



105 N. 4<sup>th</sup> Street, P.O. Box 349 Gunter, TX 75058-0349  
903-433-5185 Fax: 903-433-8039

**AMENDED AGENDA**  
**Gunter City Council Regular Meeting**  
**Thursday, June 18, 2026**  
**6:00 p.m.**

Pursuant to Chapter 551 of the Texas Government Code, notice is hereby given of a Regular Meeting of the City Council of the City of Gunter, Texas to be held on June 18, 2026, at 6:00 p.m., in the Gunter Public Safety Building, located at 105 N. 4<sup>th</sup> Street, Gunter, Texas, at which time the following will be discussed and considered:

*Pursuant to Section 551.127, Texas Government Code, one or more Councilmembers or employees may attend this meeting remotely using videoconferencing technology. The video and audio feed of the videoconferencing equipment can be viewed and heard by the public at the address posted above as the location of the meeting.*

*Welcome to the City Council Meeting. Please sign the Sign-In-Sheet as a record of attendance. If you wish to speak on an open-session agenda item, please fill out the Opinion/Speaker Registration Form and turn it in to the City Secretary before the meeting starts. A card to speak at a public hearing may be submitted any time before the public hearing is closed.*

**CALL TO ORDER REGULAR CITY COUNCIL MEETING** [Mayor will call the meeting to order, establish a quorum if present, and declare notice is legally posted pursuant to the Open Meetings Act. During the course of the meeting, members of the audience wishing to speak must be recognized by the Presiding Officer.]

**INVOCATION AND PLEDGE OF ALLEGIANCE**

1. **CITIZEN COMMENTS** [The City Council invites citizens to speak to the Council on topics not already scheduled for public hearing or on the agenda. Prior to the meeting, please complete an Opinion/Speaker Registration Form, and present it to the City Secretary. Citizens may address the Council for a maximum of three minutes. Citizen comments shall be made from the podium. Please state your name and address for the record. The Council is unable to respond to or discuss any issues that are brought up during this section that are not on the agenda, other than to make statements of specific factual information in response to a citizen's inquiry or to recite existing policy in response to the inquiry. Citizens comments are governed by the City of Gunter Code of Ordinances Article 1.05.]

**AGENDA ITEM COMMENTS** [The city council allows citizens to speak before an agenda item. Prior to the meeting, please complete an Opinion/Speaker Registration Form, and present it to the City Secretary. Comments must be on topic. Citizens may address the Council for a maximum of three minutes. Comments shall be made from the podium. Please state your name and address for the record. The Open Meetings Act Section 551.007 allows, but does not require, the City Council members to respond. Citizens comments are governed by the City of Gunter Code of Ordinances Article 1.05.]

## REGULAR AGENDA

### 2. Director of Parks & Public Services Report:

- Parks & Rec Update
- Streets Update
- Trash Services

### 3. Director of Planning & Development Report:

- Master Fee Schedule Update
- SF Development Construction Update
- Commercial Development Update

### 4. Mayor / Alderman Report:

### 5. CONSENT AGENDA [Routine Council Business, the Consent Agenda is approved by a single majority vote. Items may be removed for open discussion by a request from a Council member.]

- A. Consider approval of Minutes from May 21, 2026 City Council Emergency Meeting, May 21, 2026 City Council Regular Meeting, June 4, 2026 City Council Regular Meeting
- B. Consider approval of Gunter Financial Report for May 2026
- C. Consider approval of MDD Financial Report for May 2026
- D. Consider approval of Gunter Police Report for May 2026
- E. Consider approval of Gunter Fire & Rescue for May 2026
- F. Consider approval of Code Compliance Performance Report for May 2026

### 6. PUBLIC HEARING

**Public Comments:** To hear testimony regarding an ordinance accepting and approving a service and assessment plan and assessment roll for the Bridges Phase 1B Public Improvement District and levying special assessments against property within the District.

7. Discuss, consider, and act upon an **Ordinance** accepting and approving a service and assessment plan and assessment roll for the Bridges Phase 1B Public Improvement District; making a finding of special benefit to the property within the District; levying special assessments against property within the District and establishing a lien on such property; providing for the method of assessment and the payment of the assessments in accordance with Chapter 372, Texas Local Government Code, as amended; providing penalties and interest on delinquent assessments; providing for severability; and providing an effective date.
8. Discuss, consider, and act upon an **Ordinance** approving and authorizing the issuance and sale of the City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026

(Bridges Phase 1b Public Improvement District Project); and approving and authorizing related agreements.

9. Discuss, consider, and act upon reappointing the following boards for FY 2026-2028.
  - ***Planning & Zoning***
    - Place 2 Davida Miorin
    - Place 4 Carey Frazier
    - Place 6 Bradley Smith
  - ***Gunter Municipal Development District***
    - Place 2 Eric Bunner
    - Place 4 vacant
    - Place 6 Paul Valker
10. Discuss, consider, and act upon accepting the Letter of Resignation from Alan Richins, City Council Place 2, and appointing the vacancy for the remaining term.
11. Discussion regarding city Purchasing Policy.
12. Discuss, consider, and act upon an **Ordinance** regulating the expenditure of funds in excess of \$5,000.00, including the requirement of advance authorization and notification to the public.
13. Discuss, consider, and act upon an **Ordinance** repealing ordinance no. 2023-09-21-01; The Cancellation Provisions of Section 1.03.002; of the Code of Ordinances, and replacing them with provisions governing the cancellation of City Council Meetings.
14. Discuss, consider, and act upon accepting the Letter of Resignation from Karen Souther, Mayor.
15. Discuss, consider, and act on determining agenda items to be placed on future City Council meeting agendas and direct the City Secretary as to which future agendas the item should be placed upon.

#### **Upcoming Meetings**

- City Council Reg. Meeting July 2<sup>nd</sup> 6:00 pm
- City Council Budget Workshop Tuesday, July 7<sup>th</sup> 8 am – 12 pm
- City Council Reg. Meeting July 16<sup>th</sup> 6:00 pm

#### **ADJOURN**

I, the undersigned authority, do hereby remained the above Notice of City Council Meeting of the City of Gunter, Texas is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the window of City Hall of said Gunter, Texas, a place convenient to the public, and said Notice was posted on or

before June 12, 2026, at 6:00 p.m. and remained so posted continuously for at least seventy-two hours immediately preceding the date of said meeting.



