

STRATEGIC PARTNERSHIP AGREEMENT

THE STATE OF TEXAS §
 §
COUNTY OF JOHNSON §

This **STRATEGIC PARTNERSHIP AGREEMENT** (this “*Agreement*”) is made and entered into, effective as _____, 2026, by and between the **CITY OF BURLESON, TEXAS**, a municipal corporation and home rule city of the State of Texas (the “*City*”), and the **NORTH JOHNSON COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1**, a conservation and reclamation district created pursuant to Article III, Section 52, Article XIV, Section 59, and Article III, Section 52-a, Texas Constitution and operating pursuant to Chapter 49, Texas Water Code, and Chapter 375, Texas Local Government Code (the “*District*”).

RECITALS

The District has been created for the purpose of providing water, sewer, drainage, road and recreational facilities to the land within its boundaries. On the date of this Agreement, the land within the District, consisting of 621 acres, is located entirely within the extraterritorial jurisdiction (“*ETJ*”) of the City.

The provisions of TEX. LOCAL GOV’T CODE, Section 43.0751 (the “*Act*”) state that the City and the District may enter into a strategic partnership agreement by mutual consent and the City and the District wish to enter into such an agreement.

The District conducted public hearings regarding this Agreement on [_____] at [_____] within the boundaries of the District, and on [_____] at the offices of Allen Boone Humphries Robinson LLP, 4514 Cole Avenue, Suite 1450, Dallas, Texas 75205, notice thereof having been given in accordance with the procedural requirements of Texas Local Government Code Section 43.0751.

The City conducted public hearings regarding this Agreement on [_____] and on [_____] in the City Hall Council Chambers of the City located at 141 W. Renfro, Burleson, Texas 76028, notice thereof having been given in accordance with Texas Local Government Code Section 43.0751.

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

The City has, by formal action, after public hearings approved this Agreement on [_____] in open session at a meeting held in accordance with the Open Meetings Act.

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

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the City and the District agree as follows:

ARTICLE 1 DEFINITIONS

1.01. Definitions. The terms *Act*, *Agreement*, *City*, *District*, and *ETJ* shall have the meanings provided for them in the recitals, above. Except as may be otherwise defined, or the context clearly requires otherwise, capitalized terms and phrases used in this Agreement shall have the meanings as follows:

Commission means the Texas Commission on Environmental Quality and its successors.

Developer means the entity or entities advancing funds to the District for the design and construction of District facilities and for other legal purposes which advances are subject to reimbursement by the District pursuant to the rules of the Commission.

Development Agreement means that certain Development Agreement dated October 6, 2025 entered into by and between AP-Groundwork Venture, LLC, the City, and the District.

Implementation Date means the date the limited-purpose annexation ordinance is passed by the City Council.

Limited District has the meaning set forth in Section 2.03.

Notice has the meaning set forth in Section 5.03.

Person means any individual, partnership, association, firm, trust, estate, public or private corporation, or any other entity whatsoever.

Sales and Use Tax means the sales and use tax authorized to be imposed in the District by the Act and Texas Tax Code, Chapter 321.

1.02. Findings and Conclusions. The City and the District hereby find and declare:

- a. The Act authorizes the City and the District to enter into this Agreement.
- b. In compliance with Subsection (p) of the Act, this Agreement (i) 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, and (ii) provides benefits to each party, including revenue, services, and regulatory benefits, which are reasonable and equitable with regard to the benefits provided to the other party.
- c. All the terms and conditions contained in this Agreement are lawful and appropriate to provide for the provision of municipal services and annexation.

d. The District is not obligated to make payments to the City for services except as otherwise provided herein.

e. This Agreement has been duly adopted by the City and the District after conducting two public hearings at which members of the public who wanted to present testimony or evidence regarding the Agreement were given the opportunity to do so. Notice of each hearing was published in the format required by TEX. LOCAL GOV'T CODE, Section 43.123(b) and was published at least once on or after the 20th day before each public hearing of the City. The District's notice of each hearing was given as required under the Texas Water Code for other district notifications.

ARTICLE 2 ANNEXATION OF THE DISTRICT

2.01. Conditions to Annexation.

a. The parties agree that the District and its residents should be allowed to develop and function with certainty regarding the conditions under which annexation will be authorized by the City. As a result, the City and the District agree that, without regard to the City's right and power under existing or subsequently enacted law and subject to Section 2.02, the City will not fully annex the District until the following conditions have been met, and shall thereafter be authorized, but not required, to fully annex the District for any purpose:

1. All of the District's water, sanitary sewer, drainage, park and recreational, and road facilities have been constructed.
2. The Developer has, and the Developer's successors and assigns have, been reimbursed to the maximum extent permitted by the rules of the Commission or other applicable law.

b. In addition to satisfaction of the conditions provided above, if the District has bonds, notes or other indebtedness outstanding that are payable for and secured by the District's ad valorem taxes, the City shall not be authorized to annex the District for full purposes unless and until the City is authorized to levy an ad valorem tax on property in the District and is authorized to levy an ad valorem tax in an amount sufficient to pay the assumed District indebtedness.

