

**STRATEGIC PARTNERSHIP AGREEMENT
BETWEEN THE CITY OF HOUSTON, TEXAS,
AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61**

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

This **STRATEGIC PARTNERSHIP AGREEMENT** (this "Agreement") is made and entered into as of the Effective Date by and between the **CITY OF HOUSTON, TEXAS**, a municipal corporation principally situated in Harris County, Texas, acting by and through its governing body, the City Council of the City of Houston, Texas (the "City"), and **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61** (the "District"), a conservation and reclamation district created pursuant to Article XVI, Section 59, Texas Constitution and operating pursuant to Chapters 49 and 54, Texas Water Code.

RECITALS

WHEREAS, 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 the City and the District wish to enter into such an agreement; and

WHEREAS, this Agreement provides for the annexation of a tract of land in the District, as more specifically described in Exhibit "A", by the City for the limited purposes of applying certain of the City's Planning, Zoning, Health, and Safety Ordinances (as defined herein); and

WHEREAS, as required by the Act, the City held public hearings on February 26, 2003 and March 5, 2003, at City Council Chamber, City Hall, 901 Bagby, Houston, Texas, and the District held public hearings on February 20, 2003 and March 6, 2003 at 2001 Kirby Drive, Suite 1111, Houston, Texas 77019, 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

WHEREAS, the City and the District wish to enter into a strategic partnership agreement to provide the terms and conditions under which services will be provided by the City and the District and under which the District will continue to exist for an extended period of time after the Tract is annexed for limited purposes.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

ARTICLE I FINDINGS

The City and the District hereby find and declare:

1. The Act authorizes the City and the District to enter into this Agreement to define the terms and conditions under which services will be provided to the City and the District and under which the District will continue to exist after the 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, and/or regulations which are reasonable and equitable with regard to the benefits provided to the other Party;
4. All the terms and conditions 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 and conditions 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 and phrases used in this Agreement shall have, solely for the purposes of this Agreement, the meanings set out below:

"Act" means Texas Local Government Code, §43.0751 (Vernon Supp. 2002) and any amendments thereto.

"Agreement" means this strategic partnership agreement by and 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.

"Code of Criminal Procedure" means the Texas Code of Criminal Procedure and any amendments thereto.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"Consent Ordinance" means ordinances, including all attachments and exhibits passed by the City Council consenting to the creation of and inclusion of land in the District.

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

"District" means Harris County Municipal Utility District No. 61, a conservation and reclamation district created pursuant to Article XVI, Section 59, Texas Constitution and operating pursuant to Chapters 49 and 54, Texas Water Code.

"Effective Date" means the date the City Controller countersigns this Agreement.

"ETJ" means the extraterritorial jurisdiction of the City.

"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.

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

"Planning, Zoning, Health, and Safety Ordinances" subject to Section 7.02, means Chapters 20 and 21 of the City Code. Chapter 42 of the City Code, which applies to the subdivision of property in the District, will continue to apply following the limited-purpose annexation.

"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.

"Tax Code" means the Texas Tax Code and any amendments thereto.

"Tract" means the tract of land within the boundaries of the District described in Exhibit "A" to this Agreement except territory outside the boundaries of the District.

ARTICLE III LIMITED-PURPOSE ANNEXATION

Section 3.01 Limited-Purpose Annexation

A. Generally

As soon as practicable following the approval of this Agreement by City Council, as authorized by Subchapter F of Chapter 43 of the Local Government Code and the Act, the City shall annex the Tract for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract. The Planning, Zoning, Health, and Safety Ordinances will be applicable and enforceable in the Tract upon the date of limited-purpose annexation.

The Parties recognize that at the time of the 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.

B. 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.

C. Municipal Court's Jurisdiction

Upon the limited-purpose annexation of the Tract the City's municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health, and Safety Ordinances and State laws as set out in Article 4.14 of the Code of Criminal Procedure arising from actions occurring within the Tract.