\_\_\_\_\_  
Detra Gaines, City Secretary

If during the course of the meeting covered by this notice, the City Council should determine that a closed or executive meeting or session of the City Council or a consultation with the attorney for the City should be held or is required, then such closed or executive meeting or session or consultation with attorney as authorized by the Texas Open Meetings Act, Texas Government Code 551.001 et. seq., will be held by the City Council at the date, hour and place given in this notice as the City Council may conveniently meet in such closed or executive meeting or session or consult with the attorney for the City concerning any and all subjects and for any and all purposes permitted by the Act, including, but not limited to, the following sections and purposes:

Texas Government Code Section:

551.071 Private consultation with the City's attorney on any item listed on the agenda or authorized by law.

551.072 For the purpose of discussing the purchase, exchange, lease or value of real property.

551.073 For the purpose of considering a negotiated contract for a prospective gift or donation.

551.074 For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee.

551.076 To consider the deployment, specific occasions for implementation, of security personnel or devices.

551.084 For the purpose of excluding witnesses during examination of another witness.

551.087 For the purposes of considering economic development negotiations.

Persons with disabilities who plan to attend this meeting and who may need assistance should contact Detra Gaines, City Secretary, at (903) 433-5185 two working days prior to the meeting so that appropriate arrangements can be made.



**CITY COUNCIL MEETING**  
**June 18, 2026**  
**6:00 PM**

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**AGENDA ITEM #1**

**CITIZEN COMMENTS** [The City Council invites citizens to speak to the Council on topics not already scheduled for public hearing or on the agenda. Prior to the meeting, please complete an Opinion/Speaker Registration Form, and present it to the City Secretary. Citizens may address the Council for a maximum of three minutes. Citizen comments shall be made from the podium. Please state your name and address for the record. The Council is unable to respond to or discuss any issues that are brought up during this section that are not on the agenda, other than to make statements of specific factual information in response to a citizen's inquiry or to recite existing policy in response to the inquiry. Citizens comments are governed by the City of Gunter Code of Ordinances Article 1.05.]

**AGENDA ITEM COMMENTS** [The city council allows citizens to speak before an agenda item. Prior to the meeting, please complete an Opinion/Speaker Registration Form, and present it to the City Secretary. Comments must be on topic. Citizens may address the Council for a maximum of three minutes. Comments shall be made from the podium. Please state your name and address for the record. The Open Meetings Act Section 551.007 allows, but does not require, the City Council members to respond. Citizens comments are governed by the City of Gunter Code of Ordinances Article 1.05.]

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #2**

**Director of Parks & Public Services Report:**

- Parks & Rec Update
- Streets Update
- Trash Services

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

Adam Adams, Director of Parks & Public Services

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #3**

**Director of Planning & Development Report:**

- Master Fee Schedule Update
- SF Development Construction Update
- Commercial Development Update

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

Eric Wilhite, Director of Planning & Development

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #4**

**Mayor / Alderman Report:**

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW: N/A**

**ATTACHMENTS:**



**CITY COUNCIL MEETING**  
**June 18, 2026**  
**6:00 PM**

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**AGENDA ITEM #5**

**CONSENT AGENDA** [Routine Council Business, the Consent Agenda is approved by a single majority vote. Items may be removed for open discussion by a request from a Council member.]

- A. Consider approval of Minutes from May 21, 2026 City Council Emergency Meeting, May 21, 2026 City Council Regular Meeting, June 4, 2026 City Council Regular Meeting
- B. Consider approval of Gunter Financial Report for May 2026
- C. Consider approval of MDD Financial Report for May 2026
- D. Consider approval of Gunter Police Report for May 2026
- E. Consider approval of Gunter Fire & Rescue for May 2026
- F. Consider approval of Code Compliance Performance Report for May 2026

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



105 N. 4<sup>th</sup> Street, P.O. Box 349 Gunter, TX 75058-0349  
903-433-5185 Fax: 903-433-8039

**MINUTES**  
**Gunter City Council Emergency Meeting**  
**Thursday, May 21, 2026**  
**6:00 p.m.**

*Meeting Opened At 6:02 p.m.*

***Members Present: Mayor Souther, William Hemby, Mayor Pro Tem Alan Richins, Patrick Baumia, Wade Burtsfield, William Stevens***  
***Staff Present: City Secretary Detra Gaines, Interim City Administrator Danny Bingham, Admin Coordinator Cameron Kraemer, Assistant City Secretary Rosa McCorry, Director of Planning & Development Eric Wilhite, Director of Parks & Public Services, PD Chief Jones***

Pursuant to Chapter 551 of the Texas Government Code, notice is hereby given of an Emergency Meeting of the City Council of the City of Gunter, Texas to be held on May 21, 2026, at 6:00 p.m., in the Gunter Public Safety Building, located at 105 N. 4<sup>th</sup> Street, Gunter, Texas, at which time the following will be discussed and considered:

**CALL TO ORDER EMERGENCY CITY COUNCIL MEETING** *[Mayor will call the meeting to order, establish a quorum if present, and declare notice is legally posted pursuant to the Open Meetings Act. During the course of the meeting, members of the audience wishing to speak must be recognized by the Presiding Officer.]*

1. **CITIZEN COMMENTS** *[The City Council invites citizens to speak to the Council on topics not already scheduled for public hearing or on the agenda. Prior to the meeting, please complete an Opinion/Speaker Registration Form, and present it to the City Secretary. Citizens may address the Council for a maximum of three minutes. Citizen comments shall be made from the podium. Please state your name and address for the record. The Council is unable to respond to or discuss any issues that are brought up during this section that are not on the agenda, other than to make statements of specific factual information in response to a citizen's inquiry or to recite existing policy in response to the inquiry. Citizens comments are governed by the City of Gunter Code of Ordinances Article 1.05.]*

*No citizen comments*

**EMERGENCY AGENDA**

2. Discuss, consider, and take action on retaining Nichols-Jackson Law Firm for an additional thirty (30) days, to finalize the PID's, TIRZ, and any other city business needed.

***Wade Burtsfield made the motion to retain Nichols-Jackson Law Firm for an additional thirty (30) days to finalize city business. Alan Richins seconded the motion. Motion passed 4-1 Opposed William Stevens***

ADJOURN

*Adjourned At 6:03 p.m.*

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Karen Souther, Mayor

ATTEST:

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Detra Gaines, City Secretary



105 N. 4<sup>th</sup> Street, P.O. Box 349 Gunter, TX 75058-0349  
903-433-5185 Fax: 903-433-8039

**MINUTES**  
**Gunter City Council Regular Meeting**  
**Thursday, May 21, 2026**  
**6:00 p.m.**

*Meeting Opened At 6:25 p.m.*

***Members Present:*** Mayor Karen Souther, William Hemby, Mayor Pro Tem Alan Richins, Patrick Baumia, Wade Burtsfield, William Stevens

***Staff Present:*** City Secretary Detra Gaines, Interim City Administrator Danny Bingham, Admin Coordinator Cameron Kraemer, Assistant City Secretary Rosa McCorry, Director of Planning & Development Eric Wilhite, Director of Parks & Public Services, Police Chief Danny Jones

Pursuant to Chapter 551 of the Texas Government Code, notice is hereby given of a Regular Meeting of the City Council of the City of Gunter, Texas to be held on May 21, 2026, at 6:00 p.m., in the Gunter Public Safety Building, located at 105 N. 4<sup>th</sup> Street, Gunter, Texas, at which time the following will be discussed and considered:

