

**STRATEGIC PARTNERSHIP AGREEMENT
BETWEEN THE CITY OF LEWISVILLE, TEXAS
AND DENTON COUNTY FRESH WATER
SUPPLY DISTRICTS 1-A, 1-C, 1-D, 1-E, 1-F, 1-G, AND 1-H**

**THE STATE OF TEXAS §
 §
COUNTY OF DENTON §**

This **Strategic Partnership Agreement** (“Agreement”) is entered into as of the Effective Date between the **City of Lewisville, Texas**, a Home-Rule municipal corporation principally situated in Denton County, Texas, acting by and through its duly authorized City Manager (the “City”), and **Denton County Fresh Water Supply Districts No. 1-A, 1-B 1-C, 1-D, 1-E, 1-F, 1-G and 1-H** (collectively the “Districts”), acting by and through their duly authorized Board of Directors, both acting under the authority of Section 43.0751 of the Texas Local Government Code (“the Act”).

RECITALS

1. Texas Local Government Code, Section 43.0751 authorizes the City and certain utility districts, such as the Districts, to negotiate and enter into a strategic partnership agreement by mutual consent.
2. The Districts are authorized to act jointly pursuant to Section 49.227, Water Code and authorized to contract with the City pursuant to authority granted under Section 49.213 of the Water Code.
3. This Agreement provides for the annexation by the City, for limited purposes, of commercially zoned Tracts of land in the Districts, as more specifically described in Exhibit “A” (the “Tracts”).
4. As required by the Act, the City held public hearings on _____ at _____ and _____ at _____, and the Districts each held two public hearings, one such hearing being held within their respective boundaries, at which members of the public were given the opportunity to present testimony or evidence regarding the proposed Agreement, and the City and the Districts 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 Open Meetings Act.
5. The Districts have, by formal action after the public hearings, adopted this Agreement in open session at meetings held in accordance with the Open Meetings Act.

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

7. The City and the Districts wish to enter into a strategic partnership agreement to provide the terms under which services will be provided by the Districts to the City and by the City to the Districts in the Castle Hills subdivision, more specifically Denton County Fresh Water Supply Districts Nos 1-B, 1-C, 1-D, 1-E, 1-F, 1-G and 1-H (the "Serviced Districts"), which includes the Districts, and under which the Districts will continue to exist for an extended period of time after the Tracts are annexed for limited purposes. The Districts further agree to authorize the City to impose a Sales and Use Tax on the area within the Tracts in exchange for the service provided under the 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 Districts in the real property records of Denton County, Texas.

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I

FINDINGS

The City and the Districts find and declare:

1. The Act authorizes the City and the Districts to enter into a strategic partnership agreement to provide the terms under which services will be provided by the Districts to the City and by the City to the Serviced Districts and under which the Districts will continue to exist for an extended period of time after the Tracts are annexed for limited purposes. The Act also authorizes the Districts to give permission to the City to impose a Sales and Use Tax on the area within the Tracts.

2. This Agreement does not require the Districts 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 Districts, including revenue, services, or regulations, which are reasonable and equitable with regard to the benefits provided to the other party.

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

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

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 Districts.

"Base Charge" shall mean the City's quarterly cost to provide fire, police and emergency medical services to the Serviced Districts.

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

"City" means the City of Lewisville, Texas, a Home-Rule municipal corporation principally situated in Denton 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.

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

"Districts" mean Denton County Fresh Water Supply Districts No. 1-A, 1-C, 1-D, 1-E, 1-F, 1-G and 1-H, political subdivisions of the State of Texas, operating pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapters 49, 51 and, for limited purposes, 53 of the Water Code.

"Effective Date" means the date the City adopts this Agreement.

"ETJ" means the extraterritorial jurisdiction of the City.

"Fire Charge" shall mean the City's quarterly cost to provide Fire Services to the Serviced Districts.

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

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

“Law Enforcement/EMS Charge” shall mean the City’s quarterly cost to provide Law Enforcement Services and EMS to the Serviced Districts.

“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.

“Reimbursable Costs” shall mean maintenance and operating advances made by a developer within the Districts for authorized expenditures of the Districts pursuant to a reimbursement agreement between a developer and the Districts or a specific District.

