AGENDA STATEMENT

City of Bellaire

MEETING: City Council - May 19 2025
PREPARED BY: Sharon Citino
DEPARTMENT: City Manager's Office

ITEM TITLE:

Ordinance authorizing the City Manager to execute a Purchase and Sale Agreement with the City of Houston, Texas, whereby Bellaire will convey its Ruffino Hills Tract to Houston in exchange for three (3) Beechnut Tracts owned by Houston, Houston's agreement to treat the City of Bellaire's wastewater, and a credit against the impact fee due from Bellaire to Houston for wastewater treatment in the amount of $5,140,000.00 - Submitted by Sharon Citino, City Manager.

RECOMMENDATION:

Sharon Citino, City Manager, recommends that City Council adopt the ordinance.

BACKGROUND/SUMMARY:

This item requests that City Council approve a proposed Purchase and Sale Agreement with the City of Houston that would: (1) secure land for stormwater detention, which is necessary to advance the Cypress Ditch Regional Flood Mitigation Project; and (2) secure a cost-effective method to treat wastewater for a period of up to 100 years.

Key terms are as follows:

1. Bellaire will convey to Houston a 76-acre tract of land located in Houston at 9720 Ruffino Road (the "Ruffino Tract"). The Ruffino Tract served as a municipal landfill for many years before being closed in the early 1990s. Houston desires to acquire the Ruffino Tract to develop it into a stormwater detention pond near Keegans Bayou to mitigate flood impacts in Houston. The Ruffino Tract has been appraised by JLL as having a fair market value of $11,600,000.
2. Houston will convey to Bellaire three tracts of land totaling approximately 13.15 acres located in Houston at the southwest corner of Beechnut Street and Newcastle Drive (the "Beechnut Tracts"). Bellaire intends to develop all or a portion of the Beechnut Tracts into several stormwater detention ponds required for the Cypress Ditch Regional Flood Mitigation Project. The Beechnut Tracts have been appraised by JLL has having a fair market value of $6,460,000.
3. Bellaire and Houston will execute a Sanitary Sewer Service Agreement under which Houston will to accept and treat Bellaire's wastewater for a period of up to 100 years, lock in the impact fee due from Bellaire to Houston to connect to Houston's wastewater treatment plant at 2025 rates regardless of the date on which the connection is made, and issue Bellaire a credit against the impact fee due in the amount of $5,140,000, which is the difference in the appraised values of the Ruffino Tract and the Beechnut Tracts. The impact fee lock and credit set and reduce the impact fee from an estimated $11,176,480 (at 2025 rates) to $6,036,480 (due at time of connection, at whatever date in the future that might be). It is important to note that the value of this credit is only realized if Bellaire decommissions its wastewater

plant and connects to Houston's wastewater plant.

A presentation regarding the proposed Purchase and Sale Agreement is attached.

CITY ATTORNEY REVIEW:

☑ **Yes** ☐ **No**

City of Bellaire

ORDINANCE NO. 25-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT WITH THE CITY OF HOUSTON, TEXAS, WHEREBY BELLAIRE WILL CONVEY ITS RUFFINO HILLS TRACT TO HOUSTON IN EXCHANGE FOR THREE (3) BEECHNUT TRACTS OWNED BY HOUSTON, HOUSTON'S AGREEMENT TO TREAT BELLAIRE'S WASTEWATER, AND A CREDIT AGAINST THE IMPACT FEE DUE FROM BELLAIRE TO HOUSTON FOR WASTEWATER TREATMENT IN THE AMOUNT OF $5,140,000.00.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS:

THAT the City Manager of the City of Bellaire, Texas, is hereby authorized to execute, for and on behalf of the City of Bellaire, Texas, a Purchase and Sale Agreement, substantially in a form as attached hereto and marked Exhibit "A," and any other documentation necessary for the City of Bellaire to convey its Ruffino Hills Tract to the City of Houston in exchange for three (3) Beechnut Tracts owned by the City of Houston, the City of Houston's agreement to treat the City of Bellaire's wastewater, and a credit against the impact fee due from the City of Bellaire to the City of Houston for wastewater treatment in the amount of $5,140,000.00.

PASSED, APPROVED, and **ADOPTED** this 19th day of May, 2025.

SIGNED:

_____
Gus E. Pappas
Mayor

ATTEST:

_____
Tracy L. Dutton, TRMC
City Clerk

APPROVED AS TO FORM:

_____

Alan P. Petrov
City Attorney

Exhibit "A"

Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this **"Agreement"**) is made and entered into by and between **CITY OF BELLAIRE, TEXAS,** a municipal corporation situated in Harris County, Texas (**"Bellaire"**), and the **CITY OF HOUSTON, TEXAS,** a municipal corporation situated in Harris, Fort Bend, and Montgomery Counties, Texas (**"Houston"**). Bellaire and Houston may also be referred to singularly as **"Party"** or collectively as **"Parties."** This Agreement shall be effective as of the date signed by Houston (the "**Effective Date**").

AGREEMENT:

The Parties hereby agree as follows:

1. Sale and Purchase.

Bellaire agrees to sell, convey, and assign to Houston, and Houston agrees to purchase and accept from Bellaire, for the Purchase Price (as hereinafter defined) and on and subject to terms and conditions herein set forth, a tract of land containing approximately 76.084 acres located in Harris County, Texas as more particularly described in **Exhibit "A"** attached hereto and made a part hereof, together with all rights and interests appurtenant thereto, including all of Bellaire's right, title, and interest, if any, in and to adjacent streets, alleys, rights-of-way, easements, any adjacent strips or gores of land, to the extent assignable, any awards for damage to such tract or parcel or any part thereof by reason of casualty (collectively, **"Bellaire's Land"**); and all improvements of every kind and description, located in, on, over, and under Bellaire's Land (collectively, **"Bellaire's Improvements"**). Bellaire's Land and Bellaire's Improvements are herein collectively called **"Bellaire's Property."** All of Bellaire's Property shall be conveyed, assigned, and transferred to Houston at Closing (as hereinafter defined) free and clear of all liens, claims, easements, and encumbrances whatsoever, except for the Permitted Encumbrances (as hereinafter defined).

2. Consideration.

In consideration for Bellaire's agreement to convey Bellaire's Property to Houston, subject to the terms and conditions hereof, Houston shall:

a. Convey and assign to Bellaire, on and subject to terms and conditions herein set forth, three tracts of land containing a total of approximately 13.15 acres located in Harris County, Texas as more particularly described in **Exhibit "B"** attached hereto and made a part hereof, together with all rights and interests appurtenant thereto, including all of Houston's right, title and interest, if any, in and to adjacent streets, alleys, rights-of-way, easements, any adjacent strips or gores of land, to the extent assignable, any awards for damage to such tracts or parcels or any part thereof by reason of casualty (collectively, **"Houston's Land"**); and all improvements of every kind and description, located in, on, over, and under Houston's Land (collectively, **"Houston's Improvements"**). Houston's Land and Houston's Improvements are herein collectively called **"Houston's Property. "** All of Houston's Property shall be conveyed, assigned, and transferred to Bellaire at

Closing (as hereinafter defined) free and clear of all liens, claims, easements, and encumbrances whatsoever, except for the Permitted Encumbrances (as hereinafter defined).

b. At Closing, execute a wastewater service contract in a form substantially similar to the Sanitary Sewer Service Agreement set forth in **Exhibit "E"** attached here to and made a part hereof (the **"Wastewater Agreement"**). The parties agree that Bellaire will be given a credit of $5,140,000.00 against the impact fees owed under the Wastewater Agreement. In addition, the Wastewater Agreement will not require Bellaire to connect to the WWTP by any specific date but rather will permit Bellaire to connect at any date of Bellaire's choosing in the future, but the Wastewater Agreement will set the impact fees owed by Bellaire to Houston as if the connection was made during Houston's 2025 fiscal year. Collectively, the consideration stated in paragraphs 2.a. and b. constitute the **"Purchase Price. "**

3. Bellaire's Representations, Warranties, and Covenants.

Bellaire hereby represents and warrants to, and covenants with Houston that:

a. Bellaire will have as of the Closing Date good and indefeasible title in fee simple to Bellaire's Land, subject only to the Permitted Encumbrances (hereinafter defined) and free and clear of all liens;

b. As of the Closing Date, there will be no leases, franchises, licenses, occupancy agreements, or other agreements demising space in, providing for the use or occupancy of, or otherwise similarly affecting or relating to the Bellaire's Land, or any prepaid rents or deposits, security or otherwise, made by tenants, other than have been disclosed in writing to Houston. Both Parties acknowledge that there exists, and Bellaire has disclosed, a ground lease dated October 11, 1999 on approximately 14 acres of Bellaire's Property which ground lease will be assigned to Houston at Closing;

c. There are, to the best of Bellaire's knowledge no, and as of the Closing Date there will be no, actions, suits, claims, assessments, or proceedings pending or threatened that could materially adversely affect the ownership, operation, or maintenance of Bellaire' Property or Bellaire's ability to perform hereunder;

d. Bellaire shall use commercially reasonably good faith efforts to promptly notify Houston of any material change with respect to Bellaire's Property or with respect to any information heretofore or hereafter furnished by Bellaire to Houston respecting Bellaire's Property which Bellaire has actual knowledge of;

e. From the date hereof until the Closing Date, Bellaire shall:

i. maintain and operate Bellaire's Property in a good and business-like manner in accordance with good and prudent business practices and not commit or consent to be committed any waste to Bellaire's Property;

ii. not enter into any agreement or instrument or take any action that would constitute an encumbrance of Bellaire's Property that would bind Houston or Bellaire's Property after the Closing Date, or that would be outside the normal scope of maintaining and operating Bellaire's Property, without the prior written consent of Houston;

iii. afford Houston and its representatives the continuing right to inspect and perform tests on Bellaire's Property at reasonable hours and upon reasonable notice and provide for inspection to Houston any and all books, records, contracts, and other documents or data pertaining to the ownership, insurance, operation, or maintenance of Bellaire's Property; and

iv. maintain the integrity and effectiveness of the final cover of the Bellaire Landfill (revoked Municipal Solid Waste Permit No. 1238), prevent unauthorized access to the landfill, and respond to any releases that require corrective action under the Texas Water Code or the Texas Health and Safety Code.

f. All bills and other payments due from Bellaire with respect to the ownership, operation, and maintenance of Bellaire's Property have been (or by the Closing Date will be) paid by Bellaire, and no liens or other claims for the same have been (or by the Closing Date will be) filed or asserted against any part of Bellaire's Property;

g. Bellaire has full right, power, and authority to execute, deliver, and perform this Agreement, subject to approval of this Agreement by the City Council of the City of Bellaire, Texas and the signature of the Mayor thereof, but otherwise without obtaining any consents or approvals from, or the taking of any other actions with respect to, any third parties, and this Agreement, when executed and delivered by the Parties, will constitute the valid and binding agreement of Bellaire, enforceable against Bellaire in accordance with its terms;

h. Bellaire is not a "foreign person" as defined in Internal Revenue Code Section 1445(f)(3) and the regulations issued thereunder;

i. Bellaire is not "indebted" to the City of Houston, Texas, as that term is defined in Section 15-122 of the Code of Ordinances of the City of Houston, Texas, and Bellaire is not in default of, or the subject of any negative collection actions relating to, any financial obligation of Bellaire to the City of Houston, Texas, any other governmental entity, or any private lender; and

j. Bellaire (i) is not in receivership or dissolution, (ii) has not made any assignment for the benefit of creditors, (iii) has not admitted in writing its inability to pay its debts as they mature, (iv) has not been adjudicated as bankrupt, (v) has not filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law, or any other similar law or

statute of the United States or any state, or (vi) does not have any such petition described in (v) filed against Bellaire.

