

City of Houston, Texas Ordinance No. 2014-1055

AN ORDINANCE APPROVING AND AUTHORIZING THE SECOND AMENDED AND RESTATED STRATEGIC PARTNERSHIP AGREEMENT BETWEEN THE CITY OF HOUSTON AND WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 2; MAKING VARIOUS FINDINGS AND PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN EMERGENCY.

* * * *

WHEREAS, the City of Houston, Texas ("the City"), is authorized to enter into a Strategic Partnership Agreement pursuant to Section 43.0751 of the Texas Local Government Code; and

WHEREAS, the City and West Harris County Municipal Utility District No. 2 entered into a strategic partnership agreement approved by Ordinance No. 2012-0980 on November 13, 2012, which was amended by approval of Ordinance No. 2013-1037 on November 13, 2013; and

WHEREAS, the City Council, by Ordinance No. 2014-919 adopted on October 8, 2014, called certain public hearings regarding the proposed Second Amended and Restated Strategic Partnership Agreement with West Harris County Municipal Utility District No. 2; and

WHEREAS, the City Council in compliance with Section 43.0751(d) of the Texas Local Government Code held the required public hearings regarding the proposed Second Amended and Restated Strategic Partnership Agreement on November 5, 2014 and November 12, 2014; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. The findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as a part of this Ordinance.

Section 2. The City Council hereby approves and authorizes the contract, agreement or other undertaking described in the title of this Ordinance, in substantially the form as shown in the document which is attached hereto and incorporated herein by this reference. The Mayor is hereby authorized to execute such document and all related documents on behalf of the City of Houston. The City Secretary is hereby

authorized to attest to all such signatures and to affix the seal of the City to all such documents.

Section 3. The Mayor is hereby authorized to take all actions necessary to effectuate the City's intent and objectives in approving such agreement, agreements or other undertaking described in the title of this ordinance, in the event of changed circumstances.

Section 4. The City Attorney is hereby authorized to take all action necessary to enforce all legal obligations under said contract without further authorization from Council.

Section 5. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 3rd day of December 2014.

APPROVED this _____ day of December 2014.

Mayor of the City of Houston, Texas

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 09 2014.

[Handwritten Signature]

City Secretary

(Prepared by Legal Dept.

[Handwritten Signature]
Assistant City Attorney *CMG*

(Requested by Patrick Walsh, Director, Planning and Development Department)
(L.D. File No. 0611400120001)

G:\General\Annexation\Fall 2014\WHC2\WHC 2 SPA Ord.doc

AYE	NO	
✓		MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
	ABSENT	PENNINGTON
✓		GONZALEZ
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: DEC 09 2014

**SECOND AMENDED AND RESTATED STRATEGIC PARTNERSHIP AGREEMENT
BETWEEN THE CITY OF HOUSTON, TEXAS,
AND WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**

**THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §**

This **SECOND AMENDED AND RESTATED STRATEGIC PARTNERSHIP AGREEMENT** (this “Agreement”) is entered into as of the Effective Date between the **CITY OF HOUSTON, TEXAS**, a municipal corporation principally situated in Harris County, Texas, acting through its governing body, the City Council of the City of Houston, Texas (the “City”), and West Harris County Municipal Utility District No. 2 (the “District”), a municipal utility district created pursuant to Article XVI, Section 59, Texas Constitution and operating pursuant to Chapters 49 and 54, Texas Water Code. This Agreement supersedes and replaces the Strategic Partnership Agreement approved by City Council on November 13, 2012 as Ordinance No. 2012-0980 and its amendment, the First Amended and Restated Strategic Partnership Agreement approved by City Council on November 13, 2013 as Ordinance No. 2013-1037 (collectively the “Original Agreement”).