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**INVOCATION AND PLEDGE OF ALLEGIANCE**

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*Citizen comments were made by Don Anderson regarding the sale of the water & sewer system.*

*Citizen comments were made by Jeannie Anderson regarding council conduct.*

*Citizen comments were made by Mark Merrill regarding the meeting held on May 20, 2026, and the process of cancelling meetings.*

*Citizen comments were made by David Lewis regarding procedures between staff and elected officials and Broken Bow issues.*

*Citizen comments were made by Glenn Edwards regarding Broken Bow issues.*

*Citizen comments were made by Robin Lenderman regarding Broken Bow flooding issues.*

## **REGULAR AGENDA**

### **2. Director of Parks & Public Services Report:**

- Parks & Rec Update
- Streets Update
- Trash Services

### **3. Director of Planning & Development Report:**

### **4. Mayor / Alderman Report:**

### **5. CONSENT AGENDA** [Routine Council Business, the Consent Agenda is approved by a single majority vote. Items may be removed for open discussion by a request from a Council member.]

- A. Consider approval of Minutes from March 19, 2026 City Council Regular Meeting, March 24, 2026 City Council Regular Meeting, April 2, 2026 City Council Regular Meeting, May 7, 2026 City Council Regular Mtg., May 13, 2026 Canvass Election
- B. Consider approval of Gunter Financial Report for March 2026 and April 2026
- C. Consider approval of MDD Financial Report for March 2026 and April 2026
- D. Consider approval of Gunter Police Report for March 2026 and April 2026
- E. Consider approval of Gunter Fire & Rescue for March 2026 and April 2026

F. Consider approval of Code Compliance Performance Report for March 2026 and April 2026

*Patrick Baumia made the motion to approve the Consent Agenda A – F as presented. Alan Richins seconded the motion. Motion passed 5-0*

6. Discuss, consider, and act upon appointing the Mayor Pro Tem and authorizing as signatory at Simmons Bank along with Mayor Karen Souther and City Secretary Detra Gaines.

*Patrick Baumia made the motion for discussion. Wade Burtsfield seconded. William Stevens made the motion to appoint Wade Burtsfield as Mayor Pro Tem and authorize Mayor Karen Souther, Mayor Pro Tem Wade Burtsfield and City Secretary Detra Gaines as signatory at Simmons Bank. Patrick Baumia seconded the motion. Motion passed 5-0*

7. Discuss, consider, and act upon an **Ordinance** of the City Council of the City of Gunter, Texas, approving a final Tax Increment Reinvestment Zone (TIRZ) Project and Finance Plan for Reinvestment Zone Number Three, City of Gunter, Texas; making certain findings; providing a severability clause; and providing for an immediate effective date. (TIRZ #3 Platinum Ranch)

*Alan Richins made the motion to approve Ordinance #2026-05-21-01 approving a final Tax Increment Reinvestment Zone (TIRZ) Project and Finance Plan for Reinvestment Zone Number Three, Platinum Ranch, City of Gunter, Texas; making certain findings; providing a severability clause; and providing for an immediate effective date. Wade Burtsfield seconded the motion. Motion passed 5-0*

8. Discuss, consider, and act upon an **Ordinance** of the City Council of the City of Gunter, Texas, approving a final Tax Increment Reinvestment Zone (TIRZ) Project and Finance Plan for Reinvestment Zone Number Four, City of Gunter, Texas; making certain findings; providing a severability clause; and providing for an immediate effective date. (TIRZ #4 Taylor Ranch)

*Patrick Baumis made the motion to approve Ordinance #2026-05-21-02 approving a final Tax Increment Reinvestment Zone (TIRZ) Project and Finance Plan for Reinvestment Zone Number Four, Taylor Ranch, City of Gunter, Texas; making certain findings; providing a severability clause; and providing for an immediate effective date. Alan Richins seconded the motion. Motion passed 5-0*

9. Discuss, consider, and act upon a **Resolution** authorizing a 380 Agreement between the TIRZ #3 Board, City of Gunter and MM Platinum Ranch LLC.

*Alan Richins made the motion to approve Resolution #2026-05-21-1 authorizing a 380 Agreement between the TIRZ #3 Board of Directors, City of Gunter, and MM Platinum Ranch LLC. Patrick Baumia seconded the motion. Motion passed 5-0*

10. Discuss, consider, and act upon a **Resolution** authorizing a 380 Agreement between the TIRZ #4 Board, City of Gunter and MM Taylor Ranch 496 LLC.

*Patrick Baumia made the motion to approve Resolution #2026-05-21-2 authorizing a 380 Agreement between the TIRZ #4 Board of Directors, City of Gunter, and MM Taylor Ranch 496 LLC. Alan Richins seconded the motion. Motion passed 5-0*

11. Discuss, consider, and act upon a **Resolution** of the City of Gunter, Texas determining the costs of certain authorized improvements to be financed within the Bridges Phase 1B Public Improvement District; approving a preliminary service and assessment plan, including a proposed assessment roll; directing the filing of the proposed assessment roll with the city secretary to make available for public inspection; noticing a public hearing for June 18, 2026 to consider an ordinance levying assessments on property located within the Bridges Phase 1B Public Improvement District; directing City staff to publish and mail notice of such public hearings; and resolving other matters incident and related thereto.

*Patrick Baumia made the motion for discussion. Wade Burtsfield seconded the motion. Patrick Baumia made the motion to approve Resolution #2026-05-21-3 determining the costs of certain authorized improvements to be financed within the Bridges Phase 1B Public Improvement District; approving a preliminary service and assessment plan, including a proposed assessment roll; directing the filing of the proposed assessment roll with the city secretary to make available for public inspection; noticing a public hearing for June 18, 2026 to consider an ordinance levying assessments on property located within the Bridges Phase 1B Public Improvement District; directing City staff to publish and mail notice of such public hearings; and resolving other matters incident and related thereto. William Hemby seconded the motion. Motion passed 5-0*

12. Discuss, consider, and act upon a **Resolution** of the City of Gunter, Texas, approving and authorizing an "Interlocal Cooperative Agreement" between the City of Gunter, Texas and Mustang Special Utility District.

*Alan Richins made the motion to approve Resolution #2026-05-21-4 approving and authorizing an "Interlocal Cooperative Agreement" between the City of Gunter, Texas and Mustang Special Utility District. William Hemby seconded the motion. Motion passed 5-0*

13. Discuss, consider, and act upon a Preliminary Plat for Preston Fields Estates Lots 1-19, Block 1 of approximately 22.982 acre situated in the Houston Tap & Brazoria Railroad

Company Survey, Abstract #606, located within the City of Gunter and Gunter ETJ located along Old Tioga Rd. generally west of Bounds Road.