4. Houston's Representations, Warranties, and Covenants.

Houston hereby represents and warrants to, and covenants with Bellaire that:

a. Houston will have as of the Closing Date good and indefeasible title in fee simple to the Houston's Land, subject only to the Permitted Encumbrances (hereinafter defined) and free and clear of all liens;

b. As of the Closing Date, there will be no leases, franchises, licenses, occupancy agreements, or other agreements demising space in, providing for the use or occupancy of, or otherwise similarly affecting or relating to Houston's Land, or any prepaid rents or deposits, security or otherwise, made by tenants, other than have been disclosed in writing to Bellaire;

c. There are, to the best of Houston's knowledge no, and as of the Closing Date there will be no, actions, suits, claims, assessments, or proceedings pending or threatened that could materially adversely affect the ownership, operation, or maintenance of Houston's Property or Houston's ability to perform hereunder;

d. Houston shall use commercially reasonably good faith efforts to promptly notify Houston of any material change with respect to Houston's Property or with respect to any information heretofore or hereafter furnished by Houston to Bellaire respecting Houston's Property which Houston has actual knowledge of;

e. From the date hereof until the Closing Date, Houston shall:

i. maintain and operate Houston's Property in a good and business-like manner in accordance with good and prudent business practices, and not commit or consent to be committed any waste to Houston's Property;

ii. not enter into any agreement or instrument or take any action that would constitute an encumbrance of Houston's Property, that would bind Bellaire or Houston's Property after the Closing Date, or that would be outside the normal scope of maintaining and operating Houston's Property, without the prior written consent of Bellaire; and

iii. afford Bellaire and its representatives the continuing right to inspect and perform tests on Houston's Property at reasonable hours and upon reasonable notice, and provide for inspection to Houston any and all books, records, contracts, and other documents or data pertaining to the ownership, insurance, operation, or maintenance of Houston's Property;

f. All bills and other payments due from Houston with respect to the ownership, operation, and maintenance of Houston's Property have been (or by the Closing Date will be) paid by Houston, and no liens or other claims for the same have been (or by the Closing Date will be) filed or asserted against any part of Houston's Property;

g. Houston has full right, power, and authority to execute, deliver, and perform this Agreement, subject to approval of this Agreement by the City Council of the City of Houston, Texas and the signature of the Mayor thereof, and the counter signature of the City Controller of the City of Houston on this Agreement, but otherwise without obtaining any consents or approvals from, or the taking of any other actions with respect to, any third parties, and this Agreement, when executed and delivered by the Parties, will constitute the valid and binding agreement of Houston, enforceable against Houston in accordance with its terms;

h. Houston is not a "foreign person" as defined in Internal Revenue Code Section 1445(f)(3) and the regulations issued thereunder; and

i. Houston (i) is not in receivership or dissolution, (ii) has not made any assignment for the benefit of creditors, (iii) has not admitted in writing its inability to pay its debts as they mature, (iv) has not been adjudicated as bankrupt, (v) has not filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law, or any other similar law or statute of the United States or any state, or (vi) does not have any such petition described in (v) filed against Houston.

5. Feasibility Period; Title Report and Survey.

a. With Respect to Bellaire's Property:

i. Bellaire shall provide to Houston copies of the following items related to or in connection with Bellaire's Property, to the extent in Bellaire's possession, custody, or control: (1) all tax bills and government assessments, if any; (2) any soil, engineering, and environmental reports; (3) any existing surveys; and (4) any contracts not cancelable in thirty (30) days.

ii. Commencing at the Effective Date and ending ninety (90) calendar days thereafter, at 5 p.m. local time (which time period may be shortened by mutual agreement of the Parties), Houston shall have a period of time (the **"Feasibility Period"**) during which Houston may, during normal business hours, examine Bellaire's Property and conduct any and all such tests and studies as Houston may desire, including but not limited to environmental and asbestos testing and Phase I and Phase II environmental site assessments of the Property, to determine if the Property is suitable for Houston's purposes. If needed, Bellaire hereby also consents to Houston conducting a Phase

II environmental assessment so long as Houston provides Bellaire with advance notice of the timing of such assessment. Except for the foregoing, in no event shall Houston be entitled to conduct any other "invasive" testing without first obtaining Bellaire's prior written consent, which consent may include Bellaire reviewing and approving any plans involved therewith. Bellaire agrees to grant Houston reasonable access to Bellaire's Property during the Feasibility Period. Houston agrees to restore any damage to Bellaire's Property, or any adjacent property caused by such action, and Houston shall provide Bellaire copies of any reports generated during the Feasibility Period.

iii. In the event that Houston's environmental testing reveals the presence of any environmental contamination in levels requiring remediation, Houston shall notify Bellaire. Thereupon, either Bellaire or Houston may terminate this Agreement. Alternatively, Bellaire and Houston may agree to extend the Feasibility Period in order that Bellaire may remediate the contamination to bring Bellaire's Property into compliance with applicable laws. In the event that Bellaire and Houston agree to extend the Feasibility Period for remediation purposes, Houston shall retain the right to terminate this Agreement at any time within the extended Feasibility Period.

iv. During the Feasibility Period, Houston shall obtain a survey of Bellaire's Land and Houston's Land that (i) is prepared by a Registered Professional Land Surveyor licensed by the State of Texas, (ii) is acceptable to the Title Company and approved by Houston Public Works - Real Estate Services - Survey/ROW/Mapping, (iii) is compliant with the current requirements of the Texas Society of Professional Surveyors Standards and Specifications for a Category IA Condition III Land Title Survey, and (iv) contains such other information as Houston may reasonably request (the **"Bellaire Land Survey"**), and a commitment for title insurance setting forth the status of title of Bellaire's Land and showing the encumbrances, easements, rights-of-way, encroachments, reservations, restrictions, and any other matters affecting Bellaire's Land (the **"Bellaire Land Title Commitment"**). At the end of the Feasibility Period, Houston shall notify Bellaire in writing if Houston desires to terminate this Agreement. If Houston does not so notify Bellaire, Houston shall be deemed to have elected to proceed to Closing, subject to the terms hereof.

v. Houston shall have until the end of the Feasibility Period to examine

the items delivered pursuant to Section 5.a., the Bellaire Land Title Commitment, and the Bellaire Land Survey, and to specify to Bellaire those items affecting Bellaire's Property that Houston finds objectionable (the **"Bellaire Land Encumbrances"**). Items shown in the Bellaire Land Title Commitment or Bellaire Land Survey and not objected to by Houston in its written objections within such period shall be deemed items subject to which Houston will accept title to Bellaire's Property (the **"Permitted Bellaire Land Encumbrances"**). The Title Company shall deliver on the Closing Date an amended Bellaire Land Title Commitment reflecting the cure of any Bellaire Land Encumbrances. Any liens affecting Bellaire's Property shall be Bellaire Land Encumbrances, whether or not so specified in any notice by Houston, and Bellaire shall cause the same to be released at or prior to Closing.

vi. If Bellaire fails or is unwilling to cause all of the Bellaire Land Encumbrances to be removed or cured by the Closing Date, or if the Bellaire Land Title Commitment or Bellaire Land Survey indicates that Bellaire does not own indefeasible fee simple title to Bellaire's Land, Houston shall have the following rights, as its sole and exclusive remedies:

1. to terminate this Agreement by giving Bellaire written notice thereof, and neither Party shall have any further rights, duties, or obligations hereunder; or

2. to elect to waive the Bellaire Land Encumbrances not so removed or cured and close the purchase and sale contemplated by this Agreement without any reduction in the Purchase Price in accordance with the remaining terms and provisions, whereupon the Bellaire Land Encumbrances not so removed or cured shall become Permitted Bellaire Land Encumbrances, to be treated in the manner provided herein for Permitted Bellaire Land Encumbrances.

b. With Respect to Houston's Property:

i. Houston shall provide to Bellaire copies of the following items related to or in connection with Houston's Property, to the extent in Houston's possession, custody, or control: (1) all tax bills and government assessments, if any; (2) any soil, engineering, and environmental reports; (3) any existing surveys; and (4) any contracts not cancelable in thirty (30) days.

ii. During the Feasibility Period**,** Bellaire may, during normal business hours, examine Houston's Property and conduct any and all such

tests and studies as Bellaire may desire, including but not limited to environmental and asbestos testing and Phase I and Phase II environmental site assessments of Houston's Property, to determine if Houston's Property is suitable for Bellaire's purposes. If needed, Houston hereby also consents to Bellaire conducting a Phase II environmental assessment so long as Bellaire provides Houston with advance notice of the timing of such assessment. Except for the foregoing, in no event shall Bellaire be entitled to conduct any other "invasive" testing without first obtaining Houston's prior written consent, which consent may include Houston reviewing and approving any plans involved therewith. Houston agrees to grant Bellaire reasonable access to Houston's Property during this time period. Bellaire agrees to restore any damage to Houston's Property, or any adjacent property caused by such action, and Bellaire shall provide Houston copies of any reports generated during the Feasibility Period.

iii. In the event that Bellaire's environmental testing reveals the presence of any environmental contamination in levels requiring remediation, Bellaire shall notify Houston. Thereupon, either Bellaire or Houston may terminate this Agreement. Alternatively, Bellaire and Houston may agree to extend the Feasibility Period in order that Houston may remediate the contamination to bring Houston's Property into compliance with applicable laws. In the event that Bellaire and Houston agree to extend the Feasibility Period for remediation purposes, Bellaire shall retain the right to terminate this Agreement at any time within the extended Feasibility Period.

iv. During the Feasibility Period and within seven days of being approved by Houston Public Works - Real Estate Services - Survey/ROW/Mapping, Houston will provide Bellaire a survey of Houston's Land that (i) is prepared by a Registered Professional Land Surveyor licensed by the State of Texas, (ii) is acceptable to the Title Company (iii) is compliant with the current requirements of the Texas Society of Professional Surveyors Standards and Specifications for a Category IA Condition III Land Title Survey, and (iv) contains such other information as Houston may reasonably request (the **"Houston Land Survey"**), and a commitment for title insurance setting forth the status of title of Houston's Land and showing the encumbrances, easements, rights-of-way, encroachments, reservations, restrictions, and any other matters affecting Houston's Land (the **"Houston Land Title Commitment"**). At the end of the Feasibility Period, Bellaire shall

notify Houston in writing if Bellaire desires to terminate this Agreement. If Bellaire does not so notify Houston, Bellaire shall be deemed to have elected to proceed to Closing, subject to the terms hereof.

v. Bellaire shall have until the end of the Feasibility Period to examine the items delivered pursuant to Section 5.b., the Title Commitment, and the Survey, and to specify to Houston those items affecting Houston's Property that Bellaire finds objectionable (the **"Houston Land Encumbrances"**). Items shown in the Houston Land Title Commitment or the Houston Land Survey and not objected to by Bellaire in its written objections within such period shall be deemed items subject to which Bellaire will accept title to Houston's Property (the **"Permitted Houston Land Encumbrances"**). The Title Company shall deliver on the Closing Date an amended Title Commitment reflecting the cure of the Houston Land Encumbrances. Any liens affecting Houston's Property shall be Houston Land Encumbrances, whether or not so specified in any notice by Bellaire, and Houston shall cause the same to be released at or prior to Closing.

vi. If Houston fails or is unwilling to cause all of the Houston Land Encumbrances to be removed or cured by the Closing Date, or if the Houston Land Title Commitment or Houston Land Survey indicates that Houston does not own indefeasible fee simple title to Houston's Property, Bellaire shall have the following rights, as its sole and exclusive remedies:

1. to terminate this Agreement by giving Houston written notice thereof, and neither Party shall have any further rights, duties, or obligations hereunder; or

2. to elect to waive the Houston Land Encumbrances not so removed or cured and close the purchase and sale contemplated by this Agreement without any reduction in the Purchase Price in accordance with the remaining terms and provisions, whereupon the Houston Land Encumbrances not so removed or cured shall become Permitted Houston Land Encumbrances, to be treated in the manner provided herein for Permitted Houston Land Encumbrances.