Section 3.02 Regulatory Plan for the Tract

Upon annexation of the Tract for limited purposes the City shall adopt the Regulatory Plan attached to this Agreement as Exhibit "B". Pursuant to Local Government Code § 43.125(c), the City may amend the Regulatory Plan. If the City seeks to amend a Regulatory Plan from time to time, the City shall give the District notice of its intentions not later than the 90th day before the City intends to amend the Regulatory Plan and may not amend the Regulatory Plan without the consent of the District. Not later than the 20th day before the City intends to amend the Regulatory Plan, the City must hold a public hearing on the amendments to the Regulatory Plan and allow members of the public to testify and give evidence for or against the proposed amendments to the Regulatory Plan. In the event of a conflict between a Regulatory Plan and any amendments thereto and this Agreement, this Agreement shall control. The notice requirements of this Section do not apply to ordinances or amendments to the City Code that have effect throughout the boundaries of the City.

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 during the period preceding full-purpose annexation. 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. The City approves, without the need for any further action by the City, the District's power to incur additional debts, liabilities, or obligations, to construct additional utility facilities, and to sell or otherwise transfer property as provided in and as consistent with the Consent Ordinance.

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 shall be subject to all state and federal laws and regulations.

Section 4.02 Notice

On or after the 15th day but before the fifth day before the date of the first 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 43.0751(d) 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 shall be entitled to vote pursuant to the laws of the State of Texas.

ARTICLE V SALES AND USE TAX AGREEMENT

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 of all Sales and Use Tax revenues generated within the boundaries of the Tract 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 said Sales and Use Tax revenues 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 shall be deemed to have received an invoice from the District on the date the City receives the Sales and Use Tax revenues from the Comptroller without further action from the District.

The City shall deliver to the District a condensed version of the 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 District 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

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 Tract. Further, as consideration of the receipt of funds from the City as described herein, 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 facilities at the same level as the District has operated and maintained them before the Implementation Date. The City shall have the right to periodically inspect the District's water, wastewater, and drainage facilities.

ARTICLE VII SERVICES PROVIDED BY THE CITY

Section 7.01 Health Services

The City shall apply and enforce the City's Planning, Zoning, Health, and Safety Ordinances within the Tract as more particularly provided in Section 3.01 of this Agreement. During the term of this Agreement, the City shall provide such services at the same level as those services are provided at the corresponding time within other parts of the City with topography, land use, and population density similar to that of the Tract.

Section 7.02 Police Services

At any time during the term of the Agreement the City Council approves the provision of police services in the Tract, the City shall provide such services in the same manner as those services are provided at the corresponding time within other parts of the City with topography, land use, and population density similar to that of the Tract. At such time, the definition of "Planning, Zoning, Health, and Safety Ordinances contained in Article II is amended to read as follows:

"Planning, Zoning, Health, and Safety Ordinances" means Article III of Chapter 11, the provisions in Chapter 34 having to do with police protection, and Chapters 6, 8, 20, 21, 22, 28, 30, 32, 33, 43, 45, and 46 of the City Code or any successor chapters thereto and all applicable uncodified traffic ordinances. Chapter 42 of the City Code, which applies to the subdivision of property in the District, will continue to apply following the limited-purpose annexation."

ARTICLE VIII

FULL-PURPOSE ANNEXATION

Section 8.01 Payments In Lieu of Full-Purpose Annexation

The District agrees to pay to the City an annual fee, in addition to the other consideration provided in this Agreement, for the provision of municipal services provided in this Agreement in lieu of full-purpose annexation as provided in Section 43.0751(f)(5)(B) of the Act. The annual fee is \$100. The annual fee is due on each anniversary of the Implementation Date. The City and the District hereby waive their respective right to request a cost-of-services study for the purpose of determining the annual fee provided in this Section. The City waives its right to terminate this Agreement for failure by the District to make an annual fee payment stated in this Section. Both the City and the District waive their right to request a renegotiation of the methodology for calculating the fee under this Section.

Section 8.02 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 8.03 Full Purpose Annexation Option at Termination of Agreement

On the twenty-ninth anniversary date of the Effective Date, 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 months of such date, 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 such 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, the City may institute proceedings to accomplish such disannexation to be effective upon the termination of this Agreement.