2.02. Operations Prior to Full-Purpose Annexation. Prior to annexation of the entire District for full purposes, except as may be specifically provided in this Agreement, the District is authorized to exercise all powers and functions of a municipal management district provided by law, including, without limiting the foregoing, the power to incur additional debts, liabilities, or obligations, to construct additional utility facilities, or to contract with others for the provision and operation thereof, or sell or otherwise transfer property without prior approval of the City. The District agrees to generally comply with the City's special purpose district policy.

2.03. Continuation of the District Following Full-Purpose Annexation. Upon annexation of the entire District under the provisions of Section 2.01 above, the District will continue to exist as a limited district pursuant to Section 43.0751(f)(6) of the Texas Local Government Code (the “*Limited District*”) for an initial period of ten (10) years to allow for the continued maintenance and operation of the Drainage Improvements, Park, Trail, and Open Space Improvements (as such terms are defined in the Development Agreement), and the street alleys and to levy ad valorem taxes or assessments in support of such facilities, as well as the completion of District operations, and the integration of the District’s system into the City’s system, which term may be renewed successively by the City Council, provided that no such renewed term shall exceed ten (10) years. Prior to the full annexation by the City and the continuation of the District as a Limited District and before each term renewal of the Limited District, the District shall present to the City for approval a financing plan for the continued maintenance and operation of the aforementioned facilities. The District agrees that such Limited District shall not incur additional debts, liabilities, or obligations, construct additional utility facilities, or contract with others for the provision and operation thereof, or sell or otherwise transfer property without prior approval from the City. After full-purpose annexation, the City shall assume the operation and maintenance of the Roadway Improvements (as such term is defined in the Development Agreement), including the non-TxDOT owned traffic control signals and road rights-of way. The boundaries and name of the Limited District shall be determined by the City in consultation with the District. Upon the expiration of the initial and any successive term, the City shall agree to either assume the maintenance and operation obligations of the Limited District or continue the Limited District. After the initial ten (10) year term of the Limited District, the City, at its discretion, may act to abolish the District in accordance with applicable law, and the City will then assume all rights, assets, liabilities and obligations of the Limited District and the Limited District will not be continued for limited purposes. Upon full purpose annexation, fees and charges imposed on residents of the former District for services provided by the City shall be equal to those fees and charges imposed on all other residents of the City.

2.04. Emergency Services District. Upon full-purpose annexation, the City agrees to promptly begin the process of becoming the sole provider of emergency services to land within the District. Accordingly, it shall use commercially reasonable efforts to remove the Property (as such term is defined in the Development Agreement) from the Johnson County ESD #1 (“ESD”), or any other applicable emergency services district, pursuant to Section 775.022, Texas Health and Safety Code, no later than one hundred and eighty (180) days following full-purpose annexation of the Property into the City’s corporate limits. The City shall pay the cost required for the removal of the Property from the ESD, in accordance with the procedures provided by Chapter 775, Texas Health and Safety Code, subject to the appropriation of public funds by the City Council in the fiscal year(s) in which the City seeks to remove the Property from the ESD.

2.05. Attempted Incorporation. Notwithstanding any provision herein to the contrary, in the event that an election is called pursuant to applicable law in connection with a bona fide petition for incorporation of a municipality that includes a substantial portion of the District, the City shall be entitled to annex that portion the District attempting to incorporate.

ARTICLE 3

LIMITED PURPOSE ANNEXATION OF LAND

3.01. Limited Purpose Annexation of Land. Notwithstanding Section 2.01, the City may annex the land within the District for the limited purposes of imposing and collecting the City's Sale and Use Tax at any time after the effective date of this Agreement, as determined by the City and the District. In the event the land within the District is annexed for limited purposes, the District shall remain in existence, with full powers, and any land annexed for such limited purposes shall also remain in the boundaries of the District, subject to the full power and authority of the District with respect to water, wastewater, drainage, roads, and parks and recreational facilities and services. The limited purpose annexation of land within the District is solely for the imposition and collection of the City's Sales and Use Tax within such annexed land, to the extent available. The City shall not impose its ad valorem taxes upon any portion of the land within the District during the period of limited purpose annexation. This annexation provision is in lieu of any full purpose annexation of any land within the District prior to the annexation of the entire District as provided in Article 2.

