement on the title to the Property for the purposes for which DRRAs are intended under the Development Agreement Statute; and (iii) for the purpose of agreeing to the terms, provisions, rights and obligations related to certain Public Facilities to be provided by the Town, County, and SHS and SHS-Successors. The Town entered into this Agreement in its governmental capacity: (i) under and for the purposes set forth in Article XV of the Town Zoning Ordinance, and (ii) for the purpose of agreeing to the terms, provisions, rights and obligations related to certain Public Facilities, including road improvements to be provided by SHS or SHS-Successors and public utility improvements and extensions to be provided by the Town, County, SHS and SHS-Successors. **SHS entered into this Agreement as the contract purchaser and intended developer of the Property. Prior to the First Amendment, the County transferred the Property to SHS, with the exception of Lot 7.**

6. **PARTIES.** Paragraphs 2.2 and 2.2.1 of the DRRA are hereby amended and restated in their entirety as follows:

**2.2. Property. The real property that is subject to this Agreement consists of portions of Talbot County Tax Map 17, Parcel 129, containing in aggregate 199.149 acres, more or less, which land area is more specifically depicted as Lots 1, 2, 3, 5 and 7 by the Initial Plat (Exhibit Error! Reference source not found.) and more particularly described by Exhibit [REDACTED], except that upon dedication of any portion(s) of such lots to the Town or County, such portion(s) shall automatically be released from this Agreement and all rights and obligations hereunder.**

**2.2.1. The entities having the equitable and legal interests (including lienholders) in the Property as of the Execution Date are the County, which is the owner of Lot 7, and SHS, which is the owner of Lots 1, 2, 3 and 5.**

7. **EXTENSION OF TERM.** Paragraphs 2.5.1 and 2.5.2 of the DRRA are hereby amended to extend the term of the rights and obligations established by the DRRA as follows:

2.5.1. *Term.* Except as to those provisions of this Agreement that specifically provide for a longer duration, the term of this Agreement shall commence on the Effective Date and shall continue **until the thirtieth (30<sup>th</sup>) anniversary of the date of recordation of the First Amendment among the County Land Records**~~for a period of thirty (30) years thereafter~~, unless this Term is modified, extended, or terminated pursuant to the provisions of this Agreement.

2.5.2. *Justification.* Parties acknowledge and agree that the Term of the Agreement, **as extended by the First Amendment**, is justified by the: (i) substantial economic investment made by SHS and SHS-Successors for the development of a new hospital and medical campus, (ii) construction of extensive public and private infrastructure by the Parties, (iii) uncertainty of future market demands and political pressures, (iv) public purposes to be advanced by Development of the Property in accordance with the Existing Land Use Regulations, and (v) expectations of the Parties.

**8. UPDATED NOTICE ADDRESSES.** Pursuant to Paragraph 2.8 of the DRRA, the parties acknowledge and agree that all notices to the parties under the DRRA shall be sent to the following addresses unless the same are hereafter supplemented or revised:

Notices and communications to SHS shall be addressed to, and delivered at, the following addresses:

Shore Health System, Inc.  
219 S. Washington Street  
Easton, Maryland 21601  
Telephone (410) 822-1000  
Attn: Kenneth Kozel, President

*with copies to:*  
University of Maryland Medical System Corp.  
250 West Pratt Street, Suite 2400  
Baltimore, Maryland 21201  
Telephone: (410) 328-1635  
Attn: Aaron Rabinowitz, Vice President &  
General Counsel

SHS - DRRA  
c/o McAllister, DeTar, Showalter & Walker LLC  
100 N. West Street  
Easton, Maryland 21601  
Telephone (410) 820-0259  
Attn: Ryan Showalter, Esq.

Notices and communications to the Town shall be addressed to, and delivered at, the following addresses:

Town of Easton  
14 S. Harrison Street  
Easton, Maryland 21601  
Telephone (410) 822-2525  
Attn: Mayor and Town Manager

*with a copy to:*  
Ewing, Dietz, Fountain & Kehoe, P.A.  
16 S. Washington Street  
Easton, Maryland 21601  
Telephone (410) 822-1988

Attn: Sharon VanEmburch, Esq.

Notices and communications to the County shall be addressed to, and delivered at, the following addresses:

Talbot County  
11 N. Washington Street  
Easton, Maryland 21601  
Telephone (410) 770-8001  
Attn: President, County Council

*with a copy to:*  
Talbot County Attorney  
11 N. Washington Street  
Easton, Maryland 21601  
Telephone (410) 770-8093  
Attn: Patrick Thomas, Esq.

**9. REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS.** Each Party hereby confirms that the representations, warranties and certifications set forth in Article 3 of the DRRA are accurate as of the date of execution of this First Amendment, except as amended as follows:

3.3 County. The County hereby makes the following representations, warranties and covenants to and with SHS and the Town as of the Execution Date:

...

(c) *Ownership of Property*. The County hereby certifies that it is the owner of legal and equitable interests in **Property Lots 6 (Water Tower Parcel) and 7 (Pump Station/Substation Parcel) as depicted by the Initial Subdivision Plat.**

3.4 SHS. SHS hereby makes the following representations, warranties and covenants to and with the Town and County as of the Execution Date:

...

(a) *Ownership of Property*. SHS hereby certifies that it ~~has exercised and is the contract purchaser under the SHS Options~~ **is the owner of the legal and equitable interests in the Property.**

**10. WATER TOWER IMPROVEMENTS.** Paragraph 5.3 of the DRRA is hereby amended as follows:

5.3 Water Tower Parcel. ~~Based on a water supply study of the Town water system completed by Whitman, Requardt & Associates, LLP and a related report entitled "Final Technical Memorandum No. 2 ??????" and dated \_\_\_\_\_, 2024~~ **May 8, 2012, elevated water storage improvements are not necessary for initial phases of the development on the Property, but are anticipated to be required to provide fire protection flows for future phases of development. Elevated water storage improvements will be required to support fire protection flow requirements at some stage of development of the Property.** The specific trigger or timing of and responsibility for construction and costs of such improvements will be evaluated and discussed by SHS and the Town, from time to time, as Development of the Property progresses. **Promptly upon recordation of this First Amendment, the CountySHS shall initiate legislation to**

dedicate to the Town, in fee simple, a parcel of land consisting of 1.0 acres, more or less, and designated as Lot 6 by the Initial Subdivision Plat for construction of an elevated water storage tank, ~~which parcel contains 1.0 acres, more or less, and is depicted by Exhibit K~~ (“Water Tower Parcel”). ~~The Water Tower Parcel is subject to the SHS Options and shall be dedicated to the Town by SHS concurrent with its acquisition of the Property.~~ SHS acknowledges and agrees that Lot 3 and Lot 5 are subject to a variable width ~~Such dedication shall include for the benefit of the Town a forty (40) foot wide~~ drainage, utility and access easement that extends across the Property between Hailem School Road and Medical Center Parkway for the benefit of the Water Tower Parcel. The Hailem School Road access located at the western terminus of such easement shall be limited to Town utility purposes and may not be used for access to Development on the Property without express approval by the County. The Water Tower Parcel shall also be subject to a forty (40) foot wide drainage, utility and access easement as depicted by the Initial Subdivision Plat~~Exhibit K~~.