ARTICLE IX MATERIAL BREACH, NOTICE AND REMEDIES

Section 9.01 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;
2. Failure of the District to comply with the Regulatory Plan as developed by the City; or
3. 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. If the Director gives notice of the City's intent to provide police services under Section 7.02, failure of the City to provide police services;
2. Any attempt by the City to annex the District for full purposes during the term of this Agreement; or
3. 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.

9.02 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 9.04(A).

Section 9.03 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 9.04(B).

Section 9.04 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; provided however, no termination hereof shall be effective until the City has, to the extent permitted by law, disannexed the Tract.

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 X BINDING AGREEMENT, TERM, AND AMENDMENT

Section 10.01 Beneficiaries

This Agreement binds and inures to the benefit of the Parties, their successors and assigns, and, only as provided in Article VIII, the Landowners and Residents. In the event of a material breach of Article VIII 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 IX. 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 10.02 Term

This Agreement commences and binds the Parties on the Effective Date and continues for 30 years from the Effective Date. Any rights or privileges of the Landowners and Residents under this Agreement will terminate 30 years from the Effective Date.

Section 10.03 Amendment

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

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 11.01 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 such Party, (i) by delivering the same in person (ii) by depositing the same in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified, (iii) by depositing the same 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 same 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 hereunder 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 77002
 Attn: Director, Department of Planning and Development
 or his or her designee

District: Harris County Municipal Utility District No. 61
 2001 Kirby Drive, Suite 1111
 Houston, Texas 77019
 Attn: David M. Marks

The Parties shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by giving at least five days written notice to the other Parties. 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 such Saturday, Sunday or legal holiday.

Section 11.02 Time

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

Section 11.03 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 11.04 Waiver

Any failure by a Party hereto 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 such 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 11.05 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 11.06 Reservation of Rights

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

Section 11.07 Further Documents

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

Section 11.08 Incorporation of Exhibits and Other Documents by Reference

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

Section 11.09 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 and the State of Texas, as well as any City Ordinances or rules implementing such statutes or regulations.

Section 11.10 Authority for Execution

The City hereby 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 hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted by the Board.

SIGNATURE PAGES FOLLOW

SIGNATURE PAGE

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 61

By: [Signature]
President, Board of Directors

Tax Identification No. 74-6252074

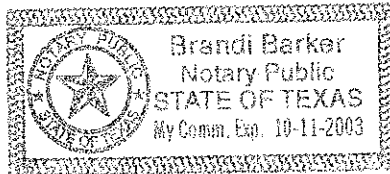
ATTEST:
By: [Signature]
Secretary, Board of Directors

STATE OF TEXAS §
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COUNTY OF HARRIS §

This instrument was acknowledged before me this 6th day of March, 2003, by Dennis Gordon, as President, and R.D. Sherrill, as Secretary, of Harris County Municipal Utility District No. 61, a political subdivision of the State of Texas, on behalf of said political subdivision.

Brandi Barker
Notary Public in and for the State of Texas

(NOTARY SEAL)



CITY OF HOUSTON, TEXAS

By: Lee P. Brown
Mayor

ATTEST:

By: Anna Russell
City Secretary

STATE OF TEXAS

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COUNTY OF HARRIS

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This instrument was acknowledged before me this _____ day of _____, 2003, by Anna Russell, as Secretary, of the City of Houston, Texas, a municipal corporation, on behalf of said municipal corporation.

(NOTARY SEAL)

Notary Public in and for the State of Texas

*See attached
Notary Page*

APPROVED:

By: [Signature]
Director, Department of Planning and Development

APPROVED AS TO FORM:

By: [Signature]
Assistant City Attorney
L.D. File No. 061-0200189-001

COUNTERSIGNED:

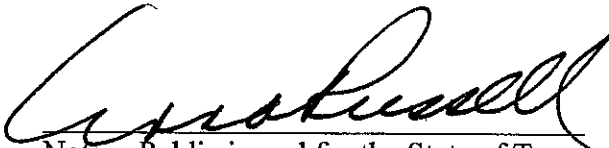
By: [Signature]
City Controller

DATE COUNTERSIGNED: 4-11-03

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged by John Silva for Lee P. Brown, Mayor of the City of Houston, Texas, on behalf of said municipal corporation, this 4th day of April, 2003.

