

EXHIBIT**"A"****STRATEGIC PARTNERSHIP AGREEMENT BETWEEN
THE CITY OF ROUND ROCK, TEXAS, AND
ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1**

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

This **STRATEGIC PARTNERSHIP AGREEMENT** ("Agreement") is entered into as of the Effective Date between the **CITY OF ROUND ROCK, TEXAS**, a home-rule city principally situated in Williamson County, Texas, acting by and through its duly authorized City Manager (the "City"), and **ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1** (the "District"), a municipal utility district acting by and through its duly authorized Board of Directors, both acting under the authority of Section 43.0751 of the Texas Local Government Code (the "Act").

RECITALS

1. Section 43.0751 of the Act authorizes the City and certain utility districts, such as the District, to negotiate and enter into a strategic partnership agreement by mutual consent.

2. The District is authorized to contract with the City pursuant to authority granted under Section 49.213 of the Water Code.

3. The District is a municipal utility district that contains approximately 356 acres of land, as more fully described on the attached **Exhibit A** (the "Land"). The City consented to the creation of the District by Ordinance adopted on June 27, 2019 (the "Consent Ordinance") and under the terms of the Consent and Development Agreement between the City and the Developer dated effective as of June 27, 2019 and joined by the District pursuant to a Joinder Agreement adopted on August 1, 2019 (the "**Consent Agreement**"). In accordance with the terms of the Consent Agreement and in consideration of the City consenting to creation of the District, the City, KB Home Lone Star Inc. and the District agreed the District will be located within the corporate boundaries of the City. In that regard, upon petition by the owner of all the Land, the City Council adopted on first and final reading Ordinance No. O-2019-0270 that effectuated the full purpose annexation of the Land within the corporation boundaries of the City effective June 27, 2019.

4. As required by the Act, the City held public hearings on _____ at _____ and _____ at _____, and the District held public hearings on _____ at _____ and _____ at _____, 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 and the Texas Open Meetings Act.

5. The District has, by formal action after the public hearings, adopted this Agreement on _____, in open session at a meeting held in accordance with the Texas Open Meetings Act.

6. The City has, by formal action after the public hearings and after adoption by the District, adopted this Agreement on _____, in open session at a meeting held in accordance with the Texas Open Meetings Act.

7. To ensure the existence of the District following full purpose annexation of the Land into the corporate boundaries of the City, the City and the District have determined it to be in the best interest of the parties to enter into this Agreement.

8. All procedural requirements imposed by state law for adoption of this Agreement have been met.

9. Pursuant to Section 43.0751(c) of the Local Government Code, this Agreement shall become effective on _____ (the "Effective Date"), the date of adoption of this Agreement by the City. Upon adoption, this Agreement shall be filed by the District in the real property records of Williamson County, Texas.

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I

FINDINGS

The City and the District find and declare:

1. To ensure the existence of the District following full purpose annexation of the Land into the corporate boundaries of the City effective June 27, 2019, the City and the District have determined it to be in the best interest of the parties to enter into this Agreement in accordance with Section 43.0751(a)(2) of the Local Government Code.

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 both the City and the District, including 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; and

5. The City and the District negotiated this Agreement by mutual consent; the terms of which are not a result of any 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 strategic partnership agreement between the City and the District.

“Board” means the Board of Directors of the District.

“City” means the City of Round Rock, Texas, a home-rule city principally situated in Williamson 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.

“City Manager” means the City Manager of the City or his or her successor or designee.

“Developer” means KB Home Lone Star Inc and any successor or assigns as consented to by the City.

“District” means the Round Rock Municipal Utility District No. 1 of the State of Texas, operating pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Water Code; and Chapter 8094, Texas Special District Local Laws Code.

“District Act” means Chapter 8094, Texas Special District Local Laws Code.

“District Facilities” means the water, wastewater, roadway and drainage facilities that will be constructed by the District and conveyed to the City.