*Alan Richins made the motion to approve Preliminary Plat for Preston Fields Estates Lots 1-19, Block 1 of approximately 22.982 acre situated in the Houston Tap & Brazoria Railroad Company Survey, Abstract #606, located within the City of Gunter and Gunter ETJ located along Old Tioga Rd. generally west of Bounds Road. William Stevens seconded the motion. Motion passed 5-0*

14. Discuss, consider, and act upon an **Ordinance** for a Zoning Change request from Planned Development to a revised Planned Development for BNSF North Dallas Logistics Center, of approximately 515.553 acre tract of land situated in the Daniel Lloyd Survey, Abstract No. 706, the ASA Hartfield Survey, Abstract No. 490 and the Harry Campbell Survey, Abstract No. 244 (proposed Lots 1-5, Blk. 1 BSNF Logistic Center North Dallas. The property is generally located on the east side of the intersection of State Highway 289 and the BNSF Railroad, north of Mackey Road, located within the City of Gunter and Gunter ETJ.

*Wade Burtsfield made the motion for discussion. Patrick Baumia seconded the motion. William Stevens made the motion to approve Ordinance #2026-05-21-03 for a Zoning Change request from Planned Development to a revised Planned Development for BNSF North Dallas Logistics Center, of approximately 515.553 acre tract of land situated in the Daniel Lloyd Survey, Abstract No. 706, the ASA Hartfield Survey, Abstract No. 490 and the Harry Campbell Survey, Abstract No. 244 (proposed Lots 1-5, Blk. 1 BSNF Logistic Center North Dallas. The property is generally located on the east side of the intersection of State Highway 289 and the BNSF Railroad, north of Mackey Road, located within the City of Gunter and Gunter ETJ. Alan Richins seconded the motion. Motion passed 3-2 Opposed Wade Burtsfield and Patrick Baumia*

15. Discuss, consider, and act upon a Preliminary Plat for BNSF North Dallas Logistics Center, of approximately 943.935 acre tract of land comprised of Lots 1-5, Blk. 1 BSNF Logistic Center North Dallas. The property is generally located on the east side of the intersection of State Highway 289 and the BNSF Railroad, north of Mackey Road, located within the City of Gunter and Gunter ETJ.

*William Stevens made the motion to approve the Preliminary Plat for BNSF North Dallas Logistics Center, of approximately 943.935 acre tract of land comprised of Lots 1-5, Blk. 1 BSNF Logistic Center North Dallas. The property is generally located on the east side of the intersection of State Highway 289 and the BNSF Railroad, north of Mackey Road, located within the City of Gunter and Gunter ETJ. Alan Richins seconded the motion. Motion passed 4-1 Opposed Wade Burtsfield*

16. Discuss, consider, and act upon a **Resolution** approving the purchase by Grayson Central Appraisal District (GCAD) of vacated Railroad Real Property located adjacent to the GCAD office located in Sherman, TX.

*William Stevens made the motion to approve Resolution #2026-05-21-5 approving the purchase by Grayson Central Appraisal District (GCAD) of vacated Railroad Real Property located adjacent to the GCAD office located in Sherman, TX. Alan Richins seconded the motion. Motion passed 5-0*

17. Discuss, consider, and act upon a **Resolution** approving the purchase of Rifle-Resistant Body Armor from Angel Armor for the contractually discounted price through BuyBoard contract #798-23 in the amount not to exceed \$24,417.18, plus shipping, and using Grant Funds in accordance with SB-12, and authorizing the mayor to execute all necessary documents.

*Patrick Baumia made the motion to approve Resolution #2026-05-21-6 approving the purchase of Rifle-Resistant Body Armor from Angel Armor for the contractually discounted price through BuyBoard contract #798-23 in the amount not to exceed \$24,417.18, plus shipping, and using Grant Funds in accordance with SB-12, and authorizing the mayor to execute all necessary documents. William Stevens seconded the motion. Motion passed 5-0*

18. Discuss, consider, and act upon a **Resolution** authorizing the mayor to apply for Grant Funding from the Motor Vehicle Crime Prevention Authority (MVCPA) to provide financial support for Motor Vehicle Theft Prevention, and authorizing the Chief of Police to act on the city's behalf to administer the grant; Chief Danny Jones to act as Program Director, and Detra Gaines to act as Financial Officer, and pledging that the city will comply with the MVCPA's Grant requirements.

*Patrick Baumia made the motion to approve Resolution #2026-05-21-7 authorizing the mayor to apply for Grant Funding from the Motor Vehicle Crime Prevention Authority (MVCPA) to provide financial support for Motor Vehicle Theft Prevention, and authorizing the Chief of Police to act on the city's behalf to administer the grant; Chief Danny Jones to act as Program Director, and Detra Gaines to act as Financial Officer, and pledging that the city will comply with the MVCPA's Grant requirements. William Stevens seconded the motion. Motion passed 5-0*

19. Discuss, consider, and act upon a possible contract with Hemphill Towers, LLC regarding a cell tower on city property.

*No Action.*

*Citizen comments were made by Mark Merrill regarding Cell Tower contracts to include legal representation on the behalf of the city.*

*Patrick Baumia left the meeting at 7:41 p.m.*

20. Discuss, consider, and act upon Senate Bill 2038 petition for release from the Extraterritorial Jurisdiction (ETJ) for 2.01 acres, located near FM 121 and South on JC Maples Road, and received from Tim Fleet c/o Lackland Gunter Development LLC, on May 11, 2026.

*William Stevens made the motion to accept Senate Bill 2038 petition for release from the Extraterritorial Jurisdiction (ETJ) for 2.01 acres, located near FM 121 and South on JC Maples Road, and received from Tim Fleet c/o Lackland Gunter Development LLC, on May 11, 2026. Alan Richins seconded the motion. Motion passed 4-0*

21. Discuss, consider, and act upon Senate Bill 2038 petition for release from the Extraterritorial Jurisdiction (ETJ) for 232.94 acres, located near HWY 289 and Foy Wallace Road, and received from Narasimha Reddy c/o Golden Corridor LLC, on April 27, 2026.

*William Stevens made the motion to approve Senate Bill 2038 petition for release from the Extraterritorial Jurisdiction (ETJ) for 232.94 acres, located near HWY 289 and Foy Wallace Road, and received from Narasimha Reddy c/o Golden Corridor LLC, on April 27, 2026. Wade Burtsfield seconded the motion. Motion passed 4-0*

22. Discuss, consider, and act upon finalizing the City Manager's salary and update on City Manger's hiring process.

*Citizen comments were made by Mark Merrill regarding update on City Manager recruitment.*

*William Stevens made the motion to Table this item to June 4, 2026, meeting. Wade Burtsfield seconded the motion. Motion passed 4-0*

23. Discuss, consider, and act upon a **Resolution** designating the City Secretary under the Office of Administration to apply for any exempt plates and title transfers for all city equipment and vehicles.