11. PUMP STATION PARCEL. Paragraph 5.4 of the DRRA is hereby amended as follows:

5.4. Pump Station/Substation Parcel. SHS shall subdivide and dedicate to the Town, in fee simple, a parcel of land for construction of a wastewater pump station ~~and an electric mini-substation~~, which parcel shall be configured, sized and located as agreed by SHS and Town contains 1.253 acres, more or less, and is depicted by Exhibit L (“Pump Station/Substation Parcel”). ~~The Pump Station/Substation Parcel is subject to the SHS Options and shall be dedicated to the Town by SHS with its acquisition of the Property.~~ Such dedication shall include a thirty (30) foot wide drainage and utility easement that authorizes the construction, maintenance and operation of drainage and utility improvements (sewer, water, gas, telephonecommunication fiber and electric) ~~in the location depicted by Exhibit L. The Pump Station/Substation Parcel shall be accessed from Hiners Lane. The Hiners Lane access shall be limited to Town utility purposes and may not be used for access to Development on the Property without express approval by the County.~~ Promptly upon recordation of this First Amendment, the County shall initiate legislation to convey to SHS Lot 7 (as depicted by the Initial Subdivision Plat), which parcel is intended by the Parties to be consolidated with Lot 1 as developable land, since such Lot 7 is no longer needed as a site for a pump station or electric substation in light of this Paragraph 5.4 and Paragraph 5.5.

12. SUBSTATION PARCEL(S). The DRRA is hereby amended to include the following text as new Paragraph 5.5:

5.5. Substation Parcel(s). On such timing as may be agreed by the Town and SHS, SHS shall dedicate to the Town one or more easement(s) or parcel(s) for construction of the electrical substation required to provide the Permanent Primary Electrical System Extension (“Substation Parcel(s)”) including any necessary access

**easements. The location and size of the Substation Parcel shall be agreed upon by SHS and Town. In the event that it is determined that dedication of the parcel is desired, SHS shall subdivide and create the parcel for conveyance.**

13. **HAILEM SCHOOL ROAD IMPROVEMENTS.** Paragraph 6.3.3 of the DRRA is hereby amended as follows:

6.3.3. *Hailem School Road.* Initial phase(s) of Development are not planned to include the construction of road access to Hailem School Road. Unless and until SHS or SHS-Successors provide any improvements required by this Paragraph 6.3.3, access to Hailem School Road from the Property shall be restricted to agricultural access and access to serve only the **Substation Parcel(s) and the Water Tower Parcel.** Future improvements along Hailem School Road may be required to accommodate Development of the Property. SHS or SHS-Successors shall construct improvements to Hailem School Road that are necessary to mitigate the incremental traffic impact resulting from Development of the Property (considering then existing traffic conditions) and required by generally applicable and legally enforceable County and Town rules, regulations, ordinances and standards at SHS' or SHS-Successors' expense, except to the extent public funding is acquired for such purposes, in accordance with applicable standards and specifications of the County. The Town agrees to use its best efforts to support SHS or SHS-Successors in obtaining, and the County agrees to cooperate with SHS and SHS-Successors 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 Property so long as said reviews and permits are consistent with Development approvals granted by the Town and/or County for the Property. All future access to Hailem School Road shall comply with all generally applicable and legally enforceable provisions of the County road ordinance. ~~Not later than conveyance of Parcel "B" by the County pursuant to the SHS Options, SHS shall dedicate or cause to be dedicated to the County, or the County shall reserve to itself from such conveyance, a fee simple interest in a strip of land for future road widening, drainage and utility improvements along the full length of the Property frontage on Hailem School Road for a width of fifty (50) feet measured east from the existing road centerline.~~ The foregoing qualification regarding road access to Hailem School Road shall not serve as an absolute limitation on the construction of such access, but makes construction and use of any such access subject to any applicable and legally enforceable County requirements and SHS and SHS-Successors agree to obtain advance County approval of any such access according to such requirements.

14. **NEW COMMUNITY CENTER ENTRANCE.** Paragraphs 6.3.6 and 6.3.7 of the DRRA are hereby amended as follows:

6.3.6. *New Regional Medical Center Entrance and Route 50 Frontage.* Subject to the conditions precedent set forth in Paragraph 6.3.7, the County shall transfer to SHS that ~~part, parcel, or portion~~ of land ~~located at 10028 Ocean Gateway, Easton, Maryland, Tax Map 0017, Parcel 0038~~ identified as "Medical Center Drive, (Commercial Local

Street), SRCHA Plat 59033, Variable Width Right of Way” and “Land Intended to be Dedicated to the State Highway Administration, 3.968 acres, SHA Plat # 59033” by the Initial Plat (“Entrance Parcel”), for construction of the new Regional Medical Center entrance (“New RMC Entrance”) and deceleration lanes for US Route 50. The land to be conveyed by the County for the New RMC Entrance is also identified on the State of Maryland Department of Transportation, State Highway Administration, State Roads Commission Plat Number 59033, dated June 29, 2012, which is incorporated by reference herein.

6.3.7. *New Community Center Entrance.* Promptly upon recordation of this First Amendment, the County shall initiate legislation to convey the Entrance Parcel to SHS in exchange for SHS’ construction of a new entrance to the Talbot Community Center, the details of which shall be memorialized in one or more public works agreements between SHS, County and Town, shall have no obligation to transfer or convey to SHS any interest in or to any part, parcel, or portion of land to be used for the New RMC Entrance, until the following conditions precedent have occurred to the County’s reasonable satisfaction:

(a) ~~SHS, at its sole cost and expense, shall obtain all required permits for and construct a new entrance to the Talbot County Community Center (“New TCCC Entrance”) in accordance with plans paid for by SHS, reviewed and accepted by the County, and prepared by Daft McCune Walker, Inc. entitled, “Entrance Relocation Plan for Talbot County Community Center”, dated October 10, 2012, last revised October 15, 2012, which plans are incorporated by reference herein (collectively, the “TCCC Plans”). The TCCC Plans have been accepted in concept by the County prior to execution of this Agreement. In addition to the TCCC Plans and any specifications referred to or incorporated therein, SHS shall prepare separate specifications (“TCCC Specifications”) for construction of the New TCCC Entrance, which shall be submitted to the County within one hundred twenty (120) days prior to commencement of construction of the New TCCC Entrance, and the County shall respond to such submittal within thirty (30) days thereafter, by accepting the TCCC Specifications or identifying with particularity the County’s concerns or objections thereto. As a condition of the license granted by the County to SHS pursuant to sub-paragraph 6.3.7(e) below, final TCCC Plans and TCCC Specifications shall have been accepted by the County not later than thirty (30) days prior to commencement of construction of the New TCCC Entrance.~~

~~SHS’s obligation shall include all costs of any kind, nature, or description, including design, engineering, permitting, bonding, insurance, site work, construction, landscaping, construction management, administration, inspection, changes, change orders, unknown conditions, and contingencies. It shall also include a warranty for the use and benefit of the County, in form and content acceptable to the County, for a period of one year following the County’s acceptance and commencement of general public use of the New TCCC Entrance, and a separate warranty guaranteeing survival of all landscaping for two complete calendar years commencing upon completion of all required landscaping.~~

~~(b) — SHS shall be solely responsible for construction and completion of the work in accordance with the Construction Documents (defined below) as approved by the County and Town. The County shall have the right to review and approve, in its reasonable discretion, all final designs, plans, drawings, specifications, bid documents, contracts, subcontracts, changes, phasing, schedules, change orders, inspection reports (collectively, the “Construction Documents”) for the New TCCC Entrance, which Construction Documents shall be consistent with the TCCC Plans, which have been approved and accepted by the County. Construction of the New TCCC Entrance shall also comply with all applicable Town Codes, standards, specifications and other requirements. The County shall be authorized to retain qualified construction inspectors, firms, or agencies to review, monitor, inspect, and approve or disapprove the Construction Documents and the work performed by SHS or its agents, contractors, or subcontractors on the New TCCC Entrance and water and sewer infrastructure extending from Rt. 662 to the Community Center to the extent SHS is providing the same to accommodate water and sewer service to the Community Center. The County’s actual inspection costs shall be reimbursed by SHS at a cost not to exceed \$500 per work day from commencement of the New TCCC Entrance through Completion thereof, and the County agrees to cooperate with SHS, including reasonable consideration of engaging inspectors otherwise working on the Property, to minimize inspection costs while still providing the County with assurances that the New TCCC Entrance is constructed in accordance with this Agreement and all applicable construction standards otherwise required by law.~~