(NOTARY SEAL)


Notary Public in and for the State of Texas

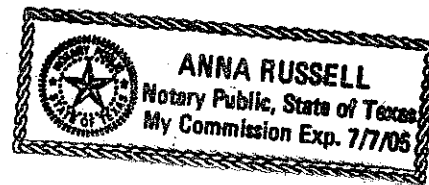


Exhibit A

Harris County MUD 61 Limited Purpose Annexation Metes and Bounds

BEGINNING at the northeasterly corner of Harris County Municipal Utility District 61, such point being the intersection of the southerly right of way line of Franz Road and westerly right of way line of Mason Road;

THENCE in a southerly direction along the easterly boundary line of the District to its southeasterly corner;

THENCE in a westerly direction along the southerly boundary line of the District to its southwesterly corner;

THENCE in a northerly direction along the westerly boundary line of the District to its intersection with a southwesterly boundary line of a Harris County Flood Control Drainage District water course also known as Mason Creek;

THENCE in a southeasterly direction along that southwesterly boundary line to its intersection with a northerly right of way line of Colonial Parkway;

THENCE in a generally easterly direction along the curve of the northerly right of way line of Colonial Parkway to its intersection with the southwesterly extension in the same course of a southeasterly boundary line of the Williamsburg Settlement Section One subdivision;

THENCE in a northeasterly direction along that extension in the same course, and continuing along that southeasterly boundary line of the Williamsburg Settlement Section One subdivision to its intersection with the westerly right of way line of Mason Road;

THENCE in a northerly direction along that westerly right of way line to its intersection with the southwesterly boundary line of the Mason Road Center subdivision;

THENCE in a northwesterly direction along that southwesterly boundary line to its intersection with the southerly right of way line of Earl of Dunmore Street;

THENCE in a westerly direction along that southerly right of way line to its intersection with the southwesterly boundary line of a 180 foot Houston Lighting and Power easement;

THENCE in a northwesterly direction along that southwesterly boundary line to its intersection with a northwesterly boundary line of Williamsburg Settlement Section One subdivision;

THENCE in a southwesterly direction along that northwesterly boundary line to its intersection with a northeasterly boundary line of that subdivision;

THENCE in a northwesterly direction along that northeasterly boundary line to its intersection with the southerly right of way line of Franz Road, such point also being a point in the northerly boundary line of Harris County Municipal Utility District 61;

THENCE in an easterly direction along that northerly boundary line of the District to its northeasterly corner, THE POINT OF BEGINNING.

**Exhibit B
Regulatory Plan**

The City of Houston will provide health inspection services and enforce chapters 20 and 21 of the Code of Ordinances within the area annexed for limited purposes. Since the City does not have a zoning ordinance, the area will not be zoned. No other services will be provided.

At any time during the term of the Strategic Partnership Agreement the City Council approves the provision of police services in the area annexed for limited purposes, the City shall provide such services. At such time, Article III of Chapter 11, the provisions in Chapter 34 having to do with police protection, and Chapters 6, 8, 20, 21, 22, 28, 30, 32, 33, 43, 45, and 46 of the City Code of Ordinances or any successor chapters thereto and all applicable uncodified traffic ordinances will become effective in the area annexed for limited purposes. Chapter 42 of the City Code, which applies to the subdivision of property in the District, will continue to apply following the limited-purpose annexation.

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me, and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas on:

SEP 24 2009



Dorely B. Kaufman
COUNTY CLERK
HARRIS COUNTY, TEXAS

COUNTY CLERK
HARRIS COUNTY, TEXAS

2009 SEP 24 PM 3:22

FILED