*William Stevens made the motion to approve Resolution #2026-05-21-8 designating the City Secretary under the Office of Administration to apply for any exempt plates and title transfers for all city equipment and vehicles. Wade Burtsfield seconded the motion. Motion passed 4-0*

24. **COUNCIL BUSINESS EXECUTIVE SESSION**

*Wade Burtsfield made the motion not to have a closed session and to discuss in public. William Stevens seconded the motion. Motion passed 4-0*

*Mayor Karen Souther Opened Executive Session for discussion in open forum.*

In accordance with Texas Government Code, Section 551.001, et seq., the City Council will recess into Executive Session (closed meeting) to discuss the following:

- A. §551.071: Private consultation with attorney regarding pending or contemplated litigation, a settlement offer, or a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act:
- a. *Broken Bow Drainage Project*  
*Citizen comments were made by Dave Self regarding water flow to Stewart's property.*  
*Wade Burtsfield made the motion to accept Change Order for 2B project and authorized the mayor and Adam Adams to move forward and execute the contract. Alan Richins seconded the motion. Motion passed 4-0*
  - b. *Seek legal advice regarding the purchase of emergency services equipment*  
*Citizen comments were made by Mark Merrill regarding clarification of setting policy for EMS.*  
*Wade Burtsfield made the motion to approve a Workshop for May 28<sup>th</sup> at 6 p.m., to include; EMS plan & Ratify, City Manager, and ALL items from May 20, 2026.*  
*William Hemby seconded the motion. Motion passed 4-0*
  - c. *Seek legal advice regarding ILA for EMS Services*  
*No Action.*

#### **RECONVENED TO COUNCIL BUSINESS - OPEN SESSION**

In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Open Session to consider and take action, if any, on matters discussed in Executive Session.

25. Discuss, consider, and possibly take action, if any, following Executive Session items.

*No Closed Session. Opened for discussion in the public.*

26. Discuss, consider, and act on determining agenda items to be placed on future City Council meeting agendas and direct the City Secretary as to which future agendas the item should be placed upon.

- *End Work Session at 5:00 p.m.*
- *Review, Revise and Update Ordinance #2023-09-21-01*

**ADJOURN**

*Adjourned At 9:03 p.m.*

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Karen Souther, Mayor

ATTEST:

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Detra Gaines, City Secretary



105 N. 4<sup>th</sup> Street, P.O. Box 349 Gunter, TX 75058-0349  
903-433-5185 Fax: 903-433-8039

**MINUTES**  
**Gunter City Council Regular Meeting**  
**Thursday, June 4, 2026**  
**6:00 p.m.**

*Meeting Opened At 6:00 p.m.*

***Member Present:*** *Mayor Karen Souther, Alan Richins, Patrick Baumia, Wade Burtsfield, William Stevens*

***Members of Video Conference:*** *William Hemby*

***Staff Present:*** *City Secretary Detra Gaines, City Attorney Courtney Morris, Assistant City Secretary Rosa McCorry, Interim City Administrator Danny Bingham, Admin Coordinator Cameron Kraemer, PD Chief Danny Jones, Sgt. Barton, Officer Weikle, Chaplain Jon Jonas, Chaplain Roy Layman*

Pursuant to Chapter 551 of the Texas Government Code, notice is hereby given of a Regular Meeting of the City Council of the City of Gunter, Texas to be held on June 4, 2026, at 6:00 p.m., in the Gunter Public Safety Building, located at 105 N. 4<sup>th</sup> Street, Gunter, Texas, at which time the following will be discussed and considered:

***Pursuant to Section 551.127, Texas Government Code, one or more Councilmembers or employees may attend this meeting remotely using videoconferencing technology. The video and audio feed of the videoconferencing equipment can be viewed and heard by the public at the address posted above as the location of the meeting.***

***Welcome to the City Council Meeting. Please sign the Sign-In-Sheet as a record of attendance. If you wish to speak on an open-session agenda item, please fill out the Opinion/Speaker Registration Form and turn it in to the City Secretary before the meeting starts. A card to speak at a public hearing may be submitted any time before the public hearing is closed.***

**CALL TO ORDER REGULAR CITY COUNCIL MEETING** *[Mayor will call the meeting to order, establish a quorum if present, and declare notice is legally posted pursuant to the Open Meetings Act. During the course of the meeting, members of the audience wishing to speak must be recognized by the Presiding Officer.]*

**INVOCATION AND PLEDGE OF ALLEGIANCE**

1. **CITIZEN COMMENTS** *[The City Council invites citizens to speak to the Council on topics not already scheduled for public hearing or on the agenda. Prior to the meeting, please complete an Opinion/Speaker Registration Form, and present it to the City Secretary. Citizens may address the Council for a maximum of three minutes. Citizen comments shall be made from the podium. Please state your name and address for the record. The Council is unable to respond to or discuss any issues that are brought up during this section that are not on the agenda, other than to make statements of specific factual information in response to a citizen's inquiry or to recite existing*

policy in response to the inquiry. Citizens comments are governed by the City of Gunter Code of Ordinances Article 1.05.]

**AGENDA ITEM COMMENTS** [The city council allows citizens to speak before an agenda item. Prior to the meeting, please complete an Opinion/Speaker Registration Form, and present it to the City Secretary. Comments must be on topic. Citizens may address the Council for a maximum of three minutes. Comments shall be made from the podium. Please state your name and address for the record. The Open Meetings Act Section 551.007 allows, but does not require, the City Council members to respond. Citizens comments are governed by the City of Gunter Code of Ordinances Article 1.05.]

*Citizen comments were made by Cheyrl Cohagan and proxy of Jill Latimer regarding the need for EMS and the concerns of the process.*

*Citizen comments were made by Chris Donohoe regarding transparency for ALL things within city business and city manager process.*

*Citizen comments were made by Brandi Mock regarding the dissolution of Gunter 66 Public Improvement District (PID)*

*Citizen comments were made by Renee Marler and proxy of Connie Eubanks regarding EMS and transparency.*

*Citizen comments were made by Justin Parker regarding the importance of EMS.*

*Citizen comments were made by Alan Richins regarding transparency and accountability by council.*

*Citizen comments were made by Mark Merrill regarding Roles & Responsibilities of the city and TOMA violations.*

## **REGULAR AGENDA**

### **2. Director of Parks & Public Services Report:**

- Parks & Rec Update
- Streets Update
- Trash Services

### **3. Director of Planning & Development Report:**

- Master Fee Schedule Update
- SF Development Construction Update
- Commercial Development Update
- MDD Activities Generally
- Potential Commercial/Retail

- Current DA/Zoned Entitled Developments being relooked at/negotiated

4. **Chief of Police Report:**

- Recognize new Officer Anthony Weikle
- Dedicated Service as Chaplains; Jon Jonas and Roy Layman

5. **Mayor / Alderman Report:**

6. **PUBLIC HEARING**

**Public Comments:** To hear testimony regarding the dissolution of the Gunter 66 Public Improvement District (PID) within the corporate limits of the City of Gunter, Texas.

