

**STRATEGIC PARTNERSHIP AGREEMENT BETWEEN**  
**THE CITY OF ELGIN, TEXAS AND**  
**BRICKSTON MUNICIPAL UTILITY DISTRICT**

STATE OF TEXAS                         §  
   §  
COUNTY OF TRAVIS                 §

This Strategic Partnership Agreement (this “Agreement”) is entered into by and between the City of Elgin, Texas (the “City”) and Brickston Municipal Utility District (the “District”).

**RECITALS**

**WHEREAS**, the City is a home-rule municipal corporation created and existing under the laws of the State of Texas and situated in Travis and Bastrop Counties, Texas; and

**WHEREAS**, the District is a municipal utility district created under and subject to the authority, conditions, and restrictions of Article XVI, Section 59 of the Texas Constitution; Chapter 8038 of the Texas Special District Local Laws Code (the “Enabling Legislation”); and Chapters 49 and 54 of the Texas Water Code, all as amended; and

**WHEREAS**, the City and the District are individually referred to as a “Party” and collectively as the “Parties”; and

**WHEREAS**, Chapter 43 of the Texas Local Government Code (the “Act”) and, specifically, Section 43.0751 of the Act authorize the City and the District to negotiate and enter this Agreement; and

**WHEREAS**, the District encompasses approximately \_\_\_\_\_ acres, more or less, located within the extraterritorial jurisdiction of the City as depicted on **Exhibit A** and more fully described on **Exhibit B** attached to this Agreement (the “Development”); and

**WHEREAS**, Texas Bridle Trails, LLC (the “Owner”) is the current owner of the Development, as reflected in the current tax rolls of the appraisal district of Travis County; and

**WHEREAS**, pursuant to Section 43.0751 of the Act, the City desires to annex the all the land in the Development for limited purposes, including, but not limited to, imposing and collecting sales and use taxes within the Development and subjecting the Development to the development standards of the City, subject to the limitations set forth in Section 2.4 hereof; and

**WHEREAS**, subject to the terms and conditions of this Agreement and for the health, safety, and welfare of the residents within the District, the District is willing to allow the City to annex the Development for the limited purposes set forth herein; and

**WHEREAS**, to facilitate the limited purpose annexation by the City of the Development, and for the health, safety, and welfare of the residents of the District, the Owner has submitted to

the City a petition requesting and consenting to the limited purpose annexation of the Development; and

**WHEREAS**, pursuant to the Act and the Owner’s petition for limited purpose annexation, the Parties desire to enter into this Agreement to accomplish the annexation by the City of the Development for the limited purposes set forth herein; and

**WHEREAS**, the District provided notice of two public hearings in accordance with all applicable laws; and

**WHEREAS**, the board of directors of the District (the “Board”) conducted two public hearings in accordance with all applicable laws at which members of the public who wished to present testimony or evidence regarding this Agreement were given the opportunity to do so; and

**WHEREAS**, the Board approved and adopted this Agreement on \_\_\_\_\_, 2020, in open session at a meeting held in accordance with all applicable laws; and

**WHEREAS**, the City provided notice of two public hearings in accordance with all applicable laws; and

**WHEREAS**, the City Council of the City (the “City Council”) conducted two public hearings in accordance with all applicable laws at which members of the public who wished to present testimony or evidence were given the opportunity to do so; and

**WHEREAS**, the City Council approved and adopted this Agreement on \_\_\_\_\_, 2020, in open session in accordance with all applicable laws, which approval and adoption occurred after the Board approved and adopted this Agreement; and

**WHEREAS**, all notices, hearings and other procedural requirements imposed by law for the adoption of this Agreement have been met; and

**WHEREAS**, in accordance with the requirements of Subsection (p)(1) of the Act, this Agreement does not require the District to provide revenue to the City solely for the purpose of obtaining an agreement with the City to forego annexation of the District; and

**WHEREAS**, in accordance with the requirements of Subsection (p)(2) of the Act, this Agreement provides benefits for the City and the District that are reasonable and equitable; and

**WHEREAS**, the Parties agree and acknowledge that this Agreement is not intended to and does not void, modify or impact in any manner the Development Agreement dated February 6, 2019 between the Owner and the City (the “Development Agreement”); and

**WHEREAS**, it is the intention of the Parties that the District shall continue in existence during the period of limited purpose annexation and, if applicable, after any dis-annexation of the Development, should the City determine not to annex the Development for full purposes as provided for herein.