3.02. Allocation of Sales and Use Tax for Supplemental Services. In the event the ESD removes any portion of the property within the District that has been annexed into the City for limited purposes pursuant to Section 3.01, the City and the District shall use reasonable and good faith efforts to negotiate an agreement that would allow for a portion of the Sales and Use Tax collected by the City to be allocated toward supplemental services for the District.

ARTICLE 4

DEFAULT, NOTICE AND REMEDIES

4.01. Default; Notice. A breach of any material provision of this Agreement after notice and an opportunity to cure shall constitute a default. The non-breaching party shall notify the breaching party of an alleged breach, which notice shall specify the alleged breach with reasonable particularity. If the breaching party fails to cure the breach within a reasonable time not sooner than thirty (30) days after receipt of such notice (or such longer period of time as the non-breaching party may specify in such notice), the non-breaching party may declare a default hereunder and exercise the remedies provided in this Agreement in the event of default.

4.02. Remedies. In the event of a default hereunder, the remedies of the non-defaulting party shall be limited to either or both of the following:

a. Monetary damages for actual losses incurred by the non-defaulting party if such recovery of monetary damages would otherwise be available under existing law and the defaulting party is not otherwise immune from paying such damages; and

b. Injunctive relief specifying the actions to be taken by the defaulting party to cure the default or otherwise comply with its obligations hereunder. Injunctive relief shall be directed solely to the default and shall not address or include any activity or actions not directly related to the default.

ARTICLE 5 MISCELLANEOUS

5.01. Beneficiaries. This Agreement shall bind and inure to the benefit of the parties, their successors and assigns. This Agreement shall be recorded with the County Clerk in the Official Records of Johnson County, Texas, and shall bind and benefit each owner and each future owner of land included within the District's boundaries in accordance with Tex. Local Gov't Code, Section 43.0751(c). In the event of annexation of the District by the City, the Developer shall be considered a third-party beneficiary of this Agreement.

5.02 Term. This Agreement shall commence and bind the parties on the effective date first written above and continue for forty-five (45) years thereafter, unless terminated on an earlier date pursuant to other provisions or by express written agreement executed by the City and the District. Upon the expiration of the initial term, this Agreement shall automatically be extended for successive one-year periods, unless either the City of the District give notice to the other of its intent to terminate prior to any extension term.

5.03. Notice. Any 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, or (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 delivering the same via electronic mail. Notice deposited in the United States mail in the manner hereinabove 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:

City: City of Burleson
City Manager's Office
141 W Renfro Street
Burleson, TX 76028
Attn: Tommy Ludwig
tludwig@burlesontx.com

District: North Johnson County Municipal Management District
No. 1 c/o Allen Boone Humphries Robinson
4514 Cole Avenue, Suite 1450
Dallas, TX 75205
Attn: Steve Robinson
E-mail: srobinson@abhr.com

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.

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

5.05. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable then, and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected.

5.06. 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.

5.07. 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 Johnson County, Texas.

5.08. Reservation of Rights. To the extent not inconsistent with this Agreement, each party reserves all rights, privileges, and immunities under applicable laws.

5.09. 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 carry out the terms of this Agreement and the Development Agreement.

5.10. Incorporation of Exhibits and other Documents by Reference. All Exhibits and other documents attached to or referred to in this Agreement, including, but not limited to the Development Agreement, are incorporated herein by reference for the purposes set forth in this Agreement.

5.11. Effect of State and Federal Laws. Notwithstanding any other provision of this Agreement, the District and the City 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, and such City ordinances or rules shall not be deemed a breach or default under this Agreement.

5.12. 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 of Directors of the District.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement effective as of the date first written above.

CITY OF BURLESON, TEXAS

By: _____
Tommy Ludwig, City Manager

ATTEST:

By: _____
Amanda Campos, City Secretary

THE STATE OF TEXAS §
 §
COUNTY OF JOHNSON §

This instrument was acknowledged before me on this the ____ day of _____, _____, by Tommy Ludwig, City Manager of the City of Burleson, Texas, on behalf of said city.

Notary Public, State of Texas

(NOTARY SEAL)

**NORTH JOHNSON COUNTY
MUNICIPAL MANAGEMENT
DISTRICT NO. 1**

By:_____

President, Board of Directors

ATTEST:

By:_____

Secretary, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

 This instrument was acknowledged before me on this the ____ day of _____,
____, by _____, President of the Board of Directors of North
Johnson County Municipal Management District No. 1, a political subdivision of the State of
Texas, on behalf of said political subdivision.

Notary Public, State of Texas

(NOTARY SEAL)