RECITALS

1. Texas Local Government Code, §43.0751 (the “Act”) authorizes the City and certain utility districts to negotiate and enter into a strategic partnership agreement by mutual consent; and
2. The City and District entered into a Strategic Partnership Agreement, which is recorded in the Harris County Real Property Records under Film Code No. RP 085-06-0835 through RP 085-06-0853 and a First Amended and Restated Partnership Agreement, which is recorded in the Harris County Real Property Records under Film Code Nos. RP 089-79-2546 through RP 089-79-2563; and
3. The parties desire to amend and restate the Original Agreement and to provide for the limited-purpose annexation by the City of an additional tract of land in the District, which is described in Exhibit “A” and illustrated in Exhibit “B” as the “Second Amendment Tract”; and
4. The City and the District wish to enter into a Second Amended and Restated Strategic Partnership Agreement to provide the terms under which services will be provided by the District and under which the District will continue to exist for an extended period of time after the Tract of land within the District is annexed for limited purposes; and
5. As required by the Act, the City held public hearings on November 5, 2014 and November 12, 2014 at City Council Chambers, and the District held public hearings on October 14, 2014 at 2315 John Crump Ln, Katy, Texas 77449, a location within the boundaries of the District and on October 15, 2014, at the District meeting facility, 6363 Woodway Suite 800 Houston, Texas 77057-1762, at which members of the public were given the opportunity to present testimony or evidence regarding the proposed Agreement, and the City and the District

made copies of the proposed Agreement available, and gave notice of the hearings prior to the public hearings in accordance with the terms of the Act.

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I

FINDINGS

The City and the District find and declare:

1. The Act authorizes the City and the District to enter into this Agreement to define the terms under which services will be provided to the City and the District and under which the District will continue to exist after the Second Amendment Tract is annexed for limited purposes pursuant to this Agreement;

2. This Agreement does not require the District to provide revenue to the City solely for the purpose of an agreement with the City to forgo annexation of the District;

3. This Agreement provides benefits to the City and the District, including revenue, services, or regulations which are reasonable and equitable with regard to the benefits provided to the other Party;

4. All the terms contained in this Agreement are lawful and appropriate to provide for the provision of municipal services;

5. The City and the District negotiated this Agreement by mutual consent; the terms of the Agreement are not a result of the City's Annexation Plan or any arbitration between the City and the District.

ARTICLE II

DEFINITIONS

Unless the context requires otherwise, and in addition to the terms defined above, the following terms used in this Agreement will have the meanings set out below:

"Act" means Texas Local Government Code, §43.0751 and any amendments thereto.

"Agreement" means this Second Amended and Restated Strategic Partnership Agreement between the City and the District.

"Board" means the Board of Directors of the District.

"City" means the City of Houston, Texas, a municipal corporation principally situated in Harris County, Texas.

"City Charter" means the Charter of the City and any amendments thereto.

"City Code" means the Code of Ordinances of the City and any amendments thereto.

“City Council” means the City Council of the City or any successor governing body.

“Consent Ordinance” means Ordinance Nos. 74-1807, 2014-775, and any other ordinances, including all attachments and exhibits passed by the City Council prior to the effective Date of this Agreement consenting to the creation of and inclusion of land in the District.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Director” means the Director of Planning and Development Department of the City or his or her designee.

“District” means West Harris County Municipal Utility District No. 2 a municipal utility district created and operating under Chapters 49 and 54 of the Texas Water Code.

“Effective Date” means the date the City Controller countersigns this Agreement.

“ETJ” means the extraterritorial jurisdiction of the City.

“First Amendment Tract” means the tract of land annexed by Ordinance No. 2013-1038.

“Fire Code” means the most current section of the International Fire Code banning fireworks, as incorporated and adopted by the City of Houston Fire Code via Ordinance No. 2003-738 and any subsequent Ordinance.

“Government Code” means the Texas Government Code and any amendments thereto.

“Implementation Date” means the date the limited-purpose annexation ordinance is passed by City Council pursuant to Section 3.01.

“Landowner” means a person that owns real property in the District.

“Local Government Code” means the Texas Local Government Code and any amendments thereto.

“Original Tract” means the tract of land that was annexed by Ordinance No. 2012-0981 following the approval of the Strategic Partnership Agreement.

“Party” or “Parties” means a party or the parties to this Agreement, being the City and the District.

“Resident” means a person that resides in the District.

“Sales and Use Tax” means the sales and use tax authorized to be imposed in the Tract by the Act and Tax Code Chapter 321.

“Second Amendment Tract” means the newly annexed tract of land pursuant to this Agreement and located in the boundaries of the District, as described in Exhibit “A” and illustrated in Exhibit “B” to this Agreement, but not including the Original Tract, First Amendment Tract or any area outside the District.

“Tax Code” means the Texas Tax Code and any amendments thereto.

“Tract” means the Original Tract, the First Amendment Tract, and Second Amendment Tract, but excluding territory outside the boundaries of the District.