**NOW THEREFORE**, for and in consideration of the mutual agreements contained in this Agreement, and for the good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the District and the City agree as follows:

### **ARTICLE I. RECITALS**

Section 1.1 The recitals set forth above are true and correct and are incorporated herein and made a part hereof as findings for all purposes.

### **ARTICLE II. ADOPTION OF AGREEMENT AND LIMITED PURPOSE ANNEXATION OF PROPERTY**

Section 2.1 Public Hearings. The Parties acknowledge and agree that prior to the execution of this Agreement, the Board and the City Council conducted public hearings to consider the adoption of this Agreement and that such hearings were noticed and conducted in accordance with all applicable laws.

Section 2.2 Effective Date. The effective date of this Agreement (the “Effective Date”) is the date it is approved and adopted by the City Council.

Section 2.3 Filing in Property Records. This Agreement shall be filed in the Real Property Records of Travis County, Texas.

Section 2.4 Limited Purpose Annexation of the Development. For the health, safety, and welfare of the residents of the District, the Parties agree that the City may annex the Development for the limited purposes of the following:

(a) Sales and Use Tax. Subject to the provisions set forth in this Agreement and to the extent permitted by applicable law, the City may impose and collect sales and use taxes authorized by Chapter 321 of the Texas Tax Code (the “Tax Code”) on sales consummated within the Development.

(b) Imposition of Development Standards. The limited purpose annexation contemplated in this Agreement shall specifically subject the Development to the City’s jurisdiction in regards to development standards and land use regulations. From and after the date of the limited purpose annexation *and except as modified by the Development Agreement*, the Development shall be subject to all in-City development regulations, including zoning and subdivision regulations, as if the Development were completely within the municipal limits and had been annexed for full purposes. To the extent of a conflict between the Development Agreement and any development standards, land use or zoning regulations, or subdivision regulations of the City, the terms of the Development Agreement shall apply. It is understood by the Parties that except as modified in the Development Agreement, the Development shall be considered zoned MF4 from and after the date of the limited purpose annexation.

The District acknowledges and agrees that the City Council may adopt a limited purpose annexation ordinance applicable to the Development at a meeting conducted in accordance with Chapter 551 of the Texas Government Code and that no further notices, hearings, or other procedures shall be required to adopt such limited purpose annexation

ordinance. The City may commence limited purpose annexation of the Development upon the Effective Date. The Parties further agree and acknowledge that this Agreement does not void, modify or otherwise impact the Development Agreement.

(c) Library and Police Services. From and after the date of the limited purpose annexation, the City shall provide library and police services to the Development to the same extent it provides such services to in-City properties. The Parties shall enter into an agreement for the provision of such services and for the payment of such services at a cost comparable to the costs incurred by the City for the provision of such services.

(d) Public Infrastructure. Subject to the subsections (a)-(c) above, from and after the date of the limited purpose annexation and except as modified by the Development Agreement, the District shall be fully responsible for all design, construction, funding, maintenance, and ownership of any and all infrastructure improvements within the boundaries of the District, including but not limited to streets, roadways, alleys, sidewalks, street lighting, public and private parkland facilities (unless conveyed to Home Owners Association {HOA} whereupon HOA is responsible), stormwater drainage facilities, retention walls, public landscaping/irrigation (unless conveyed to HOA whereupon HOA is responsible), and related engineering and design during the term of this Agreement or upon full annexation whichever occurs first. Upon the expiration of this Agreement resulting in full purpose annexation of the District, the City agrees to acquire, operate and maintain the Public Infrastructure.

Section 2.5 Limited Purpose Property and Sales and Use Tax Revenues. For purposes of this Agreement, all property within the Development may sometimes be referred to as “Limited Purpose Property”; and the sales and use taxes collected within the Limited Purpose Property shall be referred to as the “Sales and Use Tax Revenues”.