6. As-Is, Where-Is.

a. Houston and its representatives, prior to the date of Closing, will have been afforded the opportunity to make such inspections of Bellaire's Property and matters related thereto as Houston and its representatives' desire. Houston acknowledges and agrees that

Bellaire's Property is to be sold and accepted by Houston in an "as-is" condition, with all faults except for (a) Bellaire's representations, warranties, and covenants set forth in Section 3, and (b) the warranty of title in the Bellaire Property Deed.

b. Bellaire and its representatives, prior to the date of Closing, will have been afforded the opportunity to make such inspections of Houston's Property and matters related thereto as Bellaire and its representatives' desire. Bellaire acknowledges and agrees that Houston's Property is to be sold and accepted by Bellaire in an "as-is" condition, with all faults except for (a) Houston's representations, warranties, and covenants set forth in Section 4, and (b) the warranty of title in the Houston Property Deed.

7. Closing.

The consummation by the Parties of the transaction contemplated by this Agreement is herein called the **"Closing."** Closing shall take place on the first business day fourteen (14) calendar days after the end of the Feasibility Period at Houston's offices, or other location within Harris County agreed to by the Parties (the **"Closing Date"**). The time, date, or location of Closing may be modified by agreement of the Parties.

At the Closing, the following (which are mutually concurrent conditions) shall occur:

a. Houston, at its sole cost and expense, shall deliver or cause to be delivered to Bellaire, through Texas American Title Company, 2700 Technology Forest Blvd, Suite 230, The Woodlands, Texas 77381 (the **"Title Company"**):

i. a Special Warranty Deed in form and substance substantially equivalent to the form shown on **Exhibit "C"** (the **"Houston Property Deed"**) attached hereto and incorporated herein, fully executed and acknowledged by Houston, conveying to Bellaire good and indefeasible fee simple title in and to Houston's Property, subject only to the Permitted Houston Land Encumbrances, which shall be set forth in an exhibit thereto and attached prior to recordation of such instrument;

ii. a certificate, executed and sworn to by Houston, confirming that there are no unpaid bills, claims, debts, or liens relating to Houston's Property arising through or under Houston as of the Closing Date except with respect to specified bills, claims, debts, or liens;

iii. evidence satisfactory to Bellaire and the Title Company that the person executing the Closing documents on behalf of Houston has full right, power, and authority to do so; and

iv. such other instruments duly executed by Houston as are customarily executed in Harris County, Texas to effectuate the conveyance of property similar to Houston's Property, as may be reasonably required by the Title Company with the effect that, after

the Closing, Bellaire will have succeeded to all of the rights, titles, and interests of Houston related to Houston's Property, and Houston will no longer have any rights, titles, or interests in and to Houston's Property.

b. Bellaire, at its sole cost and expense, shall deliver or cause to be delivered to Houston, through the Title Company, the following:

i. a Special Warranty Deed in form and substance substantially equivalent to the form shown on **Exhibit "D"** (the **"Bellaire Property Deed"**) attached hereto and incorporated herein, fully executed and acknowledged by Bellaire, conveying to Houston good and indefeasible fee simple title in and to Bellaire's Property, subject only to the Permitted Bellaire Land Encumbrances, which shall be set forth in an exhibit thereto and attached prior to recordation of such instrument; and

ii. an assignment of the ground lease between Bellaire and Ruffino Hills LP, dated October 11, 1999; and

iii. a certificate, executed and sworn to by Bellaire, confirming that there are no unpaid bills, claims, debts, or liens relating to Bellaire's Property arising through or under Bellaire as of the Closing Date except with respect to specified bills, claims, debts, or liens; and

iv. such other instruments duly executed by Bellaire as are customarily executed in Harris County, Texas to effectuate the conveyance of property similar to Bellaire's Property, as may be reasonably required by the Title Company with the effect that, after the Closing, Houston will have succeeded to all of the rights, titles, and interests of Bellaire related to Bellaire's Property, and Bellaire will no longer have any rights, titles, or interests in and to Bellaire's Property.

c. In addition to any other costs to be paid by the Parties as provided elsewhere herein, the Parties agree as follows:

i. Bellaire shall pay the cost to record and file any releases of Bellaire Land Encumbrances, title policy for Houston's property, Bellaire's own attorneys' fees, and any other expenses that Bellaire would normally pay in a real estate transaction in Harris County, Texas.

ii. Houston shall pay the cost to record and file any releases of Houston Land Encumbrances, title policy for Bellaire's property, Houston's own attorneys' fees, and any other expenses that Houston would normally pay in a real estate transaction in Harris County, Texas.

iii. Any escrow fees and delivery fees charged by the Title Company, and any other routine closing fees, shall be allocated evenly between the Parties. All

normal and customarily portable items, including but not limited to real estate and personal property taxes, rents, and utility bills, if any, shall be prorated as of the Closing Date. If the actual amounts to be prorated are not known at the Closing Date, the prorations shall be made on the basis of the best evidence available, and thereafter, when actual figures are received, a cash settlement will be made between Bellaire and Houston. The Parties acknowledge that neither is subject to ad valorem taxes. However, the Parties' prorated taxes, if any, shall be disbursed to the appropriate tax collector by the Title Company. Notwithstanding anything contained herein to the contrary, all reparations contemplated by this Agreement shall be completed within ninety (90) days of Closing (subject to extension solely as necessary due to the unavailability of final information, but in no event to exceed one (1) year after Closing). The provisions of this section shall survive the Closing.

8. Notices.

Any notice provided or permitted to be given under this Agreement must be in writing and may be served by depositing same with the United States Postal Service, addressed to the Party to be notified, postage prepaid and in registered or certified form, with return receipt requested, or by deposit with Federal Express for overnight delivery, or other reputable overnight courier, facsimile (with retained receipt) or email (with retained receipt). Notice given as aforesaid shall be effective on the date actually received at the address to which such notice was sent, or if delivery is refused or not accepted, such notice shall be effective on the date of such refusal or failure to accept delivery. Notice given in any other manner shall be effective only upon receipt by the Party to whom it is addressed. Notice provided to a Party under this Agreement under any method above shall also be transmitted by electronic mail to the other Party at the time that it is deposited for delivery. For purposes of notice, the addresses of the Parties shall be as follows:

If to the Bellaire, to:

City of Bellaire, Texas
Attention: Sharon Citino, City Manager
7008 South Rice Avenue
Bellaire, Texas 77401
scitino@bellairetx.gov

With a copy to:

Johnson Petrov LLP
Attention: Alan Petrov, City Attorney
2929 Allen Parkway, Suite 3150
Houston, Texas 77019
apetrov@johnsonpetrov.com

If to the Houston, to:

City of Houston, Texas
Attention: Addie L. Jackson, Assistant Director
611 Walker Street, 19th Floor
Houston Texas 77002
addie.jackson@houstontx.gov

With a copy to:

City of Houston, Texas
Attention: City Attorney
900 Bagby, 4th Floor
Houston, Texas 77002

Either Party may change its address to another location in the continental United States upon five (5) days prior written notice to the other given in the manner provided above.

9. Assignment.

Neither Party may assign this Agreement or any right or interest hereunder without the prior written consent of the other Party, which will not be unreasonably withheld. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding on the Parties hereto and their respective legal representatives, successors, and permitted assigns.

10. Governing Law; Enforcement.

a. This Agreement shall be governed and construed in accordance with the laws of the State of Texas and is further subject to all terms and provisions of the Charter and Code of Ordinances of the City of Houston, Texas and the Charter and Code of Ordinances of the City of Bellaire, Texas. Any action brought to enforce or interpret this Agreement shall be brought in the court of appropriate jurisdiction in Houston, Harris County, Texas.

b. Should any provision of this Agreement require judicial interpretation, the Parties hereby agree and stipulate that the court interpreting or considering the same shall not apply the presumption that the terms hereof shall be more strictly construed against a Party by reason of any rule or conclusion that a document should be construed more strictly against the Party who prepared the same, it being agreed that both Parties hereto have participated in the preparation of this Agreement and that each Party had full opportunity to consult legal counsel of its choice before the execution of this Agreement.

c. The City Attorney of the City of Houston, or his or her designee, and the City Attorney of the City of Bellaire, or his or her designee, shall each have the right to enforce all legal rights and obligations under this Agreement relative to their respective City without further authorization from other City officials, and each Party covenants to provide to the City Attorney for the other Party all documents and records that the other

Party's City Attorney reasonably deems necessary to assist in determining the other Party's compliance with this Agreement, with the exception of those documents made confidential by federal or state law or regulation.

11. Remedies.

a. If Houston fails or is unable to perform its obligations pursuant to this Agreement for any reason other than Houston's termination hereof pursuant to a right granted to Houston in this Agreement to do so, or breach by Bellaire of its representations, warranties or agreements hereunder, then Bellaire, as its sole and exclusive remedy, shall have the right to terminate this Agreement by giving Houston written notice thereof, in which event neither Party hereto shall have any further rights, duties, or obligations hereunder.

b. If Bellaire fails or is unable to perform its obligations pursuant to this Agreement for any reason other than Bellaire's termination hereof pursuant to a right granted to Bellaire in this Agreement to do so, or breach by Houston of its representations, warranties or agreements hereunder, then Houston, as its sole and exclusive remedy, shall have the right to terminate this Agreement by giving Bellaire written notice thereof, in which event neither Party hereto shall have any further rights, duties, or obligations hereunder.

c. The terms of this Section shall survive the Closing or any termination of this Agreement.

12. Damage or Taking Prior to Closing.

a. Prior to Closing, risk of loss with regard to Bellaire's Property shall be borne by Bellaire. If, prior to Closing, Bellaire's Property, or any portion thereof, is materially damaged or becomes subject to a taking (other than by the Houston) by virtue of eminent domain, Houston shall have the option, which must be exercised by it within 15 business days (and the Closing will be automatically extended, if necessary, to provide Houston with such 15 business day period) after its receipt of written notice from Bellaire advising of such damage or taking (which Bellaire hereby agree to give), to terminate this Agreement or to proceed with the Closing. If Houston elects to terminate this Agreement, all rights, duties, obligations and liabilities created hereunder shall cease. If Houston elects to proceed with the Closing, all rights, duties, obligations and liabilities created hereunder shall continue, and (a) Houston shall be entitled to any and all insurance proceeds or condemnation awards payable as a result of such damage or taking, and (b) Bellaire shall assign to Houston at Closing all of Bellaire's rights to such proceeds or awards.

b. Prior to Closing, risk of loss with regard to Houston's Property shall be borne by Houston. If, prior to Closing, Houston's Property, or any portion thereof, is materially damaged or becomes subject to a taking (other than by the Bellaire) by virtue of eminent domain, Bellaire shall have the option, which must be exercised by it within 15 business days (and the Closing will be automatically extended, if necessary, to provide

Bellaire with such 15 business day period) after its receipt of written notice from Houston advising of such damage or taking (which Houston hereby agree to give), to terminate this Agreement or to proceed with the Closing. If Bellaire elects to terminate this Agreement, all rights, duties, obligations and liabilities created hereunder shall cease. If Bellaire elects to proceed with the Closing, all rights, duties, obligations and liabilities created hereunder shall continue, and (a) Bellaire shall be entitled to any and all insurance proceeds or condemnation awards payable as a result of such damage or taking, and (b) Houston shall assign to Bellaire at Closing all of Houston's rights to such proceeds or awards.