ARTICLE III

LIMITED-PURPOSE ANNEXATION

Section 3.01 Generally

As soon as practicable following the approval of this Agreement by City Council, as authorized by the Act, the City shall annex the Second Amendment Tract for limited purposes. The Original Tract and the First Amendment Tract have been annexed by Ordinance Nos. 2012-0981 and 2013-1038, respectively.

The Parties recognize that at the time of this Agreement, the City's power to zone is restricted by City Charter Article VII-b, Section 13. If the City adopts a zoning ordinance pursuant to City Charter Article VII-b, Section 13, during the period of limited-purpose annexation, the zoning ordinance shall only apply to the Tract if the exclusion of the Tract from the zoning ordinance would, as a matter of law, invalidate the City's ability to zone the City as a whole. If the City initiates procedures to adopt a zoning ordinance, the City agrees to use its best efforts to draft an ordinance in a manner that would not require any application of the ordinance to the Tract. If the City is required to apply any zoning ordinance to the Tract during the period of limited-purpose annexation, the City agrees to apply a zoning classification to the property inside the Tract that would not cause any then-current structure or the use of any property inside the Tract to become noncomplying or nonconforming as a result of the classification.

Section 3.02 Property Taxes and District Liability for Debts of the City

During the term of this Agreement, except as provided in Article V: (i) neither the District nor any owners of taxable property within the District is liable for any present or future debts of the City, and (ii) current and future ad valorem taxes levied by the City will not be levied on taxable property within the District.

Section 3.03 Powers and Functions Retained by the District

Except as limited by the Consent Ordinance, the District is authorized to exercise all powers and functions of a municipal utility district provided by existing law or any amendments or additions thereto. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District. Disposition or acquisition of additional assets, liabilities, indebtedness, and obligations will be governed by the Consent Ordinance to the extent the Consent Ordinance is not inconsistent with this Agreement.

Section 3.04 Extraterritorial Jurisdiction

This agreement does not remove any area of the District from the extraterritorial jurisdiction of the City of Houston. The City may regulate the District in the same manner in which it may regulate other areas within the extraterritorial jurisdiction of the City.

ARTICLE IV
VOTING RIGHTS IN THE DISTRICT

Section 4.01 Generally

Upon annexation of the Tract for limited purposes by the City, the qualified voters of the Tract may vote in City elections pursuant to Local Government Code §43.130. Voting rights are subject to all state and federal laws and regulations.

Section 4.02 Notice

On or after the 15th day but before the fifth (5th) day before the date of the first (1st) election held in which the residents of the Tract are entitled to vote as set out in Section 4.01, the City at its own expense, shall publish a quarter-page advertisement in a newspaper of general circulation in the District per subsection 43.130 (a) of the Act notifying the residents of the Tract of their eligibility to vote in the election and stating the location of all polling places within the Tract. The District, at its own expense, may provide for similar notice in a newspaper of general circulation in the Tract or otherwise.

Section 4.03 Designation of Precincts and Preparation of Ballots

The City shall include the Tract in an adjacent single-member City Council district and establish an election precinct or election precincts for the purpose of allowing qualified voters in the area to participate in City elections. The City Secretary shall prepare the official ballot by which the qualified resident voters of the Tract are entitled to vote pursuant to the laws of the State of Texas.

ARTICLE V
SALES AND USE TAX

Section 5.01 Imposition of the City's Sales and Use Tax

Pursuant to Subsection (k) of the Act, the City shall impose a Sales and Use Tax within the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under future amendments to Chapter 321 of the Tax Code. The Sales and Use Tax shall take effect on the date described in Tax Code §321.102.

Section 5.02 Payment of Sales and Use Tax to the District

The City shall pay to the District an amount equal to 50 percent (50%) of the Sales and Use Tax revenues that are reported on the monthly sales tax report provided by the Comptroller and received by the City from the Comptroller after the date of the limited-purpose annexation of the Tract. The City shall deliver the District's portion of the Sales and Use Tax revenues to the District within 30 days of the City's receipt of the sales report from the Comptroller. Government Code Chapter 2251 shall govern and provide the penalty if the City fails to deliver the District's portion in a timely manner. For the purposes of determining the applicable overdue

date under Chapter 2251, the City is deemed to have received an invoice from the District on the date the City receives the sales tax report from the Comptroller without further action from the District.