Section 2.6 Consent to Limited Purpose Annexation. The District on behalf of itself and all present and future owners of land within the District, hereby requests that the City annex the Limited Purpose Property solely for the purposes provided in this agreement. The District consents to such limited purpose annexation and to the collection of sales and use tax revenues by the City within the Limited Purpose Property. Such consent shall bind the District and, upon recording of this Agreement in the appropriate county records, each Owner and future Owner of land within the District.

Section 2.7 Limited District. The District is not a limited district as defined in Subsection 43.0751(a)(2) of the Act and shall not be a limited district after the date of the limited purpose annexation. After the limited purpose annexation, the District shall continue in full force and effect under Subsection 43.0751(f)(2) of the Act, with all the powers and duties of the District surviving.

Section 2.8 Property Taxes and District Liability for Debts of the City. During the term of this Agreement, (i) neither the District, nor any owners of taxable property within the District, are liable for any present or future debts of the City; and (ii) the City’s current and future ad valorem taxes will not be levied on any taxable property in the Development. The City acknowledges that pursuant to Subsection 43.130(c) of the Act and other applicable law, the City is not permitted to impose a tax on any property annexed for limited purposes, including the Development.

Section 2.9 Powers and Functions Retained by the District. 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, including the District's Enabling Legislation. Nothing in this Agreement or the limited purpose annexation shall affect, modify or alter the District's power to finance and/or develop, own, operate or maintain a water, wastewater, drainage or roadway system to serve the District or to contract with entities to develop, own, operate or maintain water, wastewater, drainage and road systems to serve the District.

### **ARTICLE III. TAXATION**

Section 3.1 Collection of Sales and Use Tax Revenues. The City may impose a sales and use tax within the Limited Purpose Property pursuant to Subsection 43.0751(k) of the Act. The sales and use tax may be imposed on all eligible commercial activities at the rate allowed under the Tax Code. Collection of Sales and Use Tax Revenues shall take effect on the date described in Section 321.102 of the Tax Code.

Section 3.2 Payment of Sales and Use Tax. The Parties agree and acknowledge that the District will not share directly in the revenue derived from the City's Sales and Use Tax on the Commercial Property.

### **ARTICLE IV. FULL PURPOSE ANNEXATION**

Section 4.1 Subsection C-1 Full Purpose Annexation. The Development is exempt from the municipal annexation plan requirements pursuant to Section 43.052 of the Act. Consequently, the District consents, on its behalf and on behalf of all current and future owners of land included within the District, to the full purpose annexation of the Development in accordance with the procedures set forth in Chapter 43, Subchapter C-1, of the Texas Local Government Code upon the expiration of the term of this Agreement and on the Full Purpose Annexation Conversion Date, as defined in Section 4.2 of this Agreement.

Section 4.2 Full Purpose Annexation Conversion Date. Pursuant to Subsection (h) of the Act, the Limited Purpose Property shall be deemed to be within the full-purpose boundary limits of the City upon the Full Purpose Annexation Conversion Date without any further action by the City Council. The "Full Purpose Annexation Conversion Date" is the date upon which the City Council adopts an ordinance that includes the Development within the full-purpose boundary limits of the City, which date shall in no event occur prior to the expiration of the term of this Agreement. The Full Purpose Annexation Conversion Date may be altered only by mutual written agreement of the District and the City.

Section 4.3 No Full-Purpose Annexation During Term of Agreement. On the thirty-ninth anniversary date of the Effective Date, the City Manager 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 following the thirty-ninth anniversary date, the City Manager 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 City Manager 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 negotiations

to enter into a new strategic partnership agreement or commence annexation of the District for full purposes at the expiration of this Agreement, as applicable. If the City Manager 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 City Manager's recommendation to negotiate a new strategic partnership agreement or to annex the District for full purposes, the City may begin proceeding to dis-annex the Limited Purpose Property, if authorized under the applicable provisions of the Local Government Code. If the City decides to dis-annex the Limited Purpose Property and has the authority to dis-annex, the City may institute proceedings to accomplish such dis-annexation to be effective upon the expiration of the term of this Agreement. Such dis-annexation of the Limited Purpose Property shall not affect the existence, powers, or duties of the District, which shall remain in full force and effect.

#### **ARTICLE V. TERM**

Section 5.1 This Agreement commences on the Effective Date and continues for forty (40) years.