13. Entire Agreement.

This Agreement is the entire agreement between the Parties concerning this matter, and no modification thereof or subsequent agreement relative to the subject matter hereof shall be binding on either Party unless in writing and signed by the Party to be bound.

14. Exhibits.

Attached hereto and incorporated herein by this reference for all purposes is the following exhibits:

Exhibit "A"	Bellaire's Property
Exhibit "B"	Houston’s Property
Exhibit "C"	Houston Property Deed
Exhibit "D"	Bellaire Property Deed
Exhibit "E"	Sanitary Sewer Service Agreement

15. Confidentiality.

The Parties agree to use commercially reasonable efforts to keep confidential price, terms, condition, and all other information that is a part of this transaction. The Parties agree that they will disclose such matters only to such third parties as may be necessary to carry out usual and customary activities related to the transaction. Notwithstanding the foregoing, the Parties acknowledge that the terms of this transaction may become known to the public when the matter is considered by the Houston City Council or the Bellaire City Council, or pursuant to a request under the Texas Public Information Act.

16. Miscellaneous.

a. The captions used herein are for convenience only and do not limit or amplify the provisions hereof.

b. Each and every agreement contained in this Agreement is, and shall be construed as, a separate and independent agreement. If any provision of this Agreement should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

c. The obligations of the Agreement that cannot be performed before termination of this Agreement or before Closing will survive termination of this Agreement

or Closing, and the legal doctrine of merger will not apply to these matters. However, if there is any express conflict between the Closing documents provided pursuant to Section 7 hereinabove and this Agreement, the Closing documents will control.

d. Time is of the essence in this Agreement.

e. Following the execution of this Agreement by Houston through its Mayor, the Assistant Director of Real Estate Services of Houston Public Works and the Director of Houston Public Works for the City of Houston, Texas shall have the authority to act on the behalf of Houston in making extensions to the Closing Date or to make other modifications to this Agreement for the purposes of enabling the achievement of the Houston's objectives to acquire Bellaire's Property from Bellaire.

17. Waiver of Consequential Damages.

Notwithstanding anything to the contrary elsewhere in this Agreement, without affecting the rights of either Party hereto or any person to recovery of actual, direct damages, neither Party hereto will be liable to any other Party hereto or any other person for incidental, consequential, special, or punitive damages, loss of future revenues or income, lost profits, loss of business reputation or opportunity relating to any breach or alleged breach of this Agreement, regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranties, failure of essential purpose, or otherwise. The provisions of this section shall expressly survive the Closing or sooner termination of this Agreement.

18. Signature Authority.

Each Party represents that the person signing this Agreement on behalf of such Party is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations under this Agreement have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

19. Brokerage.

The Parties warrant to one another that they have not dealt with any finder, broker, or realtor in connection with this Agreement and that no brokerage fees are due to any party.

[Execution pages follow]

EXECUTED IN MULTIPLE ORIGINAL COUNTERPARTS, each of which shall be an original, which together shall constitute but one and the same instrument. Each Party may sign and deliver this Agreement electronically or by electronic means, and an electronic transmittal of a signature, including but not limited to, a scanned signature page, will be as good, binding, and effective as an original signature.

CITY OF BELLAIRE, TEXAS

_____

Sharon Citino Date
City Manager

ATTEST:

_____

Tracy L. Dutton, TRMC
City Clerk

APPROVED AS TO FORM:

_____

Alan P. Petrov
City Attorney

CITY OF HOUSTON, TEXAS

ATTEST:

Troy D. Lemon
Interim City Secretary

John Whitmire Date
Mayor

APPROVED AND RECOMMENDED:

Randall V. Macchi, JD
Director, Houston Public Works

COUNTERSIGNED

Chris Hollins
Controller

Countersignature Date:

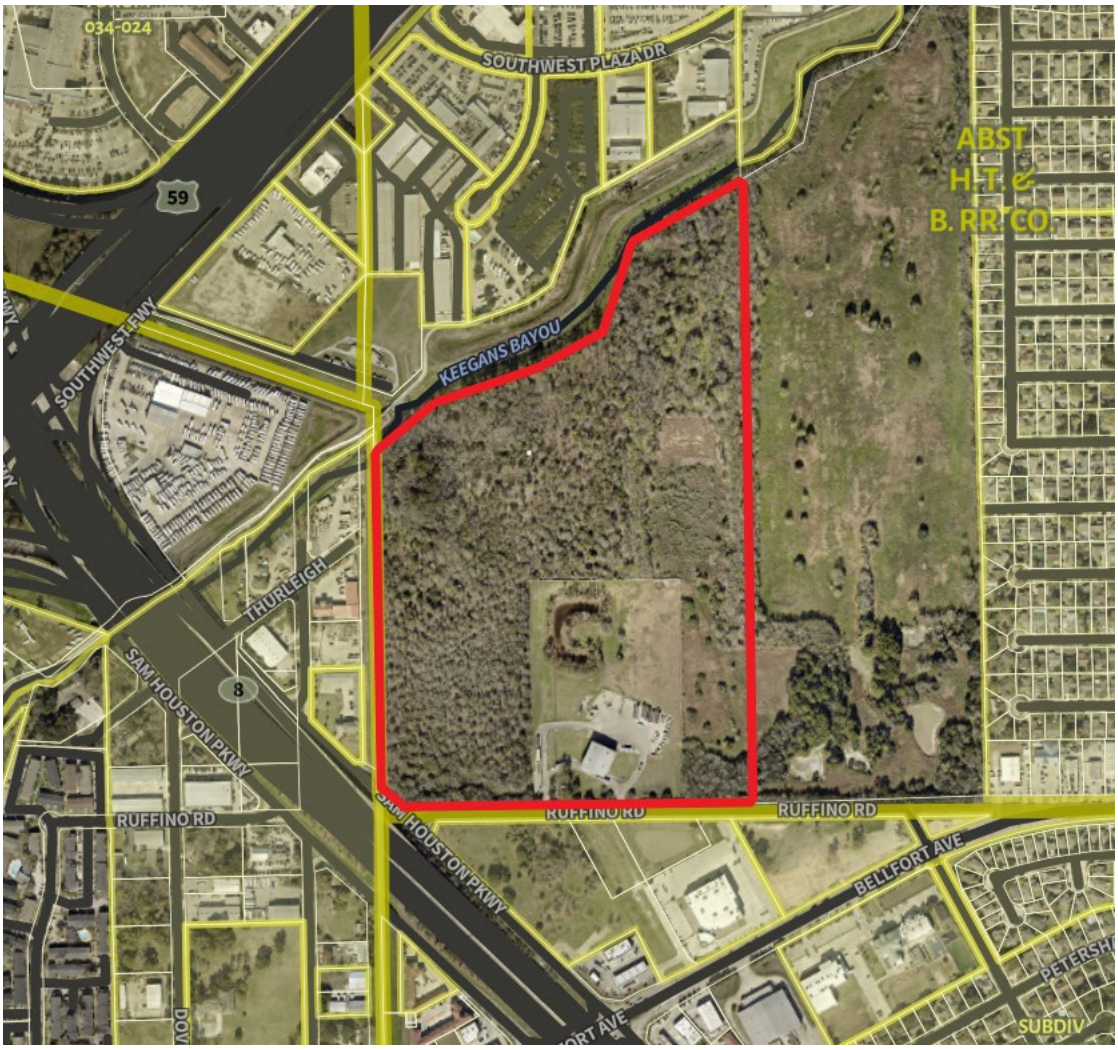
APPROVED AS TO FORM:

Senior Assistant City Attorney

LD No. RE-0000000598

EXHIBIT "A"

BELLAIRE'S PROPERTY



Ruffino Tract
9720 Ruffino Road
Houston, TX 77031

LY23-014

The subject property is a parcel of land containing a total of 76.084 acres or 3,314,208 square feet. It is located along the north line of Ruffino Road between the Sam Houston Parkway and Stanwood Drive in the City of Houston, Harris County, Texas.

EXHIBIT "B"

HOUSTON'S PROPERTY

Beechnut Tracts
Southwest corner of Beechnut Street & Newcastle Drive, West line of Newcastle Drive, South of Beechnut Street, and Southeast line of North Braeswood Boulevard, East of Frankway Drive, Houston, TX 77096

SY24-044A, SY24-044B, and SY24-044C

The subject property is comprised of two contiguous parcels and one noncontiguous parcel of land containing approximately13.15 acres or 572,819 square feet. SY24-044A is approximately 4.54 acres or 197,935 square feet and it is located at the Southwest corner of Beechnut Street & Newcastle Drive. SY24-044B is approximately 6.54 acres or 284,764 square feet and it is located along the west line of Newcastle Drive, South of Beechnut Street. SY24-044C is approximately 2.07 acres or 90,120 square feet and it is located along the southeast line of North Braeswood Boulevard, East of Frankway Drive. All three tracts are located in the City of Houston, Harris County, Texas.

EXHIBIT "C"

SPECIAL WARRANTY DEED

NOTICE OF CONFIDENTIALLY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

STATE OF TEXAS §
§
COUNTY OF HARRIS §

The City of Houston, Texas, a municipal corporation situated in Harris, Fort Bend and Montgomery Counties, Texas **("Grantor"),** whose address is _____, for and in consideration of the sum of **Ten and No/100 Dollars ($10.00)** and other good and valuable consideration, the sufficiency of which is acknowledged, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto **The City of Bellaire, Texas,** a municipal corporation situated in Harris County, Texas **("Grantee"),** whose address is _____, the following tracts of land _____ together with all of Grantor's right, title and interest in and to, if any, (i) all tenements, hereditaments and appurtenances pertaining thereto, (ii) all buildings, structures, fixtures and improvements thereon, and (iii) that portion of all public ways abutting or adjoining said land up to the centerline thereof.

Grantee, having full and ample opportunity to inspect all aspects of the Property, acknowledges and agrees that to the maximum extent provided by law, the sale of the Property as provided for herein is to be made on an "AS IS", "WHERE IS", and "WITH ALL FAULTS" basis, and Grantee expressly acknowledges that, in consideration of the agreement of Grantor, and except for the express representations, warranties and covenants of Grantor under that certain Purchase and Sale Agreement dated _____, 2025, by and between Grantor and Grantee, Grantor makes no warranty or representations, express or implied, or any warranty of any condition, title (other than special warranty with respect to this deed), habitability, merchantability, or fitness or a particular purpose with the respect to the Property or any portion thereof.

Any development of the Property shall comply with 30 Texas Administrative Code Chapter 330, Subchapter t (USE OF LAND OVER CLOSED MUNICIPAL SOLID WASTE LANDFILLS) and other applicable federal, state and local laws. See also 30 Texas Administrative Code Rule § 330.963.