The City agrees to make reasonable efforts to obtain amended and supplemental reports from the Comptroller to reflect, to the greatest extent practicable, all Sales and Use Tax revenues generated within the boundaries of the Tract. Revenues resulting from such amended and supplemental reports will be divided and paid as provided above.

The City shall deliver to the District a condensed version of each monthly sales tax report provided by the Comptroller, containing only the contents of the sales tax report relating to retail sales and retailers in the Tract within 30 days of the City's receipt of the sales tax report.

Section 5.03 Notification of Comptroller

The City shall send notice of this Agreement and the limited-purpose annexation of the Tract to the Comptroller within three days of the Implementation Date in the manner provided by Tax Code §321.102. The City shall send to the District a copy of any notice from the Comptroller delaying the effectiveness of the Sales and Use Tax in the Tract.

Section 5.04 District Use of Sales and Use Tax Revenue

The District shall use the Sales and Use Tax revenue provided in Section 5.02 only for purposes for which the District is lawfully authorized to use its ad valorem tax revenues or other revenues.

Section 5.05 District Audit Rights

The District may audit the Sales and Use Tax collections by the City solely to determine whether the Sales and Use Tax revenue payments provided by Section 5.02 have been made to the District in accordance with this Agreement. Any audit shall be made at the District's sole cost and expense and may be performed at any time during the City's regular business hours by an auditor hired by the District on 30 days written notice to the City. For the purpose of any audits, the City shall maintain and make available to the District or its representatives all books, records, documents and other evidence of accounting procedures or practices in whatever form sufficiently maintained to reflect the collection of all Sales and Use Tax revenues that are subject to this Agreement.

Section 5.06 City Audit Rights

The District is required by law to prepare an annual audit within 120 days after the close of the District's fiscal year. The District shall provide a copy of its annual audit to the City within 30 days after the audit is completed.

The City may audit the District's expenditures made with the Sales and Use Tax revenue paid under Section 5.02, solely to determine whether the expenditures have been made by the District in accordance with Section 5.04. Any audit shall be made at the City's sole cost and expense and may be performed at any time during regular business hours by the City's internal auditors or an independent auditing firm on 30 days written notice to the District. For the purpose of any audits, the District shall maintain and make available to the City or its

representatives all books, records, documents and other evidence of accounting procedures or practices in whatever form maintained sufficient to reflect the expenditure of all Sales and Use Tax revenues that are subject to this Agreement.

ARTICLE VI

SERVICES PROVIDED BY THE DISTRICT AND THE CITY

Section 6.01 Water, Sewer, and Drainage Services

The District shall continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. Further, as consideration of the receipt of funds from the City as described in this Agreement, the District shall take one or a combination of the following actions for the benefit of the District, its Landowners and Residents:

1. Accelerate the development of the water, wastewater and drainage system in the District (including the Tract) as necessary to encourage private investment in new construction in the District;
2. Accelerate reimbursements to developers for eligible infrastructure development to encourage such development in the District;
3. Lower the overall property tax rate of the Landowners to encourage additional investment and development within the District;
4. Perform other District functions that might otherwise be diminished, curtailed, abbreviated or delayed by financial limitations.

The District agrees to operate and maintain water, wastewater, and drainage service at the same level as the District has operated and maintained them before the Implementation Date. The City may periodically inspect the District's water, wastewater, and drainage facilities.

ARTICLE VII

FULL-PURPOSE ANNEXATION

Section 7.01 No Full-Purpose Annexation During Term of Agreement

The City agrees that it will not annex all or part of the District or commence any action to annex all or part of the District for full purposes during the term of this Agreement.

Section 7.02 Full Purpose Annexation Option at Termination of Agreement

On November 13, 2041, the Director shall evaluate whether the City should negotiate a new strategic partnership agreement with the District, annex the District for full purposes upon the termination of this Agreement, or allow this Agreement to expire. Within six (6) months of November 13, 2041, the Director shall make a recommendation to the City Council regarding the negotiation of a new strategic partnership agreement, the full-purpose annexation of the District, or the expiration of this Agreement. If the Director recommends that the City negotiate a new strategic partnership agreement or annex the District and the City Council approves the recommendation, the City shall begin proceedings to enter into a new strategic partnership

agreement or to annex the District for full purposes at the end of the term of this Agreement as applicable. If the Director recommends that the City neither negotiate a new strategic partnership agreement nor annex the District for full purposes, and the City Council agrees or if the City Council rejects the Director's recommendation to negotiate a new strategic partnership agreement or to annex the District for full purposes, the City may begin proceedings to disannex the Tract for limited purposes if authorized under the applicable provision of the Local Government Code. If the City decides to disannex the Tract and has the authority to disannex, the City may institute proceedings to accomplish such disannexation to be effective upon the termination of this Agreement.