~~SHS’ bid documents shall include construction of water and sewer infrastructure to extend the Property Water Facilities and Property Wastewater Facilities to the vicinity of the Community Center in accordance with Paragraph 7.6.~~

~~(c) — The County and SHS shall jointly identify and designate the portions of lands owned by the County that must be accessed or disturbed by SHS or its Representatives (defined below) in connection with the construction of the New TCCC Entrance (“License Area”). At a minimum, the License Area shall include all lands located within the Limit of Disturbance or “LOD” designated by the erosion control plans of the TCCC Plans. In consideration of SHS’ agreement to construct the New TCCC Entrance, the County hereby grants to SHS a license (“License”): (i) to enter upon and use the License Area in connection with the construction of the New TCCC Entrance; (ii) to construct the New TCCC Entrance in accordance with this Agreement upon the License Area; and (iii) to use existing roadways, driveways and pedestrian ways located on the Talbot County Community Center property for vehicular and pedestrian ingress and egress to and from the License Area. SHS and its construction managers, consultants, architects, engineers, contractors and subcontractors retained in connection with the New TCCC Entrance (collectively, “Representatives”) shall be permitted to use this License.~~

~~At all times during the term of the License, SHS shall, at its own cost and expense, be responsible for the actions and personal property of SHS and its~~

~~Representatives on the License Area. Prior to Completion of the New TCCC Entrance, SHS shall repair any damage to the improvements, personal property, grounds, and facilities upon the Talbot County Community Center property caused by SHS' or its Representatives' use of the License Area, including grading or regarding and establishment or reestablishment of all lawn and landscaping. Prior to termination of the License, SHS shall promptly remove any and all temporary structures, facilities and improvements, including, without limitation, all tools, materials and equipment used or stored and any trash or debris remaining on the License Area and restore all disturbed areas to their former condition or as shown on the TCCC Plans. The License shall terminate upon Completion of all activities depicted by the TCCC Plans, including the County's written approval and acceptance of New TCCC Entrance and County approval of the demolition and stabilization of the existing TCCC access to Route 50.~~

~~SHS shall not use or permit uses upon the License Area that unreasonably interfere with access to or operation of the Talbot County Community Center. The County and SHS shall cooperate to effect the construction of the New TCCC Entrance in a manner that provides vehicular access to the northern and southern Talbot County Community Center entrance doors at all times. Consistent with the TCCC Plans sequence of construction, the existing TCCC access to Route 50 shall not be obstructed or demolished before the New TCCC Entrance is complete, accepted by the County, and open for public use. SHS shall advise the County of construction schedule changes for the New TCCC Entrance and shall adhere to the construction schedule in the Construction Documents unless changed by the County, which consent shall not be unreasonably withheld. County shall be responsible for communications with the public regarding access and circulation pattern changes during construction. The intent of SHS and County is to cooperate in order to prevent unreasonable impairment of the use, operation, occupancy or enjoyment of, or ingress to or egress from the Talbot County Community Center, while recognizing that construction of the New TCCC Entrance and closure of the existing Route 50 access may cause temporary but unavoidable adverse impacts upon the Talbot County Community Center which the parties shall seek to minimize and mitigate through construction management and public communication.~~

~~(d) Upon Completion by SHS of the New TCCC Entrance in accordance with the TCCC Plans and TCCC Specifications and applicable Town codes, standards, and design criteria and acceptance by the County, the County shall advertise the proposed disposition of land set forth in Paragraph 6.3.6 to be transferred to SHS for the New RMC Entrance in accordance with the requirements of Article 25A § 5B, Md. Ann. Code, and, upon finding that the parts, parcels, or portions of land are no longer needed for public use for access to the Community Center or as part of the Community Center property, County shall transfer and convey such parts, parcels, or portions of land to SHS.~~

~~(e) Not later than the conveyance provided for in subparagraph (d) above, the County shall also establish a license over portions of the County's~~

~~remaining property, including Rt. 50 frontage of the Hog Neck Golf Course, for access and temporary disturbance by SHS, its contractors, agents and representatives as necessary to facilitate construction of the New RMC Entrance and related improvements to Route 50, including acceleration and deceleration lanes and drainage and stormwater improvements. Such license shall be established pursuant to the same procedure and subject to terms comparable to those described in subparagraph (c) for the New TCCC Entrance.~~

15. WATER SYSTEM. Paragraph 7.2.1 of the DRRA is hereby amended as follows:

7.2.1 *Water System.* The Town water system shall be extended to serve the Property, ~~the Community Center,~~ and such other areas, if any, as determined pursuant to Paragraph 7.3 (“**Water System Extension**”). All components of the Water System Extension shall be sized to accommodate the flows and capacities reserved under Paragraph 7.3. The Water System Extension shall include the following:

(i) 12” water mains that extend to the southwestern and southeastern areas of the Property ~~(in the locations designated by Exhibits O and P as the limits of 12” water lines constructed by SHS or the “Property Water Facilities” as defined below)~~ from existing Town water mains generally located in the vicinity of Easton Utilities’ Goldsborough Sewage Pump Station and the intersection of Airport Road and Route 662, respectively;

(ii) all other components, improvements, equipment and appurtenances as required by applicable Town standards and MDE design criteria; and

(iii) additional components, improvements, equipment and appurtenances not required by Town standards but requested by any Party pursuant to one or more public works agreement(s) between the Parties pursuant to Paragraph 7.4, subject to the provisions of Paragraphs 7.4 and 7.7 regarding cost responsibilities.

The anticipated alignment of the off-site Water System Extension and the specific locations of the northern termini of the Water System Extension, which are the connection points between the Water System Extension and the Property Water Facilities (defined below) shall be memorialized by one or more public works agreements between the Parties as depicted and described by the plans attached as Exhibits M-P.

16. WASTEWATER SYSTEM. Paragraph 7.2.2 of the DRRA is hereby amended as follows:

7.2.2 *Wastewater System.* The Town sewer system shall be extended to serve the Property, ~~the Community Center,~~ and such other areas as set forth in one or more public works agreement(s) between the Parties determined pursuant to Paragraphs 7.3 and 7.4, if any (“**Wastewater System Extension**”). All components of the Wastewater System Extension shall be sized to accommodate the flows and capacities reserved under Paragraph 7.3. The Wastewater System Extension shall include the following:

(i) a pump station sized, designed and located to accommodate flows from the entire Property and the Community Center property as set forth in one or more public works agreement(s) between the Parties~~determined via gravity flow considering existing topography and all other flows provided for under this Agreement. The pumps and electrical components shall be covered by manufacturers' warranties or extended warranties that extend until one year after issuance by the Town of the first certificate of occupancy for a hospital constructed on the Property;~~

(ii) connection of the Property Wastewater Facilities (defined below) at the ~~southern~~ property line of the Pump Station/~~Substation~~ Parcel to the wet well of the pump station;

(iii) a ~~12"~~ forcemain extending from the Pump Station to the Town's existing collection system, as depicted by plans approved by the County, Town, and MDE to accommodate the flows determined under this Agreement;

(iv) all other components, improvements, equipment and appurtenances as required by applicable Town standards and MDE design criteria as depicted by plans approved by the County, Town and MDE, such as pump station monitoring, control and backup power generation systems; and

(v) additional components, improvements, equipment and appurtenances requested by any Party pursuant to Paragraph 7.4 but not required by Town standards, subject to the provisions of Paragraphs 7.4 and 7.7 regarding cost responsibility.