This Special Warranty Deed and the conveyance hereinabove set forth are also executed by Grantor and accepted by Grantee subject to the terms, conditions and provisions hereof and further subject to all easements, conditions, restrictions, covenants, mineral or royalty interests, mineral reservations, surface waivers, utility conveyances, liens, encumbrances, regulations or

orders of municipal and/or other governmental authorities, if any, or other matters of record in Harris County, Texas, to the extent the same are validly existing and applicable to the Property (collectively, the **"Permitted Encumbrances").**

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Grantee, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular title to the Property unto Grantee, tis successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through, or under Grantor, but not otherwise, subject only to the Permitted Encumbrances.

This instrument may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

[Signature pages follow this page.]

IN WITNESS WHEREOF, Grantor has executed this Special Warranty Deed this ____ day of _____, 2025.

GRANTOR:

City of Houston, Texas, a municipal corporation situated in Harris, Fort Bend and Montgomery Counties, Texas

By:_____

Name:_____

Title:_____

APPROVED AS TO FORM:

By:_____

Name:_____

Title:_____

AFTER RECORDING, RETURN TO:

EXHIBIT "D"

SPECIAL WARRANTY DEED

NOTICE OF CONFIDENTIALLY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

STATE OF TEXAS §
§
COUNTY OF HARRIS §

The City of Bellaire, Texas, a municipal corporation situated in Harris County, Texas **("Grantor"),** whose address is _____, for and in consideration of the sum of **Ten and No/100 Dollars ($10.00)** and other good and valuable consideration, the sufficiency of which is acknowledged, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto **The City of Houston, Texas,** a municipal corporation situated in Harris, Fort Bend and Montgomery Counties, Texas **("Grantee"),** whose address is _____, the following tracts of land _____ together with all of Grantor's right, title and interest in and to, if any, (i) all tenements, hereditaments and appurtenances pertaining thereto, (ii) all buildings, structures, fixtures and improvements thereon, and (iii) that portion of all public ways abutting or adjoining said land up to the centerline thereof.

Grantee, having full and ample opportunity to inspect all aspects of the Property, acknowledges and agrees that to the maximum extent provided by law, the sale of the Property as provided for herein is to be made on an "AS IS", "WHERE IS", and "WITH ALL FAULTS" basis, and Grantee expressly acknowledges that, in consideration of the agreement of Grantor, and except for the express representations, warranties and covenants of Grantor under that certain Purchase and Sale Agreement dated _____, 2025, by and between Grantor and Grantee, Grantor makes no warranty or representations, express or implied, or any warranty of any condition, title (other than special warranty with respect to this deed), habitability, merchantability, or fitness or a particular purpose with the respect to the Property or any portion thereof.

Any development of the Property shall comply with 30 Texas Administrative Code Chapter 330, Subchapter T, (USE OF LAND OVER CLOSED MUNICIPAL SOLID WASTE LANDFILLS) and other applicable federal, state and local laws. See also 30 Texas Administrative Code Rule § 330.963.

This Special Warranty Deed and the conveyance hereinabove set forth are also executed by Grantor and accepted by Grantee subject to the terms, conditions and provisions hereof and further subject to all easements, conditions, restrictions, covenants, mineral or royalty interests,

mineral reservations, surface waivers, utility conveyances, liens, encumbrances, regulations or orders of municipal and/or other governmental authorities, if any, or other matters of record in Harris County, Texas, to the extent the same are validly existing and applicable to the Property (collectively, the **"Permitted Encumbrances").**

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Grantee, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular title to the Property unto Grantee, tis successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through, or under Grantor, but not otherwise, subject only to the Permitted Encumbrances.

This instrument may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

[Signature pages follow this page.]

IN WITNESS WHEREOF, Grantor has executed this Special Warranty Deed this ____ day of _____, 2025.

GRANTOR:

City of Bellaire Texas, a municipal corporation situated in Harris County, Texas

By:_____

Name:_____

Title:_____

APPROVED AS TO FORM:

By:_____

Name:_____

Title:_____

AFTER RECORDING, RETURN TO:

EXHIBIT "E"

SANITARY SEWER SERVICE AGREEMENT

BETWEEN

THE CITY OF HOUSTON, TEXAS

AND

THE CITY OF BELLAIRE, TEXAS

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SANITARY SEWER SERVICE AGREEMENT
BETWEEN
THE CITY OF HOUSTON, TEXAS
AND
THE CITY OF BELLAIRE, TEXAS

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This **SANITARY SEWER SERVICE AGREEMENT** ("Agreement") is made by and between the **CITY OF HOUSTON, TEXAS** ("City" or "Houston") and **CITY OF BELLAIRE, TEXAS** ("Bellaire").

Houston is a home-rule City, principally located in Harris County, Texas. Houston owns a sanitary sewer collection and treatment system and desires to provide sanitary sewer services to Bellaire.

Bellaire is a political subdivision of the State and body politic located in Harris County, Texas. Bellaire desires to purchase sanitary sewer services from Houston, for the use of present and future residential and commercial customers within Bellaire.

Bellaire has determined that Houston has the most feasible services for treatment and disposal of domestic wastewater generated in Bellaire, and, upon compliance with the terms and conditions contained herein, Houston is able and willing to treat and dispose of domestic wastewater collected within the boundaries of Bellaire pursuant to terms and limitations set forth in this Agreement. Houston and Bellaire are authorized to enter into this Agreement by the laws of the State of Texas.

In addition and for clarity, Bellaire specifically herein acknowledges and understands Houston has entered into a Consent Decree with the United States in connection with the Houston Sanitary Sewer System that is subject to this Agreement and that the Consent Decree provides for the accrual of Stipulated Penalties to Houston for each discharge of a Sanitary Sewer Overflow ("SSO") and effluent violations from the Houston Sanitary Sewer System.

Houston is providing Bellaire with notice that Bellaire's acts, omissions or non-compliance with this Agreement, Applicable Laws and Environmental Requirements could increase or contribute to the volume of SSOs or effluent violations from the Houston Sanitary Sewer System. For example, Bellaire's exceedances of the flow limits and other parameters set forth in this Agreement can cause or contribute to the volume and duration of SSOs or effluent violations in violation of the Houston Consent Decree, cause the Houston Sewer System to become surcharged, result in unpermitted discharges and cause serious environmental harm and operational damage and problems for Houston and result in the accrual of Stipulated Penalties.

The parties have determined that all current obligations to expend money arising out of this Agreement can be satisfied out of available funds. Treatment charges are an operating expense of Bellaire sewer system and are paid as such charges are incurred.

The parties find that these recitals are true and correct.

AGREEMENT

For and in consideration of the mutual covenants, agreements, and benefits contained herein, the parties mutually agree to the terms and obligations as set out in this Agreement.

1.0 DEFINITIONS. Unless the context requires otherwise, the following terms as used in this Agreement shall have the meanings given below:

1.1 "DIRECTOR" - means the Director of the Houston Public Works, or any other person who may hereafter exercise those duties under the Houston Rules or this Agreement.

1.2 "BELLAIRE RULES" - means the adopted rules, ordinances, and regulations of the City of Bellaire.

1.3 "BELLAIRE SANITARY SEWER SYSTEM" – means the sewer collection system of Bellaire including all lift stations, lines, valves, and related devices.

1.4 "HOUSTON RULES" - means the adopted rules, ordinances, and regulations of the City of Houston.

1.5 "HOUSTON SANITARY SEWER SYSTEM" - means the sewer collection, transmission, treatment, and disposal facilities of the City of Houston, including all related lines, valves, lift stations and related devices.

1.6 "POINT OF DISCHARGE" - means the location where wastewater is discharged from the Bellaire Sanitary Sewer System into the Houston Sanitary Sewer System, under the provisions of this Agreement. Such Point of Discharge is shown on Exhibit "A," attached hereto and made a part of this Agreement for all purposes.

1.7 "PROHIBITED WASTE" - means liquid or water-borne materials and/or waste, regardless of its source, which (i) exceeds any applicable limitations as to quality or chemical or physical characteristics imposed by present or future Houston Rules, or Applicable Laws, (ii) contains any component of such a nature and/or in such quantities as to constitute an inherent danger to the general health, safety, and welfare, capable of passing through the Houston Sanitary Sewer System or causing an upset or unpermitted release of such system, or constitute a danger to the operating efficiency and integrity of Houston's Sanitary Sewer System, or (iii) except with the express written consent of the Director, is an industrial waste as defined by the Houston Rules.

1.8. "**APPLICABLE LAWS**" – means any federal, state, local, municipal or other law, statute, ordinance, code, decree, order, rule, license, permit, approvals, regulation or requirement issued by a governmental authority having jurisdiction over the parties or subject matter of this Agreement or the terms or subject matter of this Agreement. In

addition, Applicable Laws shall also include "Environmental Requirements" which have the meaning defined in Section 14.

1.9. "**LOSSES**" – means but is not limited to any costs, fines, liabilities (including strict liabilities), or penalties (including Stipulated Penalties and other Losses under the Houston Consent Decree), related to a violation of Applicable Laws or the negligent acts or omissions of a Party.

1.10 "**HOUSTON CONSENT DECREE**" – means the Consent Decree document entitled *United States of America v. City of Houston, Texas*; Civil Action No. 4:18-cv-03368) as posted on the City of Houston's Public Works Consent Decree website.

2.0 CONNECTION TO HOUSTON SANITARY SEWER SYSTEM. Bellaire shall at its sole cost and expense, design and, subject to the Director's approval of its plans pursuant to Houston's required permitting process, construct facilities as described in Section 8.0 of this Agreement and facilities to connect Bellaire Sanitary Sewer System to the Houston Sanitary Sewer System at the Point of Discharge. Houston shall provide a license to Bellaire at no cost and for the duration of this Agreement, to construct, own, operate, repair and replace the facilities necessary to connect at the Point of Discharge, including any required force main and metering facilities. This project is subject to Houston permitting requirements and Bellaire must follow the standard Houston process for any permits including paying any fees for all construction permits. Bellaire shall make the connection to the Houston Sanitary Sewer System only after approval and inspection by the Director. Bellaire must give the Director at least 30 days' notice prior to making the connection. Bellaire covenants and agrees that Houston will be provided with access as requested by Houston to test incoming raw sewage from the Bellaire Sanitary Sewer System to the Houston Sanitary Sewer System. Bellaire agrees to design any force main in a way to reduce turbulence and H2S gas at the force main discharge point.

2.1 DOMESTIC WASTEWATER ONLY. Bellaire represents, covenants and warrants that the Bellaire Sanitary Sewer System does not contain any Industrial Waste as defined by Houston Rules and that: (1) contemporaneously with the execution of this Agreement, it will provide Houston with a list of all non-residential customers and any flow information, (2) it will update this list and the information contained therein and provide it to Houston annually, (3) that it will notify Houston (including Houston Public Works Regulatory Compliance) immediately upon identification of any industry within its service area or upon awareness of any significant industrial activity that may contribute wastewater to the POTW and (4) that Houston is permitted to survey, permit, inspect and monitor any Industrial Users now or in the future to ensure compliance with any approved Pretreatment Program.

2.2 CONNECTION DATE. The earliest that Bellaire can connect to Houston's Sanitary Sewer System is July 1, 2026

3.0 WATER METERS. Bellaire shall be responsible for establishing the standards for meter equipment for the customers in Bellaire subject to periodic review by the Director. Bellaire shall, after reasonable advance request by the Director, provide documentation or, if necessary, conduct such inspections at its expense as are reasonably necessary to ensure that the

water meters upon which sewer charges may be based may be appropriately read by Bellaire for billing purposes. Bellaire shall make the meter reading records available to Houston at any time, with reasonable advance notice from the Director.