“Effective Date” means the date the City adopts this Agreement.

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

“Land” means the land within the District’s boundaries, as those boundaries may be modified from time to time with the consent of the City.

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

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

“Property” means all the lands included within the boundaries of the District, now or in the future by way of addition of land in conformance with Chapters 49 and/or 54 of the Water Code, which Property is currently reflected in Exhibit “B”, attached hereto and made a part hereof.

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

ARTICLE III

FULL PURPOSE ANNEXATION

Section 3.01 Property Taxes and Liability for Debts of the City

The District was full purposed annexed into the corporate boundaries of the city upon petition of the owner of the Land on June 27, 2019. As a result, during the term of this Agreement: (i) the owners of taxable property within the District are liable for their prorata share of any present or future debts of the City in the same rate and amount as a similarly situated area within the corporate limits of the City, and (ii) current and future ad valorem taxes levied by the City will be levied on taxable property within the District.

Section 3.02 Powers and Functions Retained by the District

Subject to the terms and provisions of the Consent Agreement, the District is authorized to exercise all of their powers and functions provided by existing law or any amendments or additions thereto, including the District Act, until dissolution by the City or the District in accordance with the Consent Agreement. The District’s assets, liabilities, indebtedness, and obligations will remain the sole responsibility of the District.

Section 3.03 Annexation

Except as otherwise provided in this Agreement and the Consent Agreement, the residents within the District shall be entitled to the rights and privileges of other citizens within the City’s corporate boundaries and shall also be bound by the acts and ordinances of the City now in effect and to be hereinafter adopted as provided in Ordinance No. 2019-0270.

ARTICLE IV

EMERGENCY SERVICES

In accordance with the terms provided in the Consent and Development Agreement, the City agrees to provide to the District all of the emergency services provided to other areas located within the corporate limits of the City.

ARTICLE V

SERVICES PROVIDED BY THE DISTRICT

Section 5.01 Water, Wastewater, Roadway, and Drainage Services

The District shall construct all of the District Facilities within the Land. Upon completion of District Facilities, the District will notify the City and the City will inspect and accept for conveyance the District Facilities. All District Facilities conveyed to the City shall include a one (1) year maintenance bond for utilities and a two (2) year maintenance bond for roads. All wastewater, road and drainage facilities to include pipes, culverts, and other improvements within the public right-of-way will be conveyed to and maintained by the City. However, all drainage ponds will be conveyed to the homeowners association. All internal water lines constructed by the District will be dedicated to and maintained by Jonah Water Supply Corporation (“Jonah”) pursuant to a separate agreement between Jonah and the District.

ARTICLE VI

THE DISTRICT

Section 6.01 The District.

Irrespective of the Land comprising the District being full purpose annexed on June 27, 2019, the District will continue to exist in perpetuity, unless and until the City or the District dissolve the District pursuant to the terms of the Consent Agreement.

Section 6.02 District Functions.

The District will construct the District Facilities and will have all powers necessary to do so, including all powers reasonably inferable to provide services related to the District Facilities or to comply with the requirements of State law, the Consent Agreement or this SPA which are applicable to the District. The District will not, however, have any powers which are not expressly set forth in the District Act or this SPA. If the District exercises or attempts, by formal Board action, to exercise any power not authorized by the District Act or the Consent Agreement, the City will have the right to seek a writ of mandamus, prohibiting the District from exercising or attempting to exercise any such power.

Section 6.03 Dissolution of the District.

Upon adoption of a resolution by City Council dissolving the District pursuant to the terms of the Consent Agreement and any applicable law, the City will assume all obligations, liabilities, indebtedness, and assets of the District.

ARTICLE VII

MATERIAL BREACH, NOTICE AND REMEDIES

Section 7.01 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:

- (2) Failure of the District to act in good faith in the annexation of the Land by the City for full purposes as authorized by or contemplated by this Agreement; or
- (3) Failure of the District to develop and to operate and maintain the District's water, wastewater, roadway, and drainage facilities.