ARTICLE VIII

MATERIAL BREACH, NOTICE AND REMEDIES

Section 8.01 Material Breach of Agreement

A. It is the intention of the Parties to this Agreement that the District and the City be regulated in accordance with the terms of this Agreement. A material breach of this Agreement by the District includes any one or more of the following:

1. Failure of the District to act in good faith in the annexation of the Tract by the City for limited purposes as authorized by this Agreement; or
2. Failure of the District to develop and to operate and maintain the District's water, sewer, and drainage facilities as provided in Article VI.

B. A material breach of this Agreement by the City includes any one or more of the following:

1. Any attempt by the City to annex the District for full purposes during the term of this Agreement; or
2. Failure of the City to pay to the District the District's share of the Sales and Use Tax, as provided in Article V.

If a Party to this Agreement believes that another Party has, by act or omission, committed a material breach of this Agreement, the provisions of this Article shall govern the remedies for breach of this Agreement.

Section 8.02 Notice of District's Default

A. The City shall notify the District in writing of an alleged failure by the District to comply with a provision of this Agreement, describing the alleged failure with reasonable particularity. The District shall, within 30 days after receipt of the notice or a longer period of time as the City may specify in the notice, either cure the alleged failure or, in a written response to the City, either present facts and arguments in refutation or excuse of the alleged failure or state that the alleged failure will be cured and set forth the method and time schedule for accomplishing the cure.

B. The City shall determine (i) whether a failure to comply with a provision has occurred; (ii) whether the failure is excusable; and (iii) whether the failure has been cured or will be cured by the District. The District shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

C. If the City determines that the failure has not occurred, or that the failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that the failure is excusable, the determination shall conclude the investigation.

D. If the City determines that a failure to comply with a provision has occurred and that the failure is not excusable and has not been or will not be cured by the District in a manner and in accordance with a schedule reasonably satisfactory to the City, then the City may exercise the applicable remedy under Section 8.04(A).

Section 8.03 Notice of City's Default

A. The District shall notify the Director in writing specifying any alleged failure by the City to comply with a provision of this Agreement, describing the alleged failure with reasonable particularity. The City shall, within 30 days after receipt of the notice or the longer period of time as the District may specify in the notice, either cure the alleged failure or, in a written response to the District, either present facts and arguments in refutation or excuse of the alleged failure or state that the alleged failure will be cured and set forth the method and time schedule for accomplishing the cure.

B. The District shall determine (i) whether a failure to comply with a provision has occurred; (ii) whether the failure is excusable; and (iii) whether the failure has been cured or will be cured by the City. The City shall make available to the District, if requested, any records, documents or other information necessary to make the determination.

C. If the District determines that the failure has not occurred, or that the failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the District, or that the failure is excusable, the determination shall conclude the investigation.

D. If the District determines that a failure to comply with a provision has occurred and that the failure is not excusable and has not been or will not be cured by the City in a manner and in accordance with a schedule reasonably satisfactory to the District, then the District may exercise the applicable remedy under Section 8.04(B).

Section 8.04 Remedies

A. If the City determines that the District has committed a material breach of this Agreement, the City may file suit in a court of competent jurisdiction in Harris County, Texas, and seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act and termination of this Agreement as to the District in addition to the monetary awards as may be appropriate.

B. If the District determines that the City has committed a material breach of this Agreement, the District may file suit in a court of competent jurisdiction in Harris County, Texas, and seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act in addition to the monetary awards as may be appropriate.

ARTICLE IX BINDING AGREEMENT, TERM, AND AMENDMENT

Section 9.01 Beneficiaries

This Agreement binds and inures to the benefit of the Parties, their successors and assigns, and, only as provided in Article VII, the Landowners and Residents. In the event of a material breach of Article VII by the City, the Landowners and Residents shall have the same rights as the District and shall follow the same procedures as the District as set out in Article VIII. The District shall record this Agreement with the County Clerk in Official Records of Harris County, Texas. This Agreement binds each owner and each future owner of land included within the District's boundaries in accordance with Subsection (c) of the Act.