All Bellaire water meters shall be subject to periodic testing and certification as Bellaire may require to determine that the meters are accurate in accordance with current American Water Works Association ("AWWA") standards. Further, the Director may, with reasonable, written notification to Bellaire, conduct such testing and certification at Houston's expense as the Director determines is appropriate to assure that the meters are accurate and/or to determine that water passing through the meters is or is not discharged into the Houston Sanitary Sewer System. Bellaire shall immediately replace any meter that does not meet the AWWA accuracy standards.

4.0 CALCULATION OF FEES. The rates and fees to be paid by Bellaire on a monthly basis are calculated by the formula:

R times Q, where:

4.1 R is the City's wholesale wastewater rate per thousand gallons established by the City of Houston Code of Ordinances and currently set at $1.90 per thousand gallons and codified at Section 47-140(b). In accordance with applicable law, wholesale wastewater rates and any fees shall be amended from time to time and shall take effect on the date designated in Houston's rate ordinance.

4.2 Generally, Q is the total quantity of wastewater flows during the month, as measured in thousand gallons, passing through Bellaire's wastewater meter described in Section 8.0 below.

4.3 However, if the Director determines Bellaire's wastewater meter does not operate within the standards specified in Section 8.3 of this Agreement, Q is (a) the estimated quantity of wastewater flows during the month, calculated in accordance with Section 5.4 or (b) the net quantity of metered water (as defined below) based on a measurement or estimate approved by the Director.

The "net quantity of metered water" is the total water delivered to its customers by Bellaire as measured by the individual customer water meters, less any water Bellaire can show passes through a separate irrigation or wastewater meter and is not discharged into Bellaire Sewer System.

4.4. IMPACT FEES. Bellaire covenants and agrees to pay Houston the appropriate impact fees as assessed by Houston as if connection was made in fiscal year 2025. However, Bellaire will be given a credit of $5,140,000.00 against the impact fees. Impact fees are due to Houston on or before permitting the construction of the connection by Bellaire to Houston's sanitary sewer system.

5.0 PAYMENT AND BILLING. Bellaire covenants and agrees to assess user charges to its customers that will produce revenues sufficient to discharge its obligations under this Agreement. Bellaire covenants and agrees that it shall make payment of sewer service charges to Houston under this Agreement as provided herein.

5.1 STANDARD STATEMENT: Bellaire shall render a monthly statement to Houston for the waste treatment services furnished under this Agreement on or before the tenth (10^{th}) day of the following calendar month. Each statement where Q is based on the total quantity of wastewater shall be in sufficient detail to evidence:

a. Number of Residential Equivalent Units within Bellaire.

b. Daily readings and a monthly total for wastewater flows from the wastewater meter described in Section 8.0 in a format approved by the Director

c. Identity of new connections since the last monthly report.

d. Other items the Director may reasonably require included in the report.

5.2 ADDITIONAL INFORMATION: In any month where Q is based on the net quantity of metered water, Bellaire's statement shall include the items listed in Section 5.1 and

a. Meter readings for customers inside Bellaire; and

b. Each excluded water meter, the reason why the meter should be excluded from the total of water meter readings, and the quantity of excluded water based on the monthly readings of the excluded water meters.

5.3 INVOICES. Houston will generate monthly invoices which shall become due on the date 45 days after Bellaire receives the invoice. Should Bellaire fail to tender payment to Houston of any amount when due, interest thereon shall accrue at the lesser of the yearly interest rate of (1) 10% or (2) 2% above the prime interest rate as published in the Wall Street Journal on the date said account is overdue.

5.4 DATA ESTIMATES. If the wastewater meter fails to operate in accordance with Section 8.3 in a given month, the Director may use historical data from Bellaire from when the wastewater meter was operating properly to reasonably estimate the total quantity of wastewater flows from a period when the wastewater meter appears to not be operating properly.

5.5 ACCESS TO DATA. To the extent that any statement may not be fully sufficient to evidence all necessary data and information, Bellaire and Houston shall make their respective records available for examination by the other during regular office hours at their respective offices where such records are kept. Additionally, Bellaire agrees to promptly provide to Houston the documents/information identified in Exhibit "B" of this Agreement as they exist now and in the future.

6.0 PROHIBITED WASTES. Bellaire covenants and agrees that it shall prohibit the discharge of Prohibited Wastes into Bellaire Sanitary Sewer System and shall immediately notify the Director of such discharge and promptly disconnect any and all sources of Prohibited Waste. If Prohibited Wastes from the Bellaire Sanitary Sewer System enter the Houston Sanitary Sewer System, Bellaire covenants and agrees that, in addition to any and all other remedies provided in this Agreement and in Section 29.0, to the extent permitted by law, it shall indemnify Houston for any and all Losses to the extent arising out of the discharge of Prohibited Wastes from the Bellaire Sanitary Sewer System.

7.0 COMPLIANCE WITH APPLICABLE LAWS AND PLUMBING CODE. Bellaire covenants and agrees that it shall comply with all Applicable Laws in connection with this Agreement and its obligations thereunder, including but not limited to obtaining and complying with all licenses, permits, permissions and agreements as may be necessary to undertake its obligations and performance of this Agreement.

In addition, Bellaire covenants and agrees to comply with the Uniform Plumbing Code for its customers, or an equivalent national code, provided reasonable written notice of any change to another code is first given to the Director.

Bellaire covenants and agrees it will not permit any connections to be made to Bellaire Sanitary Sewer System unless a valid Bellaire plumbing permit, or other evidence that Bellaire's Rules have been satisfied for the dwelling, building, or other structure to be connected.

Bellaire further covenants and agrees that no plumbing work will be permitted to be connected to Bellaire Sanitary Sewer System unless such work shall have first been inspected and a Customer Service Inspection Certificate as required under 30 Texas Administrative Code Section 290.46(j) has been issued by an individual meeting the criteria of 30 Texas Administrative Code Section 290.46 (j)(1), Bellaire plumbing inspector, or a licensed master plumber approved by Bellaire.

8.0 WASTEWATER METERING AND LIFT STATION. Bellaire shall obtain permits for and install any metering, facilities, lift stations, and/or other equipment as required at its sole cost and expense (the "Bellaire Connection Facilities") to reach the Point of Discharge in Exhibit "A" and for the purpose of measuring wastewater and inflow and infiltration ("I/I") into the Houston Sanitary Sewer System. To the extent the Bellaire Connection Facilities cross any ditches, bayous, or other flood water conveyance systems, Bellaire shall tunnel under such flood water conveyance facility. Houston shall grant Bellaire a license as described in Section 2.0 of this Agreement to construct, repair or replace any of the Bellaire Connection Facilities at Bellaire's expense. Additionally, the wastewater meter shall be approved by the Director prior to installation and shall include a magnetic flow meter situated in a meter vault adjacent to the lift station. To ensure continuous operation of the meter and lift station, Bellaire shall provide a power supply with a ground fault interrupter receptacle and emergency backup generation in accordance with Applicable Laws and phone service to support automated meter reading.

8.1 PERMITS AND APPROVALS. Bellaire covenants and agrees that it shall obtain all necessary approvals and permits in accordance with all Applicable Laws, and applicable Houston Rules. Bellaire meter equipment shall be installed in accordance with

specifications and requirements as approved by the Director and a meter from the approved Houston meter list. Bellaire shall seek approval from the Director for all contractors who perform related construction or installation work on the metering equipment and lift station. The Director shall not unreasonably withhold approval of contractors presented by Bellaire to perform such work.

8.2 MAINTENANCE AND REPORTING. Bellaire covenants and agrees that it shall maintain any wastewater meter, the automated meter reading facilities, and the lift station as approved by the Director at the site. Bellaire shall read the meter and provide Houston monthly data reports in the format required by the Director. Bellaire shall, after reasonable advance request by the Director, provide documentation or, if necessary, conduct such inspections as are reasonably necessary to ensure that the meter equipment is operating properly. Bellaire shall make its meter records available to the Director at any time, with reasonable notice from the Director.

Bellaire shall sample and test raw sewage for CBOD, TSS, ammonia, phosphorous, TDS, pH, Oil & Grease, and report the results to COH on a monthly basis.

Any substantial change (i.e., ≥ 20%) in the flow or loading must be reported immediately to Houston by email to pretreatment@houstontx.gov.

8.3 METER CALIBRATION, REPAIR, AND REPLACEMENT. Bellaire, at its own expense, shall perform calibrations of the wastewater meter annually. Houston may require Bellaire to perform a calibration of the wastewater meter more than annually, provided, however, that if the wastewater meter is not found to be registering less than 98% of flow, Houston shall pay for such calibration. The Director, at Houston's expense, may independently check the accuracy of the meter upon providing Bellaire prior notice of no less than 48 hours. Bellaire shall calibrate the meter to meet the current AWWA accuracy standards, or, if approved by the Director, manufacturer's specifications. If the wastewater meter registers less than 98% or more than 102% of flow, Bellaire shall repair the wastewater meter within 48 hours of the calibration results. If Bellaire fails to repair the meter within 48 hours, the Director may require Bellaire to replace the meter and may determine that Bellaire shall be billed using a method provided under Section 4.3.

9.0 REHABILITATION. If a rainfall event causes the Q value (as defined below) to exceed four (Q value > 4.00) and there is no excusable cause for the excessive flow, Bellaire shall promptly submit a rehabilitation program plan to the Director. The rehabilitation program, if necessary, shall be accomplished as quickly as feasible; however, the I/I reduction shall be accomplished so that the results exceed a straight line reduction of I/I over no more than a ten (10) year period. Annual progress reports concerning progress of such I/I reduction shall be provided to the Director. Each progress report shall be supported by flow monitoring studies conducted at intervals determined reasonable by both parties. In the event the flow monitoring studies are not completed and/or rehabilitation is not accomplished according to the ten (10) year schedule, Houston shall have the right to bill Bellaire for such excess flow volume occurring when the rate of flow is in excess of the four Q value for the time when the excess flow occurred. Rates for the excessive flow shall be doubled the otherwise applicable rates to this Agreement. This special charge for excessive flow shall be in addition to the charge otherwise payable hereunder and in

addition to any charges, penalties, fees, or other similar additional charges incurred by Houston as described in Section 11.0.

"Q value" is the ratio of the rate of flow as measured by Bellaire's wastewater meter to the average dry weather rate of flow for the meter. "Average dry weather rate of flow" means the average daily rate of flow of Bellaire over a twelve-month period for all days that follow a period of seven consecutive days having no measurable precipitation according to rain gauge nearest Bellaire designated by the Director. "Excusable cause" means the occurrence of a two-year maximum storm as measured by the Houston rain gauge, or a Force Majeure that in some way causes the excessive flow of wastewater, except for I/I which shall not be considered a Force Majeure.

10.0 TERM; TERMINATION. Unless terminated earlier pursuant to Section 28, this Agreement shall be in force and effect from the date of countersignature for an initial term of 40 years. This Agreement shall be automatically renewed for no more than three additional terms of up to 20 years each, if the Director, in his or her sole discretion, determines that Bellaire has consistently met its obligations under this Agreement and Bellaire is able to meet the standards of this Agreement in the future. Bellaire must notify Houston at least five years before terminating this Agreement for convenience; provided, however that the parties can agree by written document to shorten this time. This Agreement will automatically terminate if the Bellaire fails to convey a tract of land containing approximately 76.084 acres as described in Purchase and Sale Agreement between the City of Bellaire and the City of Houston.

11.0 CAPACITY; RISK OF DAMAGE. Houston agrees it will furnish sanitary sewer service to Bellaire with a maximum capacity for an average dry weather rate of flow of 1.6 MGD gallons and 6.4 MGD 2-hour peak flows per 24-hour day of wastewater discharge, which discharge shall be transportable through and treated by the Houston Sanitary Sewer System. Bellaire and the Director may, by written agreement, increase this capacity limit if additional capacity is required by Bellaire and is available in the Houston Sanitary Sewer System.