The anticipated on-site and off-site alignment of the Wastewater System Extension shall be memorialized by one or more public works agreement(s) between the Parties~~are depicted and described by the plans attached as Exhibits M-O.~~

17. UTILITY TIMEFRAMES. Paragraph 7.4 of the DRRA is hereby amended as follows:

7.4 Design & Construction Responsibilities, Coordination and Timeframes. The Parties shall cooperate in connection with the design of all utility infrastructure for their mutual benefit. Details regarding the coordination, timeframes, design and construction responsibilities for all utility infrastructure shall be memorialized by one or more public works agreement(s) between the Parties.~~When and as available, SHS shall circulate to Town and County plans and/or exhibits that confirm the locations and inverts of the various connection points between the pipe and conduit systems to be constructed by SHS and those to be constructed by Town or County. All Parties shall construct such utility system components in accordance with approved plans. The County shall be responsible for extending all utility lines from the Pump Station to the southern boundary of the Pump Station/Substation Parcel and pay its respective share of the cost to extend the forcemain to the tie in point of the existing Town facilities. Notwithstanding the foregoing, the second or later Party to extend or construct its portion of a utility system component to a point of connection shall be responsible for verifying the precise location of the system component to which it must connect and for making and testing such connection in accordance with applicable standards and requirements and sound engineering and construction practices.~~

~~SHS, SHS Successors and Town shall cooperate with the County, at no expense to SHS, SHS Successors or Town, in connection with all grant or loan applications for public funding for water and sewer infrastructure. SHS, SHS Successors and Town shall have no liability for repayment of any grants or loans undertaken by the County.~~

~~The County shall complete its bid and procurement procedures for the Extensions on such timing as required to satisfy its obligations hereunder. The County's obligation to construct the Extensions shall be triggered upon the occurrence of all of the following (the date of which shall be the "Trigger Date"): (i) SHS' acquisition of the Property, (ii) issuance of a final decision approving the Certificate of Need authorizing construction of a hospital containing at least 100 licensed beds on the Property, and (iii) issuance by the Town of the first grading, foundation, building or other permit authorizing work associated with construction of such hospital. The eastern components of the Water System Extension shall be complete and available for connection to the Property Water Facilities and operation thereof on or before three (3) months after the Trigger Date. The western components of the Water System Extension shall be complete and available for connection to the Property Water Facilities (as depicted by Exhibit P) and operation thereof on or before fifteen (15) months after the Trigger Date. The Wastewater System Extension shall be complete and available for connection to the Property Wastewater Facilities and operation thereof on or before fifteen (15) months after the Trigger Date.~~

~~The Temporary Electric Service (defined below) shall be complete and available for service to the Property on or before four (4) months after the Trigger Date, provided that SHS files a complete and approved application for electric service with Easton Utilities and pays all fees and/or contributions in accordance with the applicable tariff by two (2) prior to the Trigger Date and provided that all easements necessary to provide the Initial Electric System Extension are provided to Easton Utilities by the Trigger Date. The Gas System Extension (defined below) shall be complete and available for service and connection to the Property Gas Facilities (defined below) on or before sixteen (16) months after the Trigger Date provided that SHS files a complete and approved application for gas service with Easton Utilities and pays all fees and/or contributions in accordance with the applicable tariff by the Trigger Date. The Permanent Electric System Extension (defined below) shall be complete and available for service to the Property on or before fourteen (14) months after the Trigger Date provided that SHS files a complete and approved application for electric service with Easton Utilities and pays all fees and/or contributions in accordance with the applicable tariff by the Trigger Date. Upon completion of each such improvement and satisfactory inspection by Town, such improvements shall be dedicated or conveyed to Town and shall thereafter be owned, operated and maintained by Town. The foregoing deadlines for provision of electric or gas services by Easton Utilities shall be extended on a day-for-day basis for each day that the respective application(s) for service are delivered or are not completed after the aforementioned submittal deadlines.~~

~~7.4.1 Design and Right-of-Way Responsibility. County retained Easton Utilities to design the pump station and Extensions to the southern Property lines, and Easton Utilities provided 90% drawings to the County in April 2010, and final construction plans to the County in February, 2011. Except as provided in the following paragraph, County has fulfilled its design responsibilities for the Extensions. County shall be responsible for the permitting of the Extensions, except for specific components of the Extensions requested by another Party under Paragraphs 7.2.1(iii) or 7.2.2(v), which specific components shall be designed, permitted, and funded by the Party requesting the same. The County shall also be responsible for identifying, surveying and obtaining all right-of-ways necessary for construction of the Extensions from the boundaries of the Property to the appropriate connection points within the existing Town utility systems, which right-of-ways or easements shall be conveyed to the Town by instrument(s) recorded among the Land Records of Talbot County within three months following the Effective Date. All off-site right-of-ways required for the Extensions shall be obtained and/or confirmed by the County in sufficient time to permit the County to satisfy the deadlines set forth in Paragraph 7.4, and shall be for the benefit of the Town. If County is unable to obtain off-site easements and rights-of-way as may be necessary, the Town shall assist the County in accordance with Paragraph 9.1.~~

~~The County shall apply for all construction permits and approvals from MDE and such other agencies as may be required for construction of the Extensions in a manner and on such timing as necessary to satisfy its obligations hereunder.~~

~~7.4.2 Design Coordination Timeframe. All requests hereunder for capacity reservation or specific system components or modifications have been communicated to the Party responsible for such design.~~

~~7.4.3 Construction Responsibility. County shall construct the Extensions in accordance with plans approved by SHS, Town and County. Between SHS and the County, the last Party to construct their portion of the water system infrastructure in the vicinity of the connection points between the Property Water Facilities and the Water System Extension shall be responsible for connecting and testing the connection of these two segments of the water system. County shall be responsible for connection of the Property Wastewater Facilities (defined below) to the pump station provided that SHS has terminated the Property Wastewater Facilities on the Pump Station Parcel prior to construction of the pump station wet well. County shall construct the improvements required by Paragraph 7.6 in accordance with plans approved by County, Town and SHS. Notwithstanding the foregoing, if SHS constructs the new alignment of Route 662 prior to the County's construction of the Extensions, SHS shall install sleeve(s) under the new road to accommodate road crossing(s) of the Extensions. SHS shall construct the improvements required by Paragraph 7.5 in accordance with plans approved by the Town. Division of responsibilities for construction of gas and electric system improvements are addressed in Paragraphs 7.4, 7.11, 7.12 and 7.13, respectively.~~

~~7.4.4 Cooperation by Town and County to Facilitate Timely Completion. Each Party hereto shall support the other Parties and promptly respond to requests for information, coordination, interpretation of codes or standards or other requests for assistance to facilitate the timely and efficient coordination and construction of utilities for the Property.~~

18. WATER & SEWER IMPROVEMENTS. Paragraph 7.5 of the DRRA is hereby amended as follows:

7.5 Property Water Distribution and Wastewater Collection Improvements. SHS or SHS-Successors shall construct water distribution facilities within the Property and extending from the Water System Extension as necessary for Development of the Property in accordance with construction plans approved by Town, ~~the general location of initial phases of which is depicted by Exhibit M.~~ Such improvements shall consist of a system of pipes, water mains, laterals, service lines, hydrants, feeders, regulators, fixtures, connections and attachments, meters and such other appurtenances necessary or proper for the purposes of distributing or supplying water for domestic, commercial and fire protection purposes and for any other purposes (excluding, at SHS' election, irrigation) for which water may be used by or on the Property (collectively, the "Property Water Facilities"). ~~The Property Water Facilities include, without limitation, a 16" water line stubbed to and terminated with a valve at the southern boundary of the 40' drainage, utility and access easement located on the Water Tower Parcel, as generally depicted by Exhibits K and P.~~