*Mayor Karen Souther Opened Public Hearing for discussion at 6:48 p.m.*

*No citizen comments.*

*Mayor Karen Souther Closed Public Hearing for discussion at 6:48 p.m.*

7. Discuss, consider, and act upon a **Resolution** of the City of Gunter, Texas, dissolving the Gunter 66 Public Improvement District (PID), and resolving other matters incident and thereto.

*Alan Richins made the motion to approve Resolution #2026-06-04-1 dissolving the Gunter 66 PID, and resolving other matters incident and thereto. William Stevens seconded the motion. Motion passed 5-0 (Roll Call)*

8. **PUBLIC HEARING**

**Public Comments:** To hear testimony on the advisability of the creation of The Preserve Public Improvement District (PID) within the corporate limits of the City of Gunter, Texas.

*Mayor Karen Souther Opened Public Hearing for discussion at 6:54 p.m.*

*No citizen comments.*

*Mayor Karen Souther Closed Public Hearing for discussion at 6:54 p.m.*

9. Discuss, consider, and act upon a **Resolution** authorizing and creating The Preserve Public Improvement District (PID), (formally known as Gunter 66) in accordance with Chapter 372 of the Texas Local Government Code; resolving other matters incident and related thereto; providing a severability clause; and providing an effective date.

*William Stevens made the motion to approve Resolution #2026-06-04-2 authorizing and creating The Preserve Public Improvement District (PID), (formally known as*

*Gunter 66) Patrick Baumia seconded the motion. Motion passed 5-0 (Roll Call)*

10. Discuss, consider, and act upon a **Resolution** of the City of Gunter, Texas determining the costs of certain authorized improvements to be financed within the Platinum Ranch Public Improvement District; approving a preliminary service and assessment plan, including proposed assessment rolls for Improvement Area #1 and the Major Improvement Area; directing the filing of the proposed assessment rolls with the City Secretary to make available for public inspection; noticing a public hearing for July 2, 2026 to consider an ordinance levying assessments on property located within the Platinum Ranch Public Improvement District; directing City staff to publish and mail notice of said public hearing; and resolving other matters incident and related thereto.

*Alan Richins made the motion to approve Resolution #2026-06-04-3 determining the costs of certain authorized improvements to be financed within the Platinum Ranch Public Improvement District; approving a preliminary service and assessment plan, including proposed assessment rolls for Improvement Area #1 and the Major Improvement Area; directing the filing of the proposed assessment rolls with the City Secretary to make available for public inspection; noticing a public hearing for July 2, 2026 to consider an ordinance levying assessments on property located within the Platinum Ranch Public Improvement District; directing City staff to publish and mail notice of said public hearing; and resolving other matters incident and related thereto. Patrick Baumia seconded the motion. Motion passed 5-0 (Roll Call)*

11. Discuss, consider, and act upon a **Resolution** of the City of Gunter, Texas determining the costs of certain authorized improvements to be financed within the Taylor Ranch Public Improvement District; approving a preliminary service and assessment plan, including proposed assessment rolls for Improvement Area #1 and the Major Improvement Area; directing the filing of the proposed assessment rolls with the City Secretary to make available for public inspection; noticing a public hearing for July 2, 2026 to consider an ordinance levying assessments on property located within the Taylor Ranch Public Improvement District; directing City staff to publish and mail notice of said public hearing; and resolving other matters incident and related thereto.

*William Stevens made the motion to approve Resolution #2026-06-04-4 determining the costs of certain authorized improvements to be financed within the Taylor Ranch Public Improvement District; approving a preliminary service and assessment plan, including proposed assessment rolls for Improvement Area #1 and the Major Improvement Area; directing the filing of the proposed assessment rolls with the City Secretary to make available for public inspection; noticing a public hearing for July 2, 2026 to consider an ordinance levying assessments on property located within the Taylor Ranch Public Improvement District; directing City staff to publish and mail notice of said public hearing; and resolving other matters incident and related thereto. Patrick Baumia seconded the motion. Motion passed 5-0 (Roll Call)*

12. Discuss, consider, and act upon a **Resolution** of the City of Gunter, Texas approving and authorizing Interlocal Cooperative Agreements between the City of Gunter, Texas and Mustang Special Utility District related to the Taylor Ranch Public Improvement District and the Platinum Ranch Public Improvement District.

*Alan Richins made the motion to approve Resolution #2026-06-04-5 approving and authorizing Interlocal Cooperative Agreements between the City of Gunter, Texas and Mustang Special Utility District related to the Taylor Ranch Public Improvement District and the Platinum Ranch Public Improvement District. William Stevnes seconded the motion. Motion passed 5-0*

13. Discuss, consider, and act upon a **Resolution** approving a funding agreement between the City and Gunter Municipal Development (GMDD), in the amount of \$138,000.00, for reimbursement of City expenditures for Phase I Master Drainage Study for Downtown Gunter area.

*Alan Richins made the motion to approve Resolution #2026-06-04-6 approving a funding agreement between the City and Gunter Municipal Development (GMDD), in the amount of \$138,000.00, for reimbursement of City expenditures for Phase I Master Drainage Study for Downtown Gunter area. Wade Burtsfield seconded the motion. Motion passed 5-0*

14. Discuss, consider, and act upon a **Resolution** approving an Authorization for Professional Services between Gunter Municipal Development District (GMDD), and Teague-Nall and Perkins, Inc. for the City of Gunter Master Drainage Study Phase I in an amount not to exceed \$130,000.00.

*Patrick Baumia made the motion to approve Resolution #2026-06-04-7 approving an authorization for Professional Services between Gunter Municipal Development District (GMDD), and Teague-Nall and Perkins, Inc. for the City of Gunter Master Drainage Study Phase I in an amount not to exceed \$130,000.00. Alan Richins seconded the motion. Motion passed 5-0*

15. Discuss, consider, and act upon an **Ordinance** regulating the expenditure of funds in excess of \$5,000.00, including the requirement of advance authorization and notification to the public.

*Patrick Baumia made the motion to create a Working Committee to consists of William Stevens, Patrick Baumia and Adam Adams to draft regulations on expenditures of city funds and include the requirements of advance authorization and notification to the public. Wade Burtsfield seconded the motion. Motion passed 5-0*

16. Discuss, consider, and act upon finalizing the City Manager's salary and update on City Manager's hiring process.

*Citizen comments were made by Mark Merrill regarding the appointment of the City Manager and/or Interim City Manager.*

*Citizen comments were made by Monesa Unger regarding the appointment of the City Manager through a staffing agency.*

*Wade Burtsfield made the motion to finalize the City Manager's salary not to exceed the amount of \$160,000.00. Patrick Baumia seconded the motion. Motion passed 5-0*

17. Discuss, consider, and act upon an **Ordinance** to establish the position of City Manager and the duties of the City Manager for the City of Gunter.