#### **ARTICLE VI. BREACH, NOTICE AND REMEDIES**

Section 6.1 Notification of Breach. If either Party commits a breach of this Agreement, the non-breaching Party shall give Notice, as defined in Section 7.2 herein, to the breaching Party that describes the breach in reasonable detail.

Section 6.2 Cure of Breach. The breaching Party shall commence curing the breach within fifteen (15) calendar days after receipt of the Notice of the breach and shall complete the cure within thirty (30) days from the date of commencement of the cure; however, if the breach is not reasonably susceptible to cure within such thirty (30)-day period, the non-breaching Party shall not bring any action so long as the breaching Party has commenced to cure within such thirty (30)-day period and diligently completes the work within a reasonable time without unreasonable cessation.

Section 6.3 Remedies for Breach. If the breaching Party does not substantially cure the breach within the stated period of time, the non-breaching Party may, in its sole discretion, and without prejudice to any other right under this Agreement, law, or equity, seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act, specific performance, mandamus and injunctive relief; provided, however, that the non-breaching Party shall not be entitled to terminate this Agreement. The Parties specifically waive any right that they have or in the future may have to terminate this Agreement. Damages, if any, to which any non-breaching Party may be entitled shall be limited to actual damages and shall not include special or consequential damages. In addition, the prevailing party in any such action shall be entitled to reasonable attorney's fees and costs of litigation as determined in a final, non-appealable order in a court of competent jurisdiction.

#### **ARTICLE VII. ADDITIONAL PROVISIONS**

Section 7.1 Voting; Municipal Office. Pursuant to Section 43.130(a) of the Act, the qualified voters of an area annexed for limited purposes are entitled to vote in municipal elections regarding the election or recall of members of the governing body of the municipality, the election

or recall of the controller, if the office of controller is an elective position of the municipality, and the amendment of the municipal charter. The voters may not vote in any municipal bond election. Pursuant to Section 43.130(b) of the Act, residents of the Property will not be eligible to be a candidate for or to be elected to a municipal office until and unless the Development is annexed into the City for full purposes.

Section 7.2 Notices. Any notices, certifications, approvals, or other communications (a “Notice”) required to be given by one Party to another under this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below and shall be deemed given: (i) when the Notice is delivered in person to the person to whose attention the Notice is addressed; (ii) 10 business days after the Notice is deposited in the United States Mail, certified or registered mail, return receipt requested, postage prepaid or; (iii) when the Notice is delivered by Federal Express, UPS, or another nationally recognized courier service with evidence of delivery signed by any person at the delivery address. If any date or 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. For the purpose of giving any Notice, the addresses of the Parties are set forth below. The Parties may change the information set forth below by sending Notice of such change to the other Party as provided in this Section 7.2.

**CITY:** City of Elgin  
PO Box 591  
Elgin, Texas 78621  
Attn: City Manager

With Required Copy to: Charlie Crossfield  
Sheets & Crossfield  
309 E. Main Street  
Elgin, Texas 78664-5264

**DEVELOPER:** Texas Bridle Trails LLC  
c/o Garrett Rajkovich  
6475 Camden Ave #202  
San Jose, California 95120

With Required Copy to: Ranch Road Development  
c/o Scott Miller  
3951 Hwy 71 Bldg. A  
Bastrop, Texas 78602

With Required Copy to: Winstead PC  
Attn: Ross Martin  
2728 N. Harwood St., Ste. 500  
Dallas, Texas 75201

Section 7.3 No Waiver. Any failure by a Party to insist upon strict performance by the other Party of any provision of this Agreement shall not be deemed a waiver thereof, 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. No provision of this Agreement may be waived except by writing signed by the Parties. Any waiver shall be limited to the specific purpose for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

Section 7.4 Governing Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, as they apply to contracts performed within the State of Texas and without regard to any choice of law rules or principles to the contrary. The Parties hereby submit to the jurisdiction of the courts of Bastrop County, Texas and hereby agree that any such court shall be a proper forum for the determination of any dispute arising hereunder.