Section 9.02 Term

This Agreement commences and binds the Parties on the Effective Date of this Second Amended and Restated Strategic Partnership Agreement and continues for 30 years from the effective date of the Strategic Partnership Agreement as approved by Ordinance No. 2012-0980 on November 13, 2012. Any rights or privileges of the Landowners and Residents under this Agreement will terminate 30 years from the effective date of the Strategic Partnership Agreement as approved by Ordinance No. 2012-0980 on November 13, 2012.

Section 9.03 Amendment

The Parties by mutual consent may amend the terms of this Agreement at any time.

ARTICLE X MISCELLANEOUS PROVISIONS

Section 10.01 Notice

Any formal notices or other communications (Notice) required to be given by one Party to another by this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below for the Party, (i) by delivering the Notice in person (ii) by depositing the Notice in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified, (iii) by depositing the Notice with Federal Express or another nationally recognized courier service guaranteeing next day delivery, addressed to the Party to be notified, or (iv) by sending the Notice by telefax with confirming copy sent by mail. Notice deposited in the United States mail in the manner herein above described shall be deemed effective from and after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of Notice, the addresses of the Parties, until changed as provided below, shall be as follows:

All Notices required or permitted under this Agreement shall be in writing and shall be served on the Parties at the following address:

City: City of Houston
P.O. Box 1562
Houston, Texas 77251
Attn: Director, Department of Planning and Development
or his or her designee

District: West Harris County MUD No. 2
c/o: Bacon & Wallace, LLP
Address: 6363 Woodway, Ste. 800
Houston, Texas 77057
Attn: Michael Bacon

The Parties may from time to time change their respective addresses, and each may specify as its address any other address within the United States of America by giving at least five days written notice to the other Party. If any date or any period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating the notice shall be extended to the first business day following the Saturday, Sunday or legal holiday.

Section 10.02 Time

Time is of the essence in all things pertaining to the performance of this Agreement.

Section 10.03 Severability

If any part of this Agreement is found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either Party.

Section 10.04 Waiver

Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof or of any other provision hereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all of the provisions of this Agreement.

Section 10.05 Applicable Law and Venue

The construction and validity of this Agreement shall be governed by the laws of the State of Texas without regard to conflicts of law principles. Venue shall be in Harris County, Texas.

Section 10.06 Reservation of Rights

To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges, and immunities under applicable laws.

Section 10.07 Further Documents

The Parties agree that at any time after execution of this Agreement, they will, upon request of the other Party, execute and deliver the further documents and do the further acts and things as the other Party may reasonably request in order to effectuate the terms of this Agreement.

Section 10.08 Incorporation of Exhibits and Other Documents by Reference

All Exhibits and other documents attached to or referred to in this Agreement are incorporated into this Agreement by reference for the purposes set forth in this Agreement.

Section 10.09 Effect of State and Federal Laws

Notwithstanding any other provision of this Agreement, the District shall comply with all applicable statutes or regulations of the United States, the State of Texas, and City Ordinances and City Charter provisions implementing such statutes or regulations.

Section 10.10 Authority for Execution

The City certifies and represents that the execution of this Agreement is duly authorized and adopted in conformity with the City Charter and City Ordinances. The District certifies and represents that the execution of this Agreement is duly authorized and adopted by the Board.

Section 10.11 Semi-Annual Review

At least semi-annually, the District shall review and confirm, and will notify the Planning and Development Department in a form prescribed by the Department, of the accuracy of the list of resale permit holders as provided by the State Comptroller's Office.

Section 10.12 Original Agreement Superseded

This Agreement supersedes and replaces the First Amended and Restated Strategic Partnership Agreement and applies to the Original Tract, the First Amendment Tract, and Second Amendment Tract collectively referred to as the Tract.