*No Action.*

18. Discuss, consider, and act upon authorizing staff to move forward with posting Notice of Interest for a new city attorney to include roles and responsibilities for city meetings.

*Citizen comments were made by Monesa Unger regarding items to be on future city council agendas.*

*Citizen comments were made by Renee Marler regarding the termination of the city attorney.*

*Citizen comments were made by Mark Merrill regarding censure, TOMA, and agenda items.*

*William Stevens made the motion to authorize staff to move forward with posting Notice of Interest for a new city attorney to include roles and responsibilities for city meetings. Wade Burtsfield seconded the motion. Motion passed 4-0 Abstain - Alan Richins.*

19. Discuss, consider, and act upon an Ordinance repealing ordinance no. 2023-09-21-01; The Cancellation Provisions of Section 1.03.002; of the Code of Ordinances, and replacing them with provisions governing the cancellation of City Council Meetings.

*Patrick Baumia made the motion to refer to the Working Committee for revisions to ordinance no. 2023-09-21-01. Wade Burtsfield seconded the motion. Motion passed 5-0*

20. **COUNCIL BUSINESS EXECUTIVE SESSION**

In accordance with Texas Government Code, Section 551.001, et seq., the City Council will recess into Executive Session (closed meeting) to discuss the following:

***Karen Souther Opened Executive Session at 8:09 p.m.***

- A. §551.071: Private consultation with attorney regarding pending or contemplated litigation, a settlement offer, or a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act:
- a. *Seek legal advice regarding ILA for EMS Services*
  - b. *Ratifying city asset purchases for EMS and setting policy*

***Karen Souther Closed Executive Session at 8:27 p.m.***

**RECONVENED TO COUNCIL BUSINESS - OPEN SESSION**

In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Open Session to consider and take action, if any, on matters discussed in Executive Session.

21. Discuss, consider, and possibly take action, if any, following Executive Session items.

- a. *Seek legal advice regarding ILA for EMS Services*
- b. *Ratifying city asset purchases for EMS and setting policy*

***Citizen comments were made by Renee Marler regarding EMS policies, training, and the importance of quality medical care.***

***Citizen comments were made by Mark Merrill regarding EMS discussions and services within the ETJ.***

***Citizen comments were made by Connie Eubanks regarding October 2, 2025 meeting.***

***Citizen comments were made by Chris Donohoe regarding EMS discussions and purchases for two ambulances.***

***Citizen comments were made by Erin Wells regarding emergency services and requests for a roundtable with EMS professionals in town.***

***Citizen comments were made by Monesa Unger regarding the purchase of EMS with approval by the mayor and not council.***

***Citizen comments were made by Connie Eubanks regarding the purchase of ambulances not being legal to be made by the mayor.***

*b. William Stevens made the motion to Deny ratifying city asset purchases for EMS and setting policy. Wade Burtsfield seconded the motion. Motion passed 4-0 Abstain – Alan Richins*

22. Discuss, consider, and act on determining agenda items to be placed on future City Council meeting agendas and direct the City Secretary as to which future agendas the item should be placed upon.

*Motion was made by William Stevens to add items for the next agenda. Wade Burtsfield seconded the motion.*

- *Remove the first meeting of the month*
- *Surplus of two EMS Ambulances*
- *Review city Purchasing Policy*

**ADJOURN**

***ADJOURNED AT 9:27 p.m.***

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Karen Souther, Mayor

ATTEST:

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Detra Gaines, City Secretary

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>10 - General Fund</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% of Budget	Budget Remaining
<b>Revenue Summary</b>							
Property Taxes	36,497.89	183,025.34	(146,527.45)	2,237,147.22	2,196,304.00	101.86%	(40,843.22)
Sales Taxes	38,586.41	60,808.68	(22,222.27)	418,546.15	729,704.21	57.36%	311,158.06
Franchise Fees	17.24	23,083.33	(23,066.09)	191,626.49	277,000.00	69.18%	85,373.51
Permits & Fees	18,967.55	11,129.17	7,838.38	106,277.63	133,550.00	79.58%	27,272.37
Court Fines & Fees	7,234.79	16,770.83	(9,536.04)	101,228.88	201,250.00	50.30%	100,021.12
Charges for Services	0.00	2,507.33	(2,507.33)	19,937.00	30,088.00	66.26%	10,151.00
Miscellaneous Revenues	27,087.69	1,266.67	25,821.02	45,047.71	15,200.00	296.37%	(29,847.71)
Interest Income	0.00	8,333.33	(8,333.33)	76,240.59	100,000.00	76.24%	23,759.41
Other Sources	0.00	0.00	0.00	147,889.68	0.00	0.00%	(147,889.68)
Not Categorized	0.00	39,267.50	(39,267.50)	0.00	471,210.06	0.00%	471,210.06
Revenue Totals	<u>128,391.57</u>	<u>346,192.18</u>	<u>(217,800.61)</u>	<u>3,343,941.35</u>	<u>4,154,306.27</u>	<u>80.49%</u>	<u>810,364.92</u>
<b>Expense Summary</b>							
Personnel Services	242,698.34	184,524.83	58,173.51	1,507,875.73	2,214,298.00	68.10%	706,422.27
Travel & Training	1,785.94	7,058.33	(5,272.39)	17,422.04	84,700.00	20.57%	67,277.96
Supplies & Materials	199,027.87	31,234.58	167,793.29	335,881.35	374,815.00	89.61%	38,933.65
Contractual Services	103,454.94	83,607.92	19,847.02	664,217.24	1,003,295.00	66.20%	339,077.76
Not Categorized	0.00	0.00	0.00	18,675.00	0.00	0.00%	(18,675.00)
Rents & Leases	13,078.92	19,720.74	(6,641.82)	89,017.51	236,648.89	37.62%	147,631.38
Maintenance & Repairs	15,193.01	7,958.32	7,234.69	49,951.31	95,500.00	52.31%	45,548.69
Utilities	3,489.24	8,279.17	(4,789.93)	44,971.28	99,350.00	45.27%	54,378.72
Miscellaneous	0.00	625.01	(625.01)	232.56	7,500.00	3.10%	7,267.44
Capital Outlay	0.00	324.33	(324.33)	155,000.00	3,891.95	3982.58%	(151,108.05)
Expense Totals	<u>578,728.26</u>	<u>343,333.23</u>	<u>235,395.03</u>	<u>2,883,244.02</u>	<u>4,119,998.84</u>	<u>69.98%</u>	<u>1,236,754.82</u>