SHS or SHS-Successors shall construct the wastewater collection systems and facilities within the Property as necessary to convey wastewater flows from Development of the Property by gravity to the Pump Station/~~Substation~~ Parcel in accordance with construction plans approved by the Town, ~~the general location of initial phases of which is depicted by Exhibit M.~~ Such improvements shall consist of a system of pipes, wastewater mains, laterals, manholes, connections and attachments and such other appurtenances necessary or proper for the purposes of collecting and transporting wastewater generated within the Property to the Pump Station/~~Substation~~ Parcel (collectively, the "Property Wastewater Facilities"). ~~SHS shall design and construct the Property Wastewater Facilities to be capable of conveying wastewater flows from the Community Center property to the Pump Station/Substation Parcel by gravity at a volume not to exceed that reserved in Paragraph 7.3.1.2. The depth of the Property Wastewater Facilities shall be limited to that necessary to provide gravity service to the Property and the Community Center as depicted by Exhibit M, the invert elevation for future connection to MH9 shall be 48.3±.~~

19. WATER & SEWER IMPROVEMENTS. Paragraph 7.6 of the DRRA is deleted in its entirety:

~~7.6 Community Center Water and Wastewater Improvements. County shall construct all water improvements required to connect the Community Center to the Property Water Facilities in accordance with construction plans approved by the Town. Such improvements shall include an 8" water line and a system of water pipes, mains, laterals, hydrants, regulators, fixtures, connections and attachments, meters and such other appurtenances necessary or proper for the purposes of supplying water for domestic, commercial and fire protection purposes for the Community Center at a volume not to exceed that reserved pursuant to Paragraph 7.3.1.2.~~

~~SHS is responsible for the cost of constructing an 8" water line stub, terminated with a valve, onto the TCCC Expansion Parcel as depicted by Exhibit M. SHS is also responsible for the cost of constructing and capping an 8" gravity sewer line onto the TCCC Expansion Parcel as depicted by Exhibit M. In addition to the foregoing, SHS will extend water and sewer lines across the TCCC Expansion Parcel in conjunction with its construction activities for the New TCCC Entrance. Such extensions shall terminate at locations approved by SHS and County. These extensions will be priced as an option by SHS' contractor and the costs of extending these lines beyond the stubs depicted on Exhibit M shall be credited against SHS' obligations to County under Paragraph 7.7.3. The County shall be responsible for connection of the Community Center to the water and sewer lines constructed by SHS. Upon connection to the Town sewer system, the County shall be responsible for abandonment of the existing septic system. Subject to Health Department approval, the Community Center may elect to continue to use the existing well servicing the Community Center and the well and septic system servicing the County's existing concession stand, without any requirement to connect to the Town water and wastewater systems.~~

20. UTILITY DEDICATIONS. Paragraph 7.7 of the DRRA is hereby amended as follows:

7.7. Cost Allocation and Responsibility. Allocation of costs and responsibilities for construction of utilities to serve Development of the Property shall be memorialized by one or more public works agreement(s) between the Town and SHS, and, if applicable, the County.

~~7.7.1. County. County previously paid for the initial design of the Extensions. Subject to the defined contribution by SHS for the cost of consolidating the DMW design of the foremain with plans previously prepared for the County, County shall be responsible for the cost of design and right of way evaluation and acquisition in accordance with Paragraph 7.4.1. County shall be responsible for the cost of constructing Extensions sized only to provide the capacity reserved under Paragraph 7.3.1 ("Primary Extensions Cost"), which shall be determined in accordance with Paragraph 7.7.6. County shall also be responsible for the costs of design and construction of any component(s) of the Extensions requested by County under Paragraphs 7.2.1(iii) or 7.2.2(v). County shall also be responsible for the costs~~

~~of design, connection to the water and sewer stubs constructed by SHS, and construction of the improvements described by Paragraph 7.6.~~

~~7.7.2. Town. Town shall be responsible for the cost of design and construction of any component(s) of the Extensions requested by Town under Paragraphs 7.2.1(iii) or 7.2.2(v). In addition, to the extent that the Town requires certain components of the Extensions to be designed, located, oversized or constructed in a manner to facilitate or accommodate future expansion, the Town shall be responsible only for the increased costs of materials associated with such requirement(s).~~

~~7.7.3. SHS. SHS shall be responsible for the actual incremental cost of increasing the flow capacity of the Extensions beyond the flow capacity reserved under Paragraph 7.3.1 to include the flow capacity reserved under Paragraph 7.3.3 ("Incremental Extensions Cost"). SHS shall also be responsible for the costs of design and construction of any component(s) of the Extensions requested by SHS under Paragraphs 7.2.1(iii) or 7.2.2(v). SHS shall also be responsible for the costs of design and construction of the improvements described by Paragraph 7.5.~~

~~7.7.4. Third Parties. In the event the Extensions include additional capacity under Paragraphs 7.3.1, 7.3.2.1 or 7.3.3 or if the Extensions serve parcels lying outside the Property and the Community Center through use of any portion of the infrastructure paid for by County, the County shall be entitled to reimbursement from the owner of such other parcel(s) served by this infrastructure for a pro-rata portion of the costs County incurred to extend water and sewer infrastructure, whether from the general fund, loans, or any combination of funding sources, excluding grants. The Town and County agree to cooperate and negotiate in good faith to evaluate the legal authority, formula, and administrative processes for such reimbursement.~~

~~7.7.5. Future Water Tower. Based on a water supply study of the Town water system completed by Whitman, Requardt & Associates, LLP and a related report entitled "Final Technical Memorandum No. 2" and dated May 8, 2012, the Town agreed not to require additional water storage to meet the projected water demands and fire flow requirements for initial phases of construction on the Property. The timing and allocation of responsibility for the construction and cost of any future water tower on the Property shall be discussed and resolved between the Town, SHS and SHS Successors in the future.~~

~~7.7.6. Determination of Primary Extensions Costs and Incremental Extensions Costs Between SHS and County. The Primary Extensions Costs and Incremental Extensions Costs shall be determined by the County's bid process associated with construction of the Extensions. The County shall include in its bid requests alternative specifications reasonably acceptable to County and SHS that require bidders to price the Wastewater System Extension with two substitutions: (1) changing the pipe size to construct an 8" diameter forcemain instead of a 12"~~

~~diameter forcemain, and (2) installation of pump(s) sized to accommodate only the flows required by Paragraph 7.3.1, rather than installation of pump(s) sized to accommodate flows required by Paragraphs 7.3.1 and 7.3.3. Except for the forcemain pipe diameter and pump capacity, all other aspects and components of the Wastewater System Extension shall remain the same. The Primary Extensions Costs shall be equal to the cost of the Water System Extension plus the bid price submitted by the contractor selected by the County for the Wastewater System Extension with the two aforementioned substitutions. The Incremental Extensions Costs shall be equal to the actual bid price accepted by the County for the Wastewater System Extension less the alternative bid price provided by the same contractor for the Wastewater System Extension with the two aforementioned substitutions.~~

21. **IRRIGATION WELLS.** Paragraph 7.8 of the DRRA is hereby amended as follows:

7.8 **Irrigation Well(s).** Town and County agree that, subject to applicable State laws and permitting requirements, SHS and SHS-Successors may design, permit, drill, construct, operate and maintain all well(s) required to serve the irrigation water demands of the Property pursuant to applicable rules, regulations, and permits. The location and timing of drilling or construction and the manner, extent and frequency of use of such well(s) shall be at the discretion of SHS and SHS-Successors subject to applicable permits, **except that no irrigation wells shall be permitted in the Magothy or Upper Patapsco aquifers.** No such well(s) or any system connected thereto may be connected to the Town water system or any facility connected to the Town water system.