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 7.02 Notice of Districts' 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, specifying any alleged failure by the District to comply with a provision of this Agreement and describing the alleged failure with reasonable particularity. The District shall, within thirty (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 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 7.04(A).

Section 7.03 Notice of City's Default

A The District shall notify the City Manager in writing, specifying any alleged failure by the City to comply with a provision of this Agreement and describing the alleged failure with reasonable particularity. The City shall, within thirty (30) days after receipt of the notice or a 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 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 7.04(B).

Section 7.04 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 Williamson 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 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 Districts may file suit in a court of competent jurisdiction in Williamson County, Texas, and seek any relief available at law or in equity, including, but not limited to, specific performance of the City's obligations hereunder, an action under the Uniform Declaratory Judgment Act and termination of this Agreement in addition to the monetary awards as may be appropriate.

ARTICLE VIII

BINDING AGREEMENT, TERM, AND AMENDMENT

Section 8.01 Beneficiaries

This Agreement binds and inures to the benefit of the Parties, their successors and assigns. The District shall record this Agreement with the County Clerk in the Official Records of Williamson County, Texas.

Section 8.02 Term

The term of this Agreement shall commence on the Effective Date and shall continue until the District is dissolved in accordance with Article VIII of the Consent and Development Agreement.

Section 8.03 Amendment

The Parties, by mutual consent, may amend the terms of this Agreement at any time by writing signed by both Parties hereto.

Section 8.04 Consent Agreement

Notwithstanding anything in this Agreement to the contrary: (i) in the event of a conflict between this Agreement and the Consent Agreement, the Consent Agreement controls for all purposes and (ii) any reimbursements due to the Developer as a result of constructing and acquiring District Facilities is an obligation of the District and the City has no reimbursement or other obligations to the Developer pursuant to this Agreement.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.01 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 FedEx or another nationally recognized courier service guaranteeing “a next day delivery,” addressed to the Party to be notified, or (iv) by sending the Notice by electronic means 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 Round Rock
	221 E. Main Street
	Round Rock, Texas 78664
	Attn: City Manager

With Required Copy to: Charlie Crossfield
Sheets & Crossfield
309 E. Main Street
Round Rock, Texas 78664

DISTRICT: Round Rock Municipal Utility District No. 1
Winstead PC
Attn: Ross Martin
401 Congress Ave., Ste. 2100
Austin, Texas 78701

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 (5) 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 9.02 Time

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

Section 9.03 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 9.04 Waiver

Any failure by a Party to insist upon strict performance by the other Party of any material provision of the 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 9.05 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 Williamson County, Texas.

Section 9.06 Reservation of Rights

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

Section 9.07 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 9.08 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 9.09 Effect of State and Federal Laws

Notwithstanding any other provision of this Agreement, the City and District shall comply with all applicable statutes or regulations of the United States and the State of Texas in each Party's fulfillment of its obligations under this Agreement.

Section 9.10 Authority for Execution

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

IN WITNESS WHEREOF, the parties have executed this Agreement in multiple copies, each of which shall be an original, as of the date of last execution.

CITY OF ROUND ROCK, TEXAS

By: _____
City Manager

ATTEST:

By: _____
City Secretary

APPROVED AS TO FORM:

By: _____
City Attorney

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

 This instrument was acknowledged before me on _____, 2019, by
_____, _____ of the City of Round Rock, Texas, a home-rule city
on behalf of said City.

Notary Public Signature

(Seal)

**ROUND ROCK MUNICIPAL UTILITY
DISTRICT NO. 1**

By: _____
_____, Board of Directors

ATTEST:

By: _____
Secretary, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

 This instrument was acknowledged before me on _____, 2019, by
_____, _____ of the Round Rock Municipal Utility District No. 1,
on behalf of said District.

Notary Public Signature

(Seal)