“Sales and Use Tax” means the sales and use tax authorized to be imposed within the Tracts by both the Act and Chapter 321 of the Tax Code.

“Serviced Districts” means Denton County Fresh Water Supply Districts No. 1-B, 1-C, 1-D, 1-E, 1-F, 1-G and 1-H, political subdivisions of the State of Texas, operating pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapters 49, 51 and, for limited purposes, 53 of the Water Code.

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

“Tracts” mean the tracts of land described in Exhibit “A” to this Agreement.

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

ARTICLE III

LIMITED PURPOSE ANNEXATION

Section 3.01 Generally

As soon as is practicable following the approval of this Agreement by the City, as authorized by the Act, the City shall annex the Tracts for limited purposes only.

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

During the term of this Agreement, except as provided in Article V: (i) neither the Districts nor any owners of taxable property within the Districts are 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 Districts.

Section 3.03 Powers and Functions Retained by the Districts

The Districts are authorized to exercise all of their powers and functions provided by existing law or any amendments or additions thereto. The Districts' assets, liabilities, indebtedness, and obligations will remain the responsibility of the Districts.

ARTICLE IV

VOTING RIGHTS IN THE DISTRICTS

Section 4.01 Generally

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

Section 4.02 Notice

The City will comply with all the notice requirements as set forth in §43.130 of the Local Government Code, as it now exists or is hereafter amended.

ARTICLE V

SALES AND USE TAX

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

Pursuant to Subsection (k) of the Act, the City shall impose a Sales and Use Tax within the Tracts upon the limited-purpose annexation of the Tracts. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at a rate equal to the Sales and Use Tax imposed by the City within its corporate boundaries or the rate specified under future amendments to Chapter 321 of the Tax Code, whichever is greater. 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 Districts and the City

Upon annexation of the Tracts, the City is authorized to impose, levy and collect a Sales and Use Tax generated within the Tracts in exchange for the services to be provided by the City as defined below. The City will collect the Sales and Use Tax from the Comptroller for the area within the Tracts and will maintain these funds in a separate revenue account for disbursement subsequent to the payment of the Base Charge, if any such funds remain for disbursement after payment of the Base Charge.

The Base Charge for services provided by the City shall be calculated quarterly, on August 1, November 1, February 1 and April 1 of each fiscal year. On the date of each quarterly calculation, beginning in February of 2009, Sales and Use Tax revenue collected from the prior quarter shall be applied to pay the Base Charge and any Sales and Use Tax revenue in excess of the Base Charge will be split equally between the City and the Districts. In the event that the Sales and Use Tax revenues collected for a quarter are less than the Base Charge for that quarter, the Sales and Tax revenues shall first be applied to the Fire Services Charge and any remainder shall be applied to the Law Enforcement/EMS charge. In the event that a shortfall remains after Sales and Use Tax revenues have been applied to the Fire Charge and the Law Enforcement/EMS charge, then the shortfall amount shall be remitted to the City in accordance with Section 11.12 of this Agreement, with such shortfall amount not to exceed the amount of the Law Enforcement/EMS Charge.

The City agrees to make reasonable efforts to obtain amended and supplemental reports from the Comptroller to reflect, to the greatest extent practicable, all Sales and Use Tax revenues generated within the boundaries of the Tracts. Revenues resulting from such amended and supplemental reports will be divided and paid as provided above. To the extent allowed by state law, the City shall deliver to the Districts a condensed version of each monthly sales tax report provided by the Comptroller, containing only the contents of the sales tax report relating to retail sales and retailers in the Tracts within thirty (30) days of the City's receipt of the sales tax report.

Section 5.03 Notification of the Comptroller

The City shall send notice of this Agreement and the limited-purpose annexation of the Tracts to the Comptroller within thirty (30) days of the Effective Date in the manner provided by Tax Code §321.102. The City shall send to the Districts a copy of any notice from the Comptroller delaying the effectiveness of the Sales and Use Tax in the Tracts.

Section 5.04 District Use of Sales and Use Tax Revenue

The Districts shall use their portion of the Sales and Use Tax revenue to pay Reimbursable Costs to a developer within the Districts. If no such Reimbursable Costs exist or if there is remaining Sales and Tax Revenue remaining after payment of the Reimbursable Costs, the Districts shall assign that remaining portion of the Sales and Use Tax revenue to each respective Districts' General Fund on a prorata basis for any purpose for which the Districts are lawfully authorized to use its ad valorem tax revenues or other revenues.