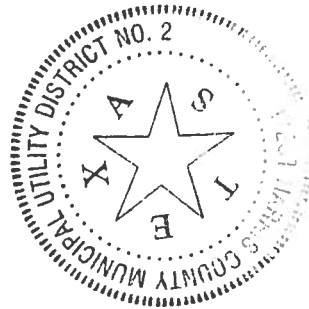
SIGNATURE PAGES FOLLOW

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in multiple copies, each of which shall be an original, as of the date countersigned by the City Controller of the City of Houston.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

By: Melanie Mueller
Melanie Mueller, President



ATTEST:

By: Loretta Evans
Loretta Evans, Secretary

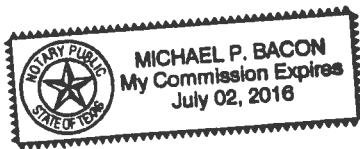
Tax ID No. 74-1902110

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me this 15 day of OCTOBER 2014 by Melanie Mueller as President, and Loretta Evans as Secretary, of the Board of Directors of West Harris County Municipal Utility District No. 2, a political subdivision of the State of Texas, on behalf of said political subdivision.

(NOTARY SEAL)



[Signature]
Notary Public in and for the State of Texas

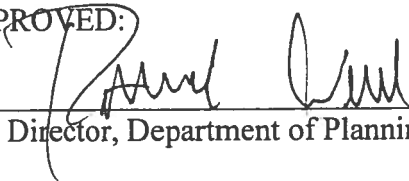
CITY OF HOUSTON, TEXAS

By: _____
Mayor

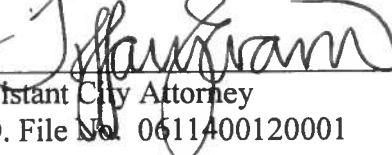
ATTEST:

By: _____
City Secretary

APPROVED:

By:  _____
Director, Department of Planning and Development

APPROVED AS TO FORM:

By:  _____
Assistant City Attorney
L.D. File No. 0611400120001

COUNTERSIGNED:

By: _____
City Controller

DATE COUNTERSIGNED: _____

EXHIBIT "A"

West Harris County MUD No. 2 (Amendment 2) Property Description

1. BEGINNING at an existing westerly City of Houston city limit line, defined by Ordinance 2012-0981 (the limited purpose annexation of West Harris County Municipal Utility District No. 2) and its intersection with another existing northerly City of Houston city limit line defined by Ordinance 2012-0981 (the limited purpose annexation of West Harris County Municipal Utility District No. 2);
2. THENCE in a westerly direction along that southerly boundary line of that District to its intersection with an easterly boundary line of Morton Creek Ranch G.P. Subdivision (City of Houston Planning and Development Department file # 2013-2804);
3. THENCE in a northerly direction along that easterly boundary line of that Subdivision to its intersection with the southerly right-of-way line of Morton Road;
4. THENCE in an easterly direction along that southerly right-of-way line of Morton Road to its intersection with an existing westerly City of Houston city limit line, defined by Ordinance 2012-0981 (the limited purpose annexation of West Harris County Municipal Utility District No. 2);
5. THENCE in a southerly direction along that existing westerly city limit line to its intersection with another existing northerly City of Houston city limit line defined by Ordinance 2012-0981 (the limited purpose annexation of West Harris County Municipal Utility District No. 2), such point being the POINT OF BEGINNING.