Section 7.5 Authority to Execute. The City represents and warrants to the District that the execution of this Agreement has been duly authorized by the City Council and that the person executing this Agreement on behalf of the City has been duly authorized to do so by the City Council. The District represents and warrants to the City that the execution of this Agreement has been duly authorized by the Board and that the person executing this Agreement on behalf of the District has been duly authorized to do so by the Board.

Section 7.6 Severability. The provisions of this Agreement are severable and, in the event any word, phrase, clause, sentence, paragraph, section, or other provision of this Agreement, or the application thereof to any person or circumstance, shall ever be held or determined to be invalid, illegal, or unenforceable for any reason, and the extent of such invalidity or unenforceability does not cause substantial deviation from the underlying intent of the Parties as expressed in this Agreement, then such provision shall be deemed severed from this Agreement with respect to such person, entity or circumstance, without invalidating the remainder of this Agreement or the application of such provision to other persons, entities or circumstances, and a new provision shall be deemed substituted in lieu of the provision so severed which new provision shall, to the extent possible, accomplish the intent of the Parties as evidenced by the provision so severed.

Section 7.7 Changes in State or Federal Laws. If any state or federal law changes so as to make it impossible for the City or the District to perform its obligations under this Agreement, the Parties will cooperate to amend this Agreement in such a manner that is most consistent with the original intent of this Agreement as legally possible.

Section 7.8 Additional Documents and Acts. The Parties agree that at any time after execution of this Agreement, they will, upon request of the other Party, execute and/or exchange any other documents necessary to effectuate the terms of this Agreement and perform any further acts or things as the other Party may reasonably request to effectuate the terms of this Agreement.

Section 7.9 Assignment. This Agreement shall not be assignable without the other Party's written consent. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective representatives, successors, and assigns as permitted by this Agreement.



Section 7.10 Amendment. This Agreement may be amended only with the written consent of the Parties and with approval of the City and the District.

Section 7.11 Interpretation. This Agreement has been negotiated by the Parties, each of which has been represented by counsel; consequently, the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

Section 7.12 No Third Party Beneficiaries. This Agreement is solely for the benefit of the City and the District, and neither the City nor the District intends by any provision of this Agreement to create any rights in any third-party beneficiaries or to confer any benefit or enforceable rights under this Agreement or otherwise upon anyone other than the City and the District.

Section 7.13 Governmental Powers. Neither Party waives or surrenders any of its respective governmental powers, immunities or rights, except as specifically waived pursuant in this Section 7.13. Each Party waives its respective governmental immunity from suit and liability only as to any action brought by the other Party to pursue the remedies available under this Agreement. Nothing in this Section 7.13 shall waive any claims, defenses or immunities that either Party has with respect to suits against them by persons or entities not a party to this Agreement.

Section 7.14 Incorporation of Exhibits by Reference. All exhibits attached to this Agreement are incorporated into this Agreement by reference for the purposes set forth herein, as follows:

- |           |                                      |
|-----------|--------------------------------------|
| Exhibit A | Depiction of the Development         |
| Exhibit B | Legal Description of the Development |

Section 7.15 Counterpart Originals. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original.

**APPROVED AND ADOPTED BY THE CITY COUNCIL  
OF THE CITY OF ELGIN ON \_\_\_\_\_, 20\_\_.**

**CITY OF ELGIN**

\_\_\_\_\_  
CHRIS CANNON, Mayor  
City of Egin, Texas

ATTEST:

\_\_\_\_\_  
AMELIA SANCHEZ, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
CHARLES CROSSFIELD, City Attorney

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_, by  
\_\_\_\_\_, the \_\_\_\_\_ of the City of \_\_\_\_\_, Texas on behalf of the  
city.

\_\_\_\_\_  
Notary Public, State of Texas

**APPROVED AND ADOPTED BY THE BRICKSTON MUNICIPAL  
UTILITY DISTRICT ON \_\_\_\_\_, 20\_\_.**

**BRICKSTON MUNICIPAL UTILITY  
DISTRICT**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: President, Board of Directors

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_, by  
\_\_\_\_\_, the President, Board of Directors of the Brickston Municipal Utility District on  
behalf of the district.

\_\_\_\_\_  
Notary Public, State of Texas

**Exhibit A - Depiction of the Development**

**Exhibit B - Legal Description of the Development**