Section 5.05 District Audit Rights

The Districts 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 Districts in accordance with this Agreement. Any audit shall be made at the Districts' sole cost and expense and may be performed at any time during the City's regular business hours by an auditor hired by the Districts on thirty (30) days written notice to the City. For the purpose of any audits, the City shall maintain and make available to the Districts 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 Districts are required by law to prepare an annual audit within one hundred and twenty (120) days after the close of the Districts' fiscal year. The Districts shall provide a copy of its annual audit to the City within thirty (30) days after the audit is completed.

The City may audit the Districts' 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 Districts 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 thirty (30) days written notice to the Districts. For the purpose of any audits, the Districts 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 CITY: FIRE, LAW ENFORCEMENT AND EMERGENCY MEDICAL SERVICES

Section 6.01 Generally

Pursuant to this Agreement, the City agrees to provide to the Serviced Districts the following services as defined by this Agreement: Fire Services, EMS and Law Enforcement Services.

Section 6.02 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:

"Fire Services" shall mean emergency responses by the City's Fire Department personnel to reported immediate hazards or incidents involving the actual or potential endangerment of any person or property by a natural or man-made threat.

"EMS" shall mean responses by the City's Emergency Medical personnel to any circumstance that calls for immediate action essential to the health or life of a person or persons, including an ambulance call. Whether the aforementioned circumstance in fact exists is solely up to the discretion of the City's EMS personnel.

“Law Enforcement Services” shall mean the rights, privileges and authority granted by Section 49.216 of the Water Code, as amended, to the Serviced Districts, including:

- (1) the response of the Lewisville Police Department (hereinafter “LPD”) and 911 emergency police calls related to service, non-criminal incidents, and criminal offenses;
- (2) periodic patrol, which is defined as drive-through of the property in the districts by LPD officers when LPD officers are in the area and time permits;
- (3) any selective enforcement strategies, which have been requested, in writing, by the Liaison Officer, to include directed traffic enforcement in response to recurring problems, burglary and theft surveillance, and other tactical responses designed to address specific crime or safety issues; and
- (4) those incidents which require extended use of resources or extraordinary effort to resolve a particular incident including, but not limited to, murder investigations, hostage-barricaded person situations, abducted or missing persons, and extensive crime scene searches related to major incidents which require multiple investigators.

Section 6.03 Services

1. The City shall be the first responder to the requests for services described above.
2. The officers and employees of the City have duties and responsibilities which include the rendering of services to its own citizens and to others pursuant to other interlocal agreements.
3. Therefore, it shall be the responsibility of and within the sole discretion of the officers and employees of the City to determine priorities in the dispatching and use of the City’s equipment and personnel for service calls hereunder, and the judgment of any such officer or employee shall be final.

Section 6.04 Liaison Officer

The Serviced Districts shall appoint the General Manager of Denton County Fresh Water Supply District No. 1-A, or his or her successor or assignee, as the designee to act on behalf of the Serviced Districts as a “Liaison Officer” between the Serviced Districts and the City. The Liaison Officer may be changed with written notice to the City. The Liaison Officer shall help to ensure the performance of the duties and obligations of the Districts herein stated, devote sufficient time and attention to the execution of such duties on behalf of the Districts and the Serviced Districts, and aid in the compliance with the terms and conditions of this Agreement in furtherance of the purposes, terms and conditions of this Agreement for the mutual benefit of the parties to this Agreement.

Section 6.05 Performance of the Services

The City shall take all reasonable steps to help ensure the performance of the duties and obligations of the City as herein stated, devote sufficient time and attention to the execution of such duties in compliance with the terms and conditions of this Agreement, and shall provide immediate and direct supervision of the City employees and agents, if any, in furtherance of the purposes, terms and conditions of this Agreement for the mutual benefit of the parties to this Agreement.