AND

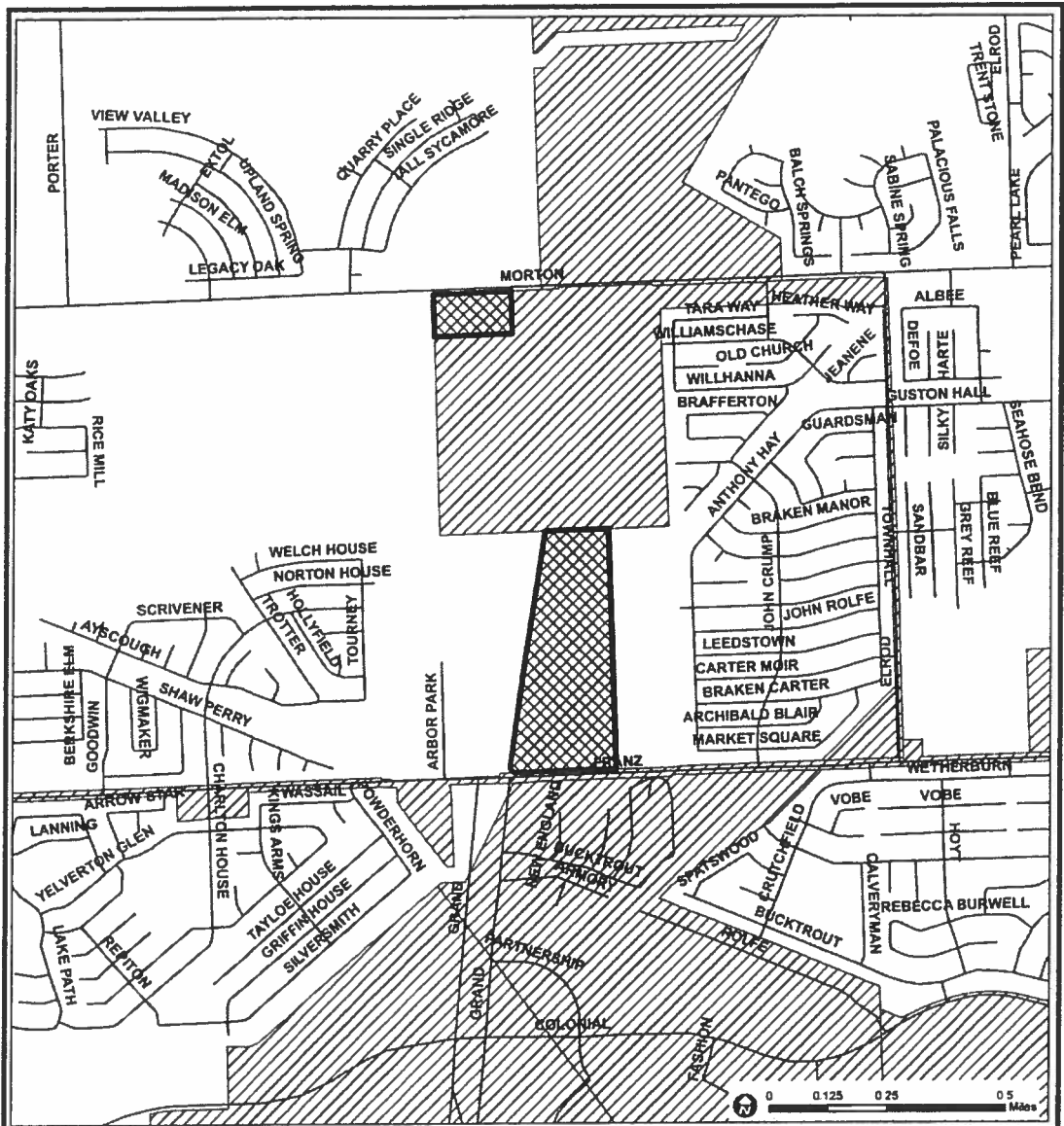
1. BEGINNING at an existing southerly City of Houston city limit line, defined by the Ordinance 2012-0981 (the limited purpose annexation of West Harris County Municipal Utility District No. 2) and its intersection with the easterly boundary line of Grandway West Subdivision (City of Houston Planning and Development Department file # 2014-2049);
2. THENCE in a southerly direction along that easterly boundary line of that Subdivision to its intersection with an existing northerly City of Houston city limit line defined by the Ordinance 2010-0982 (the limited purpose annexation of Harris County Municipal Utility District No. 64), this line also being the northerly right-of-way line of Franz Road;
3. THENCE in a westerly direction along that northerly right-of-way line of Franz Road or that northerly city limit line to its intersection with the proposed southeasterly right-of-way line of Grand Parkway;

West Harris County MUD No. 2 (Amendment 2)

Property Description




4. THENCE in a northeasterly direction along that proposed southeasterly right-of-way line of Grand Parkway to its intersection with an existing southerly City of Houston city limit line, defined by the Ordinance 2012-0981 (the limited purpose annexation of West Harris County Municipal Utility District No. 2);
5. THENCE in an easterly direction along that existing southerly city limit line to its intersection with the easterly boundary line of Grandway West Subdivision (City of Houston Planning and Development Department file # 2014-2049), such point being the POINT OF BEGINNING.

EXHIBIT "B"



Limited Purpose Annexation: WHC MUD No. 2

Source: City of Houston GIS Database
Date: September 2014

-  Roads
-  Proposed Annexation
-  Existing City Limit

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.



PLANNING & DEVELOPMENT DEPARTMENT