22. **UTILITY DEDICATIONS.** Paragraph 7.10 of the DRRA is hereby amended as follows:

7.10. **Dedication to Town.** The Water Facilities, Wastewater Facilities, all duct banks **intended for use by the Town described by Paragraph 7.12 (subject to certain express reservations),** Gas System Extension (~~defined below~~), and all easements necessary to provide utility service to the Property by the Town shall be conveyed to and accepted by Town upon completion of construction of such facility(s), in accordance with the policies and procedures typically applicable to such dedications.

23. **GAS SYSTEM EXTENSION.** Paragraph 7.11 of the DRRA is hereby amended as follows:

7.11. **Gas System Extension.** **Gas service, if any, for development of the Property shall be provided by the Town, with responsibilities for system improvements and extensions to be determined in accordance with the applicable tariff and memorialized by one or more public works agreement(s) between the Town and SHS Pursuant to Paragraph 7.4, the Town shall construct a 6 inch H.P. 60 PSI gas main from the gate station on Dover Road to a point immediately west of**

~~Maryland Route 662 at the southernmost corner of the Property, which location is generally depicted by Exhibits M and O (“Gas System Extension”). SHS shall be responsible for engaging a qualified contractor as per Easton Utilities requirements to extend the 6-inch gas main under and then along the east side of relocated Route 662 as generally depicted by Exhibits M and O. SHS shall provide connections to the new hospital central energy plant and valve “T”s for future buildings. SHS shall also construct a 2-inch feed to the southern boundary of the Pump Station/Substation Parcel. The County shall be responsible for connection of the pump station’s emergency generator to the 2-inch line installed and capped by SHS at the Pump Station/Substation Parcel boundary. The Town shall provide interruptible gas service to the Property in accordance with the applicable tariff and under the terms of a “special contract” to be negotiated between SHS and Town and subject to approval by the Public Service Commission.~~

24. DUCT BANKS. Paragraph 7.12 of the DRRA is hereby amended as follows:

7.12. Property Duct Bank. The design, location, quality and responsibility for construction of duct banks in connection with the development of the Property shall be memorialized by one or more public works agreement(s) between the Town and SHS. ~~SHS shall construct duct banks on the Property for use by the Town, SHS and others as generally depicted by Exhibits M, O, and . The duct bank extending along the west side of the entire length of relocated Route 662 shall consist of twelve (12) 6” conduits, all of which shall be available for use by Town for electric, fiber optic and broadband TV cable, and shall include manholes every 1,000 feet. SHS shall construct, at its expense, a duct bank from Route 662 to the southern boundary of the Pump Station/Substation Parcel consisting of three (3) 6” conduits and two (2) 4” conduits. County shall be responsible for extending this duct bank across the Pump Station/Substation Parcel to the substation and pump station, as agreed by Town and County. SHS shall construct an additional duct bank consisting of seven (7) 4” conduits, four (4) of which will be made available to Verizon while the remaining three (3) will remain available for use by SHS or its assigns or designees for future needs. Unless otherwise agreed by SHS and Town, SHS shall construct an additional duct bank consisting of six (6) 6” conduits, which shall extend along the northern boundary of the Property from Hailem School Road to the central energy plant as generally depicted by Exhibits M and O. All duct banks shall be protected by concrete backfill at road crossings in accordance with applicable Town standards. The foregoing duct banks will be dedicated to Town, subject to SHS’ right to use of the three ducts reserved for SHS or its assigns and four ducts reserved for Verizon.~~

25. ELECTRIC SERVICE. Paragraph 7.13 of the DRRA is hereby amended as follows:

7.13. Electric Service and System Extension. Electric service for development of the Property shall be provided by the Town, with responsibilities for system improvements and extensions to be determined in accordance with the applicable

~~tariff and memorialized by one or more public works agreement(s) between the Town and SHS. Town shall provide temporary electric service (1000A, 480V, 3 Phase) to within one hundred (100) feet of the proposed central energy plant ("Temporary Electric Service"). SHS shall notify the Town of the location of the terminus for such temporary electric service at least four (4) months prior to the completion deadline for the Initial Electric System Extension as provided by Section 7.4.~~

~~Town shall extend primary 25 KV electric service to the Property from its existing Mini-Sub 3 through an underground duct bank system, with the costs thereof to be assessed in accordance with applicable tariffs and Paragraph 7.4. All off-site duct construction shall be constructed by the Town. Within the Property, the Town shall provide and install the electrical cable and system components within the duct system installed by SHS pursuant to Paragraph 7.12. The duct bank located on the Property shall be complete with pull strings and accepted by Town at least five (5) months prior to the Town's deadline for completion of the Permanent Electric Service as provided by Section 7.4. The Town's deadline for completion of Permanent Electric System Extension shall be extended on a day-for-day basis for each day that SHS' completion of the duct bank required for such extension is delayed. Town shall relocate the existing 8.3 KV electrical system located adjacent to Route 662 upon SHS' completion and acceptance by Town of the duct bank components required for such work and shall complete such relocation within 90 days of completion of the duct bank. SHS' contribution to Easton Utilities towards the total cost of relocating the 8.3 KV components, if any, shall be determined in accordance with the applicable tariff and generally applicable policies of the Town. Additionally, in accordance with Paragraph 7.4, Town shall extend a redundant 25KV service line from its existing Substation # 3 overhead to the northern Property corner at Hailem School Road and shall provide and install the electrical cable and system components from Hailem School Road to the central energy plant with the costs thereof to be assessed in accordance with applicable tariffs and Paragraph 7.4. This service is large and requires a special investment for delivery of service and will require a special contract. Extensions of the primary and redundant 25KV electric lines to the central energy plant are collectively referred to as the "Permanent Electric System Extension".~~

26. EASEMENTS. Paragraph 9.1 of the DRRA is hereby amended as follows:

9.1 Easements. SHS (for itself and SHS-Successors), County and Town agree to grant to each other upon request and at no cost rights-of-way or easements over their respective properties in the event that such rights-of-way or easements shall be necessary for the installation, maintenance, replacement and/or removal of infrastructure related to the Development of the Property, including without limitation, roads, sidewalks, utility lines, and drainage improvements, provided the use of such easements will not interfere with the owner's use and enjoyment of the subject property, and except that the Town does not agree to grant easements over its property for competing utilities or services. If SHS or the County is unable to obtain off-site easements and rights-of-way as may be necessary

for extension of utilities to serve Section One of the Property, the Town agrees to assist such Party in obtaining such easements and rights-of-way. If necessary, to the extent the Town has the legal authority, the Town agrees to institute and process condemnation proceedings to acquire such easements and rights-of-way, the costs of which shall be paid as established by one or more public works agreement(s) between the Parties by the County if required pursuant to Paragraph 7.7.1 or otherwise by SHS.

27. **RECORDATION OF FIRST AMENDMENT.** This First Amendment shall be recorded in the County Land Records within twenty (20) days of the last date of execution of this First Amendment at SHS' expense.

28. **ENTIRE AGREEMENT; INCORPORATION BY REFERENCE.** The Agreement, as amended by this First Amendment, constitutes the entire understanding between the Parties with respect to the transactions contemplated by the Agreement, and all prior oral or written understandings, representations and statements are merged into the Agreement except the Annexation Agreement. All exhibits and other document attached to this First Amendment are incorporated herein by reference for the purposes set forth herein.