ARTICLE VII

SERVICES PROVIDED BY THE DISTRICT

Section 7.01 Water, Wastewater, Roadway, and Drainage Services

The Districts shall continue to develop, operate and maintain a water, wastewater, roadway and drainage system within the Tracts. The Districts shall continue to own all the assets of the water, wastewater, roadway, and drainage system that have not been paid for from proceeds of the City's bond sales. All assets of the water, wastewater, roadway, and drainage system paid for from proceeds of the City's bond sales are owned by the City. Further, as consideration of the receipt of funds from the City as described in this Agreement, the Districts shall provide for the payment of Reimbursable Costs to a developer within the Districts, as specified in Section 5 of this Agreement.

The Districts agree to operate and maintain water, wastewater, roadway, and drainage service at the same level as the Districts have operated and maintained them before the Implementation Date.

Section 7.02 Management of Multimedia Services

The Districts shall continue to manage for the benefit of the customers within the Districts and on behalf of the City's Public Improvement Districts covering the Castle Hills development the delivery of multimedia services using the public rights-of-way in exchange for the franchise fees relating thereto.

ARTICLE VIII

FULL-PURPOSE ANNEXATION

Section 8.01 No Full-Purpose Annexation during Term of Agreement

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

Section 8.02 Full-Purpose Annexation Option at Termination of Agreement

On the ninth (9th) anniversary date of the Effective Date, the City Manager shall evaluate whether the City should negotiate a new strategic partnership agreement with the Districts, annex the Districts for full purposes upon the termination of this Agreement, or allow this Agreement to expire. Within six (6) months of the tenth (10th) anniversary date of the Effective 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 Districts or the expiration of this Agreement. If the City Manager recommends that the City negotiate a new strategic partnership agreement or annex the Districts and the City Council approves the recommendation, the City shall begin proceedings to enter into a new strategic partnership agreement or to annex the Districts for full purposes at the end of the term of this Agreement as applicable. If the City Manager recommends that the City neither negotiate a new strategic partnership agreement nor annex the Districts 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 Districts for full purposes, the City may begin proceedings to disannex the Tracts for limited purposes if authorized under the applicable provision of the Local Government Code. If the City decides to disannex the Tracts and has the authority to disannex, the City may institute proceedings to accomplish such disannexation to be effective upon the termination of this agreement. Nothing in this Agreement shall be construed as consent or any limitation of the rights of the Districts if the City Council decides to pursue full purpose annexation of the Districts at 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 Districts and the City be regulated in accordance with the terms of this Agreement. A material breach of this Agreement by the Districts includes any one or more of the following:
1. Failure of the Districts to act in good faith in the annexation of the Tracts by the City for limited purposes as authorized by this Agreement;

2. Failure of the Districts to repay the Reimbursable Costs with the Districts share of the Sales and Use Tax revenue, as provided in Article V of this Agreement;
 3. Failure of the District to develop and to operate and maintain the District's water, wastewater, roadway, and drainage facilities as provided in Article VI of this Agreement;
or
 4. Failure of the District to maintain the commercial nature of the property within the Tracts, including allowing the construction of primarily residential units of any kind.
- B. A material breach of this Agreement by the City includes any one or more of the following:
1. Any attempt by the City to annex the Districts for full purposes during the term of this Agreement;
 2. Failure of the City to pay the Districts' share of the Sales and Use Tax revenue to the Districts, as provided in Article V; or
 3. Failure of the City to provide the Fire Services, EMS and Law Enforcement Service to the Serviced Districts, as provided in Article VI.

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 9.02 Notice of Districts' Default

- A. The City shall notify the Districts in writing of an alleged failure by the Districts to comply with a provision of this Agreement, specifying any alleged failure by the Districts to comply with a provision of this Agreement and describing the alleged failure with reasonable particularity. The Districts 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 Districts. The Districts 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 Districts 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 Districts 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 Districts may specify in the notice, either cure the alleged failure or, in a written response to the Districts, 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 Districts 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 Districts, if requested, any records, documents or other information necessary to make the determination.
- C. If the Districts determine 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 Districts, or that the failure is excusable, the determination shall conclude the investigation.
- D. If the Districts determine 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 Districts, then the Districts 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 Denton 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 Districts determine that the City has committed a material breach of this Agreement, the Districts may file suit in a court of competent jurisdiction in Denton 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 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. Denton County Fresh Water Supply District No. 1-A shall record this Agreement with the County Clerk in the Official Records of Denton County, Texas.