Should Bellaire exceed the agreed flows of 1.6 MGD daily and 6.4 MGD 2-hour peak flows, and in addition to the excess flow rates in this Agreement under Section 9.0, Bellaire covenants and agrees that, to the extent permitted by law, it will indemnify Houston pursuant to the provisions of Section 29 to the extent Bellaire's flow exceedances cause or contribute to Houston's incurrence of any Stipulated Penalties or other Losses arising out of any non-compliance with Houston's Consent Decree, including the unpermitted discharge of sewage.

The City of Bellaire covenants and agrees that Bellaire customers are bound hereunder and assume all of the risk of any and all damage that may result from being furnished such sewer service Bellaire is requesting under this Agreement, and that Bellaire will, to the extent allowed by law, indemnify Houston under Section 29 for any Losses arising in connection with Bellaire customers.

12.0 MAINTENANCE. Bellaire shall maintain the Bellaire Sanitary Sewer System, and Houston shall maintain the Houston Sanitary Sewer System.

13.0 TITLE TO AND RESPONSIBILITY FOR WASTEWATER. Title to, possession, and control of wastewater shall remain in Bellaire until it passes through the Point of Discharge, where title to, possession, and control of the wastewater shall pass from Bellaire to Houston.

14.0 STANDARDS. Bellaire covenants and agrees that it shall comply with Applicable Laws and maintain standards, requirements, and regulations concerning the use of, or addition through new construction to, Bellaire Sanitary Sewer System at least equal to those established by Houston for the Houston Sanitary Sewer System, and in the event Bellaire fails or refuses to do so, then Houston Rules establishing such standards, requirements, and regulations concerning the use of, extension of, or addition through new construction to the Houston Sanitary Sewer System shall be applied by Bellaire, and it agrees that, in such event, Bellaire shall adopt and enforce such ordinances as its own.

14.1 ENVIRONMENTAL REQUIREMENTS. In addition, Bellaire covenants and agrees that it shall comply with the Clean Water Act, all other Applicable Laws, and subsequent environmental legislation passed by the federal government or by the State of Texas.

14.2 REPORTING VIOLATIONS. Bellaire covenants and agrees that it shall comply with all reporting requirements set forth in Applicable Laws and promptly report any event that may be a violation of Applicable Laws as required, and shall also notify the Director immediately.

14.3 BELLAIRE LIABLE FOR FAILURE TO MEET ENVIRONMENTAL REQUIREMENTS. Bellaire covenants and agrees that it will be liable for Losses arising out of a local, state or federal agency or a court of competent jurisdiction's imposition of a fine, charge, cost or Losses (including Stipulated Penalties) to Houston to the extent due to Bellaire's failure to comply with Applicable Laws or as a result of Bellaire's negligent acts or omissions arising out of this Agreement. Bellaire agrees to pay the amount of any fine, charge, cost or Losses (including Stipulated Penalties and other Losses arising out of the Houston Consent Decree) that is attributable to Bellaire. Unless the Director's allocation is unreasonable or the Director, in his or her sole discretion, agrees to an alternative payment arrangement, Bellaire shall pay such amount within 60 days of the date the Director sends Bellaire the allocation.

15.0 GOVERNING LAW. This Agreement shall be subject to all present and future valid laws, orders, rules and regulations of the United States of America, the State of Texas and of any regulatory body having jurisdiction. It is not the intent of either party hereto to contract away any governmental or legislative powers.

15.1 VENUE. This Agreement shall be construed and interpreted in accordance with the applicable laws of the State of Texas. Venue for any disputes relating in any way to this Agreement shall lie exclusively in Harris County, Texas.

16.0 FORCE MAJEURE. "Force Majeure" includes, but is not limited to, acts of God, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, and any other inabilities of either party to carry out its obligations under this Agreement, except strikes or labor disputes and breakage or damage to

machinery or equipment, whether similar to those enumerated or otherwise, and not within the control of the party claiming such inability, and which by the exercise of due diligence and care such party could not have avoided. Force Majeure shall not include: (1) inflow or infiltration from whatever cause; or (2) failure to pay any service charges on a timely basis for whatever reason.

In the event either party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, it is agreed that upon such party giving notice and full particulars of such Force Majeure in writing to the other party as soon as possible after the occurrence of the Force Majeure, then the obligations of the party giving such notice, to the extent it is affected by Force Majeure and to the extent that due diligence is being used to resume performance, shall be suspended for the duration of the Force Majeure. Such cause shall, as far as possible, be remedied with all reasonable dispatch.

17.0 INGRESS AND EGRESS. During the term of this Agreement, Houston shall have the right of ingress and egress, in under and over any and all land, easements, and rights-of-way of Bellaire within which Houston, with Bellaire's consent, maintains or relies upon facilities to deliver sanitary sewer services to Bellaire, including the wastewater metering and lift station facilities.

18.0 ASSIGNMENTS. This Agreement shall bind and benefits the respective parties hereto and their legal successors, but shall not otherwise be assignable, in whole or in part, by either party without first obtaining written consent of the other. "Assignment" as used herein means assignment by law or otherwise.

19.0 NO ADDITIONAL WAIVER IMPLIED. The failure of either party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants, or conditions of this Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by the other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.

20.0 INSPECTIONS. Bellaire agrees that Houston may, at Houston's cost and after giving advance notice to Bellaire, conduct inspections from time to time to determine that no conditions exist in Bellaire and connections to its customers' premises that would or might adversely affect Houston's Sanitary Sewer System. Should such a condition be discovered, Bellaire shall promptly take all reasonable efforts to cure same.

21.0 MERGER. This instrument contains all the agreements made between the parties regarding wastewater treatment for Bellaire.

22.0 NOTICES. Until Bellaire is otherwise notified in writing by Houston the address of Houston is and shall remain as follows:

City of Houston
Houston Public Works
Attn: Director
611 Walker
Houston, TX 77002
PublicWorks@houstontx.gov and pretreatment@houstontx.gov

with a copy to:
City of Houston Legal Department
900 Bagby, 4th Floor
Houston, TX 77002
Attention: Contracts

Until Houston is otherwise notified in writing by Bellaire, the address of Bellaire is and shall remain as follows:

City of Bellaire
Attn: City Manager
7008 S. Rice Avenue
Bellaire, TX 77401

All written notices required or permitted to be given under this Agreement from one party to the other shall be given by personal delivery (with a receipt showing delivery) or shall be deemed given by the deposit in a United States Postal Service mailbox or receptacle of certified or registered mail, with proper postage affixed thereto, addressed to the respective other party at the address set forth above or at such other address as the parties respectively shall designate by written notice, as well as via e-mail notification.

23.0 AUTHORSHIP. The parties agree that this Agreement shall not be construed in favor of or against either party on the basis that the party did or did not author this Agreement.

24.0 PARTIES IN INTEREST. This Agreement shall be for the sole and exclusive benefit of the parties hereto and shall not be construed to confer any right upon any third party. Houston shall never be subject to any liability in damages to any customer of Bellaire for any failure to perform under this Agreement and to the extent permitted by law, Bellaire shall indemnify Houston in connection with any Losses to the extent arising out of any Bellaire customer claims for damages.

25.0 SALE OF SEWER SERVICE OUTSIDE BELLAIRE BOUNDARIES. In entering into this Agreement the parties contemplate Bellaire will sell the sewer services to its customers in Bellaire. Therefore, the parties agree that Bellaire may not sell sewer services purchased hereunder outside its boundaries, unless they obtain advance written approval from the Director. The Director may grant such request if he or she determines that Houston has sufficient capacity to comply with such request and it is beneficial to Houston.

26.0 CAPTIONS. The captions appearing at the first of each numbered section in this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing this Agreement, or any provisions hereof, or in connection with the duties, obligations, or liabilities of the respective parties hereto or in ascertaining intent, if any questions of intent should arise.

27.0 APPROVALS. Unless otherwise provided for herein, any consent, approval, or amendment of or by the parties shall be made by the governing body of each party.

28.0 DEFAULT AND REMEDIES. Default shall occur only in the event either party fails to adhere to its respective obligations hereunder. In such event, the non-defaulting party shall give the defaulting party written notice describing such default and a proposed date of termination. Such date may not be sooner than the 90th day following receipt of the notice. The non-defaulting party, at its sole option, may for sufficient cause extend the proposed date of termination to a later date. If prior to the proposed date of termination the defaulting party cures such default, then the non-defaulting party may not terminate this Agreement. This Agreement shall not be considered as specifying the exclusive remedy for any default but all remedies existing at law and in equity may be available to either party and shall be cumulative.

29.0 INDEMNIFICATION. In addition to any indemnity obligation set forth elsewhere in this Agreement and notwithstanding any language that could be inferred to the contrary, and to the extent allowed by law, Bellaire agrees to defend, indemnify, and hold harmless Houston and its officials, representatives, employees and agents from all Losses to the extent relating to or arising out of this Agreement by reason of: (1) Bellaire's non-compliance with Applicable Laws, including acts or omissions that cause or contribute to the accrual of Stipulated Penalties or other Losses by Houston under the Houston Consent Decree, (2) failure to perform or comply with any of the provisions in this Agreement, (3) injury or death to persons or damage to property (including Houston Sewer System) resulting from the negligent acts or omissions of Bellaire or its customers, or (4) discharge of Prohibited Wastes from the Bellaire Sanitary Sewer System.

(The rest of this page is intentionally left blank)

(Signatures are on the following pages)

30.0 SIGNATURES. Houston and Bellaire executed this Agreement in multiple counterparts, each of which is deemed to be an original, effective as of the date of the last official signature shown below.

ATTEST:	**CITY OF HOUSTON, TEXAS**
_____	_____
City Secretary	**Mayor** **Date**
{SEAL}	
APPROVED AS TO FORM:	**APPROVED:**
_____	_____
Assistant City Attorney **L.D. No.**	**Director of Houston Public Works**
DATE OF COUNTERSIGNATURE:	**COUNTERSIGNATURE:**
_____	_____
	City Controller

ATTEST:

CITY OF BELLAIRE, TEXAS

By: _____

_____
City Clerk

_____
City Manager **Date**

APPROVED AS TO FORM

_____
City Attorney

EXHIBIT "A"
SANITARY SEWER CONNECTION TO CITY OF HOUSTON FACILITY

The point of connection for the City of Bellaire to the City of Houston Sanitary Sewer System is at junction box **SWU010126** as shown below**.**

The location of the junction box is north of the Southwest WWTP and south of the Beechnut St. and Cypress Slough Ditch.