29. **NO PARTY DEEMED DRAFTER.** The final language of this First Amendment Agreement is the result of extensive negotiations. Each Party has thoroughly reviewed this Agreement and has had the advice of counsel prior to execution hereof, and no Party shall be deemed to be the drafter of the First Amendment for purposes of judicial construction.

30. **COUNTERPARTS.** This First Amendment may be executed by the Parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

31. **RATIFICATION OF DRRA.** Except as expressly modified herein, all terms and conditions of the DRRA shall remain in full force and effect.

*REMAINDER OF PAGE INTENTIONALLY BLANK*

IN WITNESS WHEREOF, the Town, County and SHS have executed this Agreement under seal on the dates set forth below.

ATTEST:

**TOWN OF EASTON**

\_\_\_\_\_  
Donald J. Richardson, Town Manager

By: \_\_\_\_\_ (SEAL)  
Megan J.M. Cook, Mayor

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

STATE OF MARYLAND, COUNTY OF TALBOT, TO WIT:

I HEREBY CERTIFY, that on this \_\_\_\_ day of \_\_\_\_\_, 2024, before me, a Notary Public of the State aforesaid, personally appeared *Megan J.M. Cook*, who acknowledged herself 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 foregoing Agreement, and acknowledged that she executed the same for the purposes therein contained as the fully authorized agent of said Town of Easton.

WITNESS my hand and Notarial Seal.

My Commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

*SIGNATURES CONTINUE ON FOLLOWING PAGES*

ATTEST:

TALBOT COUNTY, MARYLAND

\_\_\_\_\_  
Clay Stamp, County Manager

By: \_\_\_\_\_ (SEAL)

Chuck Callahan, President  
Talbot County Council

\_\_\_\_\_  
Approved as to form and legal sufficiency  
by Patrick Thomas, Esq., County Attorney

STATE OF MARYLAND, COUNTY OF TALBOT, TO WIT:

I HEREBY CERTIFY, that on this \_\_\_\_ day of \_\_\_\_\_, 2024, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared *Chuck Callahan*, who acknowledged himself to be the President of the TALBOT COUNTY COUNCIL, the chief executive of Talbot County, Maryland, a charter county and political subdivision of the State of Maryland, and that he as such President, being authorized so to do, executed the foregoing Agreement for the purposes therein contained by signing the name of said Talbot County, Maryland, by himself as President.

AS WITNESS my hand and Notarial seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

*SIGNATURES CONTINUE ON FOLLOWING PAGE*

ATTEST:

**SHORE HEALTH SYSTEM, INC.**

\_\_\_\_\_

By: \_\_\_\_\_ (SEAL)  
Kenneth D. Kozel, President and CEO

STATE OF MARYLAND, COUNTY OF TALBOT, TO WIT:

I HEREBY CERTIFY, that on this \_\_\_\_ day of \_\_\_\_\_, 2024, before me, a Notary Public of the aforesaid State, personally appeared *Kenneth D. Kozel*, President and CEO of SHORE HEALTH SYSTEM, INC., who was known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing 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.

My Commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

I hereby certify this Agreement was prepared by or under the supervision of the undersigned, an attorney admitted to practice by the Supreme Court of Maryland.

\_\_\_\_\_  
Ryan D. Showalter, Esq.

## **EXHIBIT FA-E**

### **EXISTING AND REQUIRED DEVELOPMENT APPROVALS AND PERMITS**

#### **Existing Development Approvals and Permits**

1. Establishment of Regional Healthcare District for the Property;
2. Sketch site plan approval for the Hospital issued October, 2023;
3. Maryland Department of the Environment nontidal wetlands permit;
4. Subdivision plat recorded in Plat Cabinet MAS 83, pages 458 through 464, inclusive (Initial Plat);
5. Forest conservation approval for the Property issued in conjunction with approval of the Initial Plat;
6. Sewer and/or water reservations or allocations as set forth in Paragraph 7.2.3 of the DRRA; and
7. Talbot County Bill 1231 vacating the portion of Rt. 662 to be transferred to the County following completion of the new Rt. 662 alignment.

#### **Required Development Approvals and Permits**

1. State Highway Administration access and/or improvements construction permits;
2. Maryland Department of the Environment nontidal wetlands permit;
3. Final site plan approval for all phases of the Project;
4. Subdivision plat(s) consolidating Lots 1 and 7, establishing the Substation Parcel, Pump Station Parcel and all subsequent phases of the Project;
5. Supplemental sewer and/or water reservations or allocations;
6. Variances;
7. Special exceptions;
8. Street abandonments/vacations;
9. Stormwater management plan approvals;
10. Sediment and erosion control approvals;
11. Grading permits;
12. Building permits; and
13. Occupancy certificates.

## **EXHIBIT FA-G**

### **PLAT SHOWING PROPERTY**

The attached plat is a reduced-scale copy of the subdivision plat prepared by Daft McCune Walker Inc. entitled "PLAT OF SUBDIVISION, LOTS 1 THROUGH 7, PARCEL A, AND REVISED TAX PARCEL 38", dated October 8, 2014, last revised October 9, 2014 and ~~intended to be~~ recorded among the Plat Records of Talbot County, Maryland **in Plat Cabinet MAS 83, pages 458 through 464, inclusive hereafter**, which full-scale record plat is incorporated herein by reference.

## EXHIBIT FA-H

### LEGAL DESCRIPTION OF PROPERTY

The Property subject to this Agreement consists of Lots 1, 2, 3, 5 and 75 as depicted and described by the Initial Plat, ~~which Initial Plat is incorporated herein for. Such Property is more particularly described~~ descriptions thereof by metes and bounds, courses and distances ~~by the following legal descriptions prepared by Daft, McCune & Walker, Inc., attached hereto and incorporated herein:~~

~~1. Proposed Lot 1 as Laid Out and Shown On a Plat Entitled "Plat of Subdivision, Lots 1 through 7, Parcel A, and Revised Parcel 38" Intended to be Recorded Among the Land Records of Talbot County, Maryland, P/O Tax Map 17, Parcel 75 12.538 Acre Parcel, West of MD Rte. 50, East of Longwoods Road, Talbot County, Maryland;~~

~~2. Proposed Lot 2 as Laid Out and Shown on a Plat Entitled "Plat of Subdivision, Lots 1 through 7, Parcel A, and revised Parcel 38" Intended to be Recorded Among the Land Records of Talbot County, Maryland, P/O Tax Map 17, Parcel 75, 19.800 Acres, West of MD Rte. 50, East of Longwoods Road, Talbot County, Maryland;~~

~~3. Proposed Lot 3 as Laid Out and Shown on a Plat Entitled "Plat of Subdivision, Lots 1 through 7, Parcel A, and Revised Parcel 38" Intended to be Recorded Among the Land Records of Talbot County, Maryland, P/O Tax Map 17, Parcels 75 and 129, 77.074 Acre Parcel, West of MD Rte. 50, East of Hailem School Road, Talbot County, Maryland; and~~

~~4. Proposed Lot 5 as Laid Out and Shown on a Plat Entitled "Plat of Subdivision, Lots 1 through 7, Parcel A, and Revised Parcel 38" Intended to be Recorded Among the Land Records of Talbot County, Maryland, P/O Tax Map 17, Parcel 129, 89.710 Acre Parcel, West of MD Rte. 50, East of Hailem School Road, Talbot County, Maryland.~~

## **EXHIBIT FA-I**

### **PARTIAL ASSIGNMENT, ASSUMPTION AND NOVATION AGREEMENT FORM**

THIS PARTIAL ASSIGNMENT, ASSUMPTION AND NOVATION AGREEMENT (“**Agreement**”) is entered by and between Shore Health System, Inc., a Maryland corporation (“**SHS**”), Town of Easton, a Maryland municipal corporation (“**Town**”), Talbot County, Maryland, a Maryland charter county (“**County**”) and \_\_\_\_\_, a \_\_\_\_\_ (“**SHS-Assignee**”).