Section 10.02 Term

This Agreement commences and binds the Parties on the Effective Date and continues for ten (10) years from the Effective Date.

Section 10.03 Amendment

The Parties, by mutual consent, may amend the terms 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 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: Claude King, City Manager
City of Lewisville
151 West Church Street
Lewisville, Texas 75057
Phone: (972) 219-3405

District: Mr. Zane Miller
General Manager
Denton County Fresh Water Supply District No. 1-A
2540 King Arthur Blvd., Suite 220
Lewisville, Texas 75056
Phone: (972) 899-4000

With a copy to:

Frank Van Court, Esq.
Kelly Hart & Hallman LLP
201 Main Street, Suite 2500
Fort Worth, Texas 76102
Phone: (817) 332-2500

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 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 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 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 Denton 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 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 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 into this Agreement 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 City and Districts shall comply with all applicable statutes or regulations of the United States and the State of Texas.

Section 11.10 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 Districts certify, represent, and warrant that the execution of this Agreement is duly authorized and adopted by each of their respective Boards.

Section 11.11 Semi-Annual Review

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

Section 11.12 Agreement to Amend Existing Fire and Emergency Medical Services and Law Enforcement Agreements

This Agreement shall be conditioned upon the amendment of the Fire and Emergency Medical Services Agreement and the Law Enforcement Agreement between Denton County Fresh Water Supply District No. 1-A and the City of Lewisville, dated September 21, 2005; which shall be amended to provide that the cost of services described in said agreements shall be reduced to \$1.00 per year, except in the event of a shortfall as described in Section 5.02 of this Agreement.

SIGNATURE PAGES FOLLOW

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A

By: _____
President, Board of Directors

Attest: _____
Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me this _____ day of _____ 2009, by _____, as President, and _____, as Secretary, of DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D, a political subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public in and for the State of Texas

(NOTARY SEAL)

**DENTON COUNTY FRESH WATER SUPPLY
DISTRICT NO. 1-B**

By: _____
President, Board of Directors

Attest: _____
Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me this _____ day of _____
2009, by _____, as President, and _____,
as Secretary, of DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-B, a
political subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public in and for the State of Texas

(NOTARY SEAL)

**DENTON COUNTY FRESH WATER SUPPLY
DISTRICT NO. 1-C**

By: _____
President, Board of Directors

Attest: _____
Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me this _____ day of _____
2009, by _____, as President, and _____,
as Secretary, of DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-C, a
political subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public in and for the State of Texas

(NOTARY SEAL)

**DENTON COUNTY FRESH WATER SUPPLY
DISTRICT NO. 1-D**

By: _____
President, Board of Directors

Attest: _____
Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me this _____ day of _____
2009, by _____, as President, and _____,
as Secretary, of DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D, a
political subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public in and for the State of Texas

(NOTARY SEAL)

**DENTON COUNTY FRESH WATER SUPPLY
DISTRICT NO. 1-E**

By: _____
President, Board of Directors

Attest: _____
Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me this _____ day of _____
2009, by _____, as President, and _____,
as Secretary, of DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-E, a political
subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public in and for the State of Texas

(NOTARY SEAL)

**DENTON COUNTY FRESH WATER SUPPLY
DISTRICT NO. 1-F**

By: _____
President, Board of Directors

Attest: _____
Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me this _____ day of _____
2009, by _____, as President, and _____,
as Secretary, of DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-F, a political
subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public in and for the State of Texas

(NOTARY SEAL)

**DENTON COUNTY FRESH WATER SUPPLY
DISTRICT NO. 1-G**

By: _____
President, Board of Directors

Attest: _____
Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me this _____ day of _____
2009, by _____, as President, and _____,
as Secretary, of DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-G, a
political subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public in and for the State of Texas

(NOTARY SEAL)

**DENTON COUNTY FRESH WATER SUPPLY
DISTRICT NO. 1-H**

By: _____
President, Board of Directors

Attest: _____
Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me this _____ day of _____
2009, by _____, as President, and _____,
as Secretary, of DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-H, a
political subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public in and for the State of Texas

(NOTARY SEAL)

CITY OF LEWISVILLE, TEXAS

By: _____
City Manager

ATTEST:

By: _____
City Secretary

APPROVED AS TO FORM:

By: _____
City Attorney

Draft