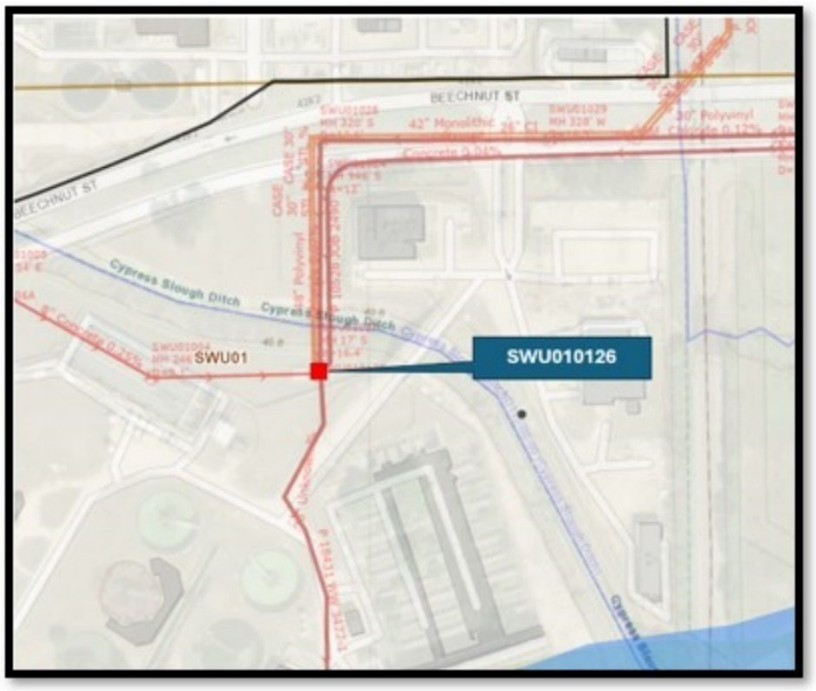


EXHIBIT "B"

REQUIRED DOCUMENTS/INFORMATION TO BE FURNISHED BY BELLAIRE

To the extent in Bellaire's possession, it will promptly provide to Houston the following documents/information identified in this Exhibit "B" of this Agreement as they exist now and in the future.

- The most recent permit application and draft permit for Bellaire's wastewater treatment plant.

- A list of all non-residential customers with any flow data. This list shall be updated annually and transmitted to Houston each year.

- Copies of any compliance orders/notices of violation or enforcement issued by TCEQ/EPA in the past 5 years including the recent pH violation.

- Daily flow data (average, max, 2-hr peak) for the past 5 years.
- Any substantial change (i.e., ≥ 20%) in the flow or loading must be notified immediately to Houston WW RC.

- The last 10 years of influent field and lab data, including but not limited to CBOD, TSS, Ammonia Nitrogen, TKN, pH, dissolved oxygen, metals, and O&Gs etc. If no data is available, an influent study must be conducted over 90 consecutive days, with daily sampling for CBOD, TSS, copper (or metals), ammonia, pH, and O&G. Additionally, a 7-day consecutive sampling must be performed for cyanide, mercury, volatile organic compounds (VOCs), base neutral acids (BNAs), phosphorous, chloride, sulfate, total dissolved solids (TDS), and metals (if not collected over 90 days).

- I&I data for Bellaire's collection system.

- Bellaire shall timely complete and return any industrial waste surveys required by Houston.

- A summary of sanitary sewer overflows (SSOs) from the past 5 years, including the number of SSOs and their locations and causes.

Agreement with Houston: Land Swap & Wastewater Treatment

May 19, 2025

Houston Needs Stormwater Detention

Houston needs land for stormwater detention near Keegan's Bayou and wants to acquire Bellaire's 76-acre **Ruffino Tract** for this purpose.

In June 2022, the parties signed an MOU for sale or long-term lease of the Ruffino Tract from Bellaire to Houston. Houston filed paperwork with TCEQ to allow it to excavate the closed landfill, but it did not have **$11.6M** to purchase the Ruffino Tract.

Negotiation stalled.

Bellaire Needs Stormwater Detention

In December 2022, Bellaire hired Ardurra to manage our regional drainage program, including development of a project to expand the capacity of Cypress Ditch. This project requires stormwater detention.

Bellaire wants to acquire Houston's approximately 13.15-acre **Beechnut Tracts** for this purpose, but we did not have **$6.46M** to purchase them – and the Beechnut Tracts alone do not meet project detention requirements.

Bellaire Needs Wastewater Treatment

In September 2023, Bellaire hired HDR to assess our WWTP. In July 2024, HDR advised that the **WWTP is past its useful life and requires major rehab or replacement now**.

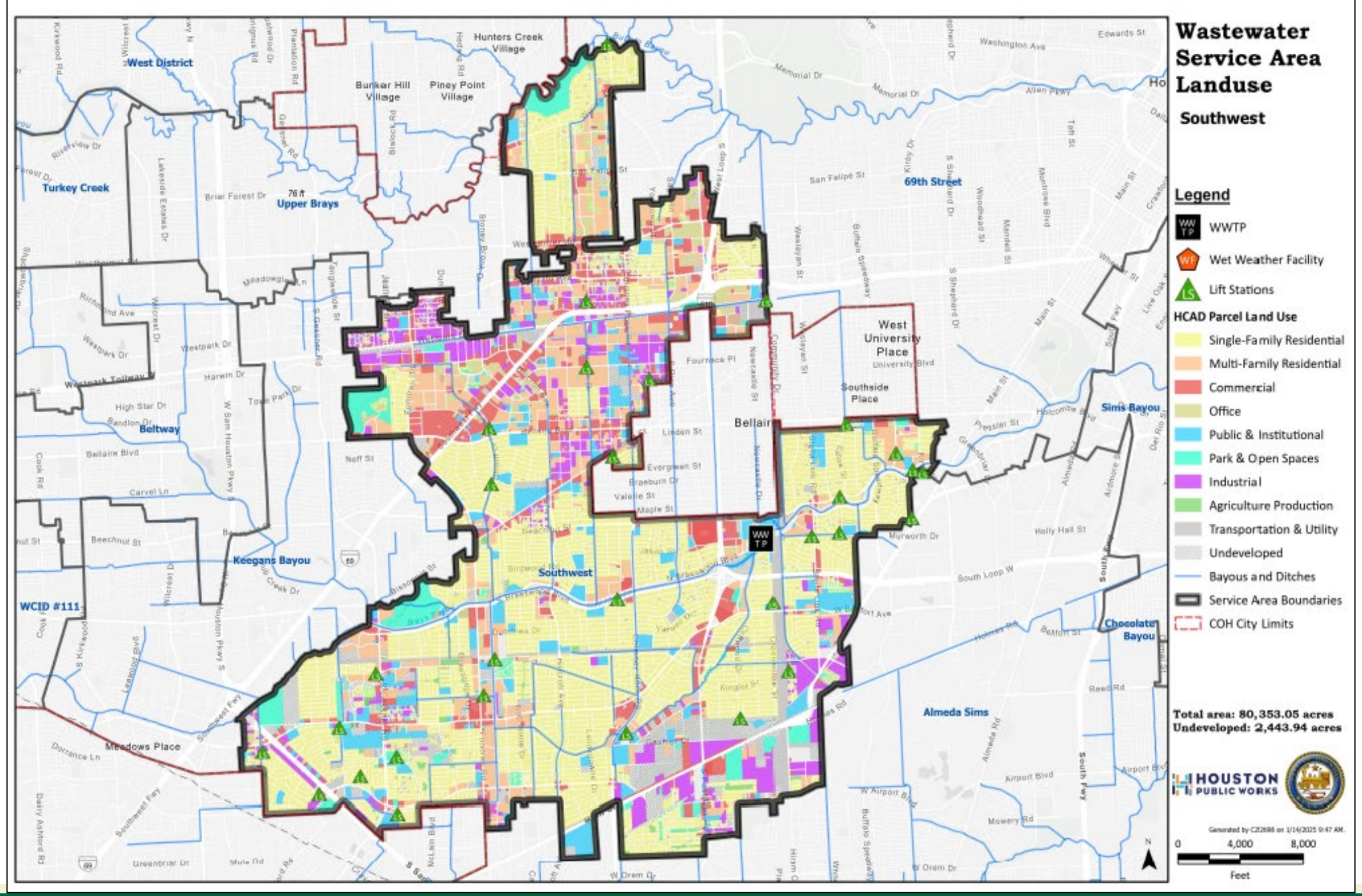
Three options were presented:

1. Rehab/replace WWTP on existing site ($107M)
2. Construct new WWTP on adjacent site ($131.7M)
3. Decommission WWTP and connect to Houston ($11.48M)

Houston Has Wastewater Treatment

Houston's **Southwest WWTP** is 800 feet away and has ample capacity to treat Bellaire's wastewater flows. It is one of the larger plants in Houston's system and is scheduled to undergo a major rehab at a cost of $250-350M within the next 5-7 years.

Bellaire could decommission our WWTP and connect to Houston's Southwest WWTP for a fraction of the cost of rehabbing or replacing our WWTP – and doing so frees up 6.6 acres that Bellaire already owns for Cypress Ditch stormwater detention.


Wastewater Service Area Landuse
Southwest
Legend
WWTP
Wet Weather Facility
Lift Stations
HCAD Parcel Land Use
Single-Family Residential
Multi-Family Residential
Commercial
Office
Public & Institutional
Park & Open Spaces
Industrial
Agriculture Production
Transportation & Utility
Undeveloped
Bayous and Ditches
Service Area Boundaries
COH City Limits
Total area: 80,353.05 acres
Undeveloped: 2,443.94 acres
HOUSTON PUBLIC WORKS
Generated by C22688 on 1/14/2025 9:47 AM.
0
4,000
8,000
Feet
West District
Hunters Creek Village
Bunker Hill Village
Piney Point Village
Turkey Creek
Upper Brays
69th Street
West University Place
Southside Place
Bellair
Sims Bayou
Beltway
Keegans Bayou
Southwest
WCID #111
Chocolate Bayou
Almeda Sims
Meadows Place

Purchase & Sale Agreement

Leverages parties' respective assets to advance flood mitigation projects in Bellaire and Houston and consolidate neighboring WWTPs without the need for either party to cash-fund the transaction:

- Bellaire will convey Ruffino Tract to Houston.
- Houston will convey Beechnut Tracts to Bellaire.
- Houston will contract with Bellaire to treat Bellaire's wastewater.
- Houston will freeze impact fee to 2025 rate.
- Houston will credit Bellaire $5.14M against impact fee.

Sanitary Sewer Service Agreement

- Term of 100 years (40 years, plus three 20-year auto renewals).
- Bellaire has the option to terminate with notice.
- Bellaire must pay an impact fee at time of connection; payment reserves capacity to Bellaire.
- Bellaire must pay published rate applicable to contract customers.
- Houston responsible for treating Bellaire's wastewater and complying with environmental laws and regulations related to treatment.
- Bellaire remains responsible for wastewater collection system, customer service, and billing.

Project decreases flood risk to Bellaire by:
• Increasing channel capacity
• Improving channel crossings
• Increasing outfall capacity
• Facilitating future neighborhood drainage improvements
Future Channel
Current Channel
Remove
Remove
S. RICE
NEWCASTLE
BEECHNUT
IH-610
BRAYS BAYOU
Cypress Ditch
Channel Crossings
Outfall at Brays Bayou
Required Stormwater Detention

Decision Point Regarding Wastewater

If Bellaire executes the Purchase & Sale Agreement, we should be committed to decommissioning the WWTP and connecting to Houston.

If we do not connect to Houston, $5.14M impact fee credit has no value.

Alternatives

- Bellaire could convey Ruffino Tract to Houston for Beechnut Tracts and seek a credit against surface water bill, but this alternative does not address Bellaire's need for wastewater treatment. Remaining wastewater treatment options are much more expensive.
- Bellaire could sell Ruffino Tract to another buyer, but this alternative does not address Bellaire's need for land for stormwater detention or wastewater treatment. Bellaire would need to negotiate with Houston for both or select a more expensive wastewater treatment option.

Recommendation

Staff recommends that Bellaire execute the Purchase & Sale Agreement with Houston to secure land for stormwater detention for the Cypress Ditch project, and to secure a cost-effective solution to our wastewater treatment needs for a period of up to 100 years.

Questions & Discussion

May 19, 2025