#### **Recitals**

A. SHS, Town and County entered into a Development Rights and Responsibilities Agreement (~~“**Development Agreement**”~~), ~~which is~~ dated October 14, 2014 and ~~which is~~ recorded among the Land Records of Talbot County at Liber MAS 2206—, folio 266—, **as amended by a First Amendment to Development Rights and Responsibilities Agreement dated \_\_\_\_\_, 2024 and recorded at Liber \_\_\_\_\_, folio \_\_\_\_\_ (collectively, the “**Development Agreement**”)**. Pursuant to the Development Agreement, SHS agreed to develop certain property more particularly described in the Development Agreement (“**Subject Property**”) subject to certain conditions and obligations set forth in the Development Agreement.

B. SHS desires to assign a portion of its respective interests under the Development Agreement to SHS-Assignee under a written agreement dated \_\_\_\_\_, 20\_\_ as to that portion of the Subject Property identified and described in Attachment 1, which is attached hereto and incorporated herein by this reference (“**Assigned Property**”).

C. Pursuant to Paragraphs 2.6.1 and 2.6.3 of the Development Agreement, SHS-Assignee agrees to assume all of SHS’ obligations and be subject to all of the provisions of the Development Agreement with respect to the Assigned Property and Town and County agree to release SHS with respect to the Assigned Property.

D. Town and County acknowledge and agree that SHS-Assignee and SHS have complied with the requirements of Paragraph 2.6.3. of the Development Agreement.

NOW, THEREFORE, SHS, Town, County and Assignee hereby agree as follows:

1. With respect to the Assigned Property, SHS-Assignee hereby assumes all of the burdens and obligations of SHS under the Development Agreement, and agrees to assume and fully perform all of the duties and obligations of SHS under the Development Agreement, and to be subject to all the terms and conditions thereof, it being the express intention and agreement of SHS, SHS-Assignee, Town and County that, upon the execution of this Agreement, SHS-Assignee shall become substituted for SHS under the Development Agreement with respect to the Assigned Property and SHS shall be released from all obligations related to the Assigned Property.

2. All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, personal representatives, successors and assigns.

3. The Town and County may rely upon this Agreement in consenting to the assignment of rights to and assumption of obligations by the Assignee, and the release of SHS from obligations, relating to the Assigned Property hereunder.

4. This Agreement shall be recorded among the Land Records of Talbot County, Maryland.

5. The individuals executing this Agreement represent and warrant that they have the right, power, and legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of SHS, SHS-Assignee, Town and County.

6. The Recitals above are incorporated herein as material terms of this Agreement.

*[This form is included in this Agreement solely as a resource and does not preclude the Parties from revising this form or adding additional or special provisions, rights and obligations pertaining to any particular assignments]*

IN WITNESS WHEREOF, the parties do hereby agree to the full performance of the terms set forth herein.

**SHS**

**SHS-ASSIGNEE**

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**TOWN**

**COUNTY**

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_  
Date: \_\_\_\_\_

[ACKNOWLEDGMENTS ATTACHED]

**ATTACHMENT 1**

**LOCATION AND LEGAL DESCRIPTION OF THE PORTION  
OF THE PROPERTY ASSIGNED ("ASSIGNED PROPERTY")**

**EXHIBIT FA-R**

**FORM OF ESTOPPEL CERTIFICATE**

Date: \_\_\_\_\_, 20\_\_

To: \_\_\_\_\_  
\_\_\_\_\_

Re: *Development Rights and Responsibilities Agreement, dated October 14, 2014, executed by Shore Health System, Inc. ("SHS"), Town of Easton ("Town") and Talbot County, Maryland ("County") recorded at Liber MAS 2206 folio 266 in the Land Records of Talbot County, Maryland, **as amended by a First Amendment dated \_\_\_\_\_, 2024 and recorded at Liber \_\_\_\_\_, folio \_\_\_\_\_ (collectively, the "Development Agreement").***

Ladies/Gentlemen:

In accordance with the Development Agreement, [SHS/the Town/the County] has the authority to certify, as of the date hereof, the following. Capitalized terms herein will have the meanings assigned to them in the Development Agreement unless otherwise defined herein:

5. The Parcel covered by this Estoppel Certificate is depicted by Exhibit "A" attached hereto and is referred to herein as the "Parcel".

6. The Development Agreement is in full force and effect with respect to the Parcel and has not been amended, modified or supplemented in any way except as follows: (if none, so indicate):

- a. \_\_\_\_; and
- b. \_\_\_\_.

7. [SHS/the Town/the County] has not sent any notices of default to the [SHS/the Town/the County] or [SHS/the Town/the County] of the Parcel under the Development Agreement which remain uncured, except as follows (if none, so indicate):

- a. \_\_\_\_; and
- b. \_\_\_\_.

8. This Estoppel Certificate is made by [SHS/the Town/the County] and may be relied upon by the addressee in its capacity as a lender related to or secured by the Parcel or as a purchaser or lessee of the Parcel, as applicable. The undersigned has authority to execute this Estoppel Certificate on behalf of [SHS/the Town/the County].

Respectfully,

[SHS/ Town / County ]

By: \_\_\_\_\_  
Name, Title: \_\_\_\_\_

## **EXHIBIT FA-T**

### **TRAFFIC STUDY**

A “Traffic Impact Analysis, Shore Health System Medial Campus, Talbot County, Maryland”, prepared by The Traffic Group and dated May 12, 2010 has been reviewed by the Town, County and SHA and approved by SHA.

In response to comments and questions by Town and County staff, The Traffic Group reviewed additional intersections as described in a letter report addressed to Zach Smith, Town of Easton entitled “Supplement to Traffic Impact Analysis dated May 12, 2010”, dated September 28, 2010.

To further evaluate potential impacts on County Roads, the County Department of Public Works engaged Wallace, Montgomery & Associates, LLC (“WMA”) to review the Traffic Impact Analysis prepared by The Traffic Group. WMA’s conclusions are summarized in a report entitled “Traffic Impact Analysis, Shore Health System Medial Campus, Easton, Maryland” and dated May 2011.

The foregoing were reviewed and confirmed by a “Traffic Impact Analysis, University of Maryland Medical System, Easton Hospital” prepared by The Traffic Group, dated November 15, 2023 and revised February 9, 2024.

These four traffic impact analyses are referred to collectively as the “**Traffic Study**”. Complete copies of the Traffic Study, including all appendices, are on file with the Town and County. The Traffic Group analyses were evaluated by SHA to determine the nature and extent of transportation improvements to State highways required by Development of the Property as described in such reports. The Traffic Study was reviewed by the Town and County to determine the traffic impacts on County and Town roads from build-out of Section One using then-current projections. The parties acknowledge and agree that the Traffic Study was not intended to and shall not be interpreted or applied to limit uses or Development of the Property.

**EXHIBIT FA-1**

**TOWN PLANNING COMMISSION LETTER**

**EXHIBIT FA-2**

**TOWN FIRST AMENDMENT RESOLUTION**

**EXHIBIT FA-3**

**COUNTY PLANNING COMMISSION RESOLUTION**

**EXHIBIT FA-4**

**COUNTY FIRST AMENDMENT RESOLUTION**