<b>10 - General Fund Revenue</b>	<b>Current Month Actual</b>	<b>Current Month Budget</b>	<b>Budget Variance</b>	<b>YTD Actual</b>	<b>Annual Budget</b>	<b>% Budget Used</b>	<b>Budget Remaining</b>
Charges for Services	0.00	2,507.33	(2,507.33)	19,937.00	30,088.00	66.26%	10,151.00
Court Fines & Fees	7,234.79	16,770.83	(9,536.04)	101,228.88	201,250.00	50.30%	100,021.12
Franchise Fees	17.24	23,083.33	(23,066.09)	191,626.49	277,000.00	69.18%	85,373.51
Interest Income	0.00	8,333.33	(8,333.33)	76,240.59	100,000.00	76.24%	23,759.41
Miscellaneous Revenues	27,087.69	1,266.67	25,821.02	45,047.71	15,200.00	296.37%	(29,847.71)
Not Categorized	0.00	39,267.50	(39,267.50)	0.00	471,210.06	0.00%	471,210.06
Other Sources	0.00	0.00	0.00	147,889.68	0.00	0.00%	(147,889.68)
Permits & Fees	18,967.55	11,129.17	7,838.38	106,277.63	133,550.00	79.58%	27,272.37
Property Taxes	36,497.89	183,025.34	(146,527.45)	2,237,147.22	2,196,304.00	101.86%	(40,843.22)
Sales Taxes	38,586.41	60,808.68	(22,222.27)	418,546.15	729,704.21	57.36%	311,158.06
<b>Revenue Totals</b>	<b>128,391.57</b>	<b>346,192.18</b>	<b>(217,800.61)</b>	<b>3,343,941.35</b>	<b>4,154,306.27</b>	<b>80.49%</b>	<b>810,364.92</b>
<b>Revenue Total</b>	<b>128,391.57</b>	<b>346,192.18</b>	<b>(217,800.61)</b>	<b>3,343,941.35</b>	<b>4,154,306.27</b>	<b>80.49%</b>	<b>810,364.92</b>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10 - General Fund Revenue	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-000-4000 Property Taxes	27,592.70	182,608.67	(155,015.97)	2,147,551.33	2,191,304.00	98.00%	43,752.67
10-000-4002 Property Taxes - P&I	8,905.19	416.67	8,488.52	89,595.89	5,000.00	1791.92%	(84,595.89)
10-000-4100 Sales Tax	37,584.68	59,975.35	(22,390.67)	411,701.79	719,704.21	57.20%	308,002.42
10-000-4102 Mixed Beverages	1,001.73	833.33	168.40	6,844.36	10,000.00	68.44%	3,155.64
10-000-4150 Franchise Fees	17.24	23,083.33	(23,066.09)	191,626.49	277,000.00	69.18%	85,373.51
10-000-4200 Inspection Fees	3,702.35	533.33	3,169.02	13,494.85	6,400.00	210.86%	(7,094.85)
10-000-4201 Building Permit Fees	7,520.05	8,333.33	(813.28)	50,621.09	100,000.00	50.62%	49,378.91
10-000-4202 Right of Way Permit Fees	0.00	12.50	(12.50)	100.00	150.00	66.67%	50.00
10-000-4203 Pool Permit Fees	650.00	270.83	379.17	4,387.20	3,250.00	134.99%	(1,137.20)
10-000-4204 Fence Permit Fees	0.00	41.67	(41.67)	11,591.95	500.00	2318.39%	(11,091.95)
10-000-4205 Plan Review Fees	6,050.15	41.67	6,008.48	6,550.15	500.00	1310.03%	(6,050.15)
10-000-4206 Irrigation Permit Fees	150.00	62.50	87.50	3,900.00	750.00	520.00%	(3,150.00)
10-000-4207 Patio Permit Fees	0.00	41.67	(41.67)	1,468.00	500.00	293.60%	(968.00)
10-000-4208 Storage Permit Fees	0.00	16.67	(16.67)	0.00	200.00	0.00%	200.00
10-000-4209 Special Use Permit	0.00	16.67	(16.67)	0.00	200.00	0.00%	200.00
10-000-4212 Zoning Fees	0.00	1,416.67	(1,416.67)	5,655.00	17,000.00	33.26%	11,345.00
10-000-4213 Platting Fees	345.00	83.33	261.67	1,580.00	1,000.00	158.00%	(580.00)
10-000-4220 Contractor Registration Fees	550.00	208.33	341.67	4,150.00	2,500.00	166.00%	(1,650.00)
10-000-4240 Roadway Fees	0.00	0.00	0.00	49.39	0.00	0.00%	(49.39)
10-000-4265 Parking Lot Permits	0.00	0.00	0.00	250.00	0.00	0.00%	(250.00)
10-000-4270 Sign Permit Fees	0.00	41.67	(41.67)	1,730.00	500.00	346.00%	(1,230.00)
10-000-4271 Alarm Permit Fees	0.00	8.33	(8.33)	250.00	100.00	250.00%	(150.00)
10-000-4274 Iternerate Vendor Fees	0.00	0.00	0.00	500.00	0.00	0.00%	(500.00)
10-000-4300 Court Fines & Fees	7,124.79	16,666.67	(9,541.88)	99,818.64	200,000.00	49.91%	100,181.36
10-000-4302 Time Payment	90.00	83.33	6.67	1,303.41	1,000.00	130.34%	(303.41)
10-000-4305 Omnibase Reimbursement	20.00	20.83	(0.83)	106.83	250.00	42.73%	143.17

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10-000- <b>General Fund Revenue</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-000-4490 Fire Services Fees	0.00	208.33	(208.33)	625.00	2,500.00	25.00%	1,875.00
10-000-4495 Grayson County Fire	0.00	2,299.00	(2,299.00)	19,312.00	27,588.00	70.00%	8,276.00
10-000-4710 Public Information Request	48.00	16.67	31.33	457.00	200.00	228.50%	(257.00)
10-000-4785 Mustang Meter Revenue	0.00	833.33	(833.33)	11,500.00	10,000.00	115.00%	(1,500.00)
10-000-4790 Miscellaneous Revenues	27,039.69	416.67	26,623.02	33,090.71	5,000.00	661.81%	(28,090.71)
10-000-4800 Interest Income	0.00	8,333.33	(8,333.33)	76,240.59	100,000.00	76.24%	23,759.41
10-000-4900 Transfers In	0.00	0.00	0.00	147,889.68	0.00	0.00%	(147,889.68)
10-000-4995 Use of Fund Balance	0.00	39,267.50	(39,267.50)	0.00	471,210.06	0.00%	471,210.06
Revenue Totals	<u>128,391.57</u>	<u>346,192.18</u>	<u>(217,800.61)</u>	<u>3,343,941.35</u>	<u>4,154,306.27</u>	<u>80.49%</u>	<u>810,364.92</u>

City of Gunter  
Financial Statement  
As of May 31, 2026

Revenue Totals	<u>128,391.57</u>	<u>346,192.18</u>	<u>(217,800.61)</u>	<u>3,343,941.35</u>	<u>4,154,306.27</u>	<u>80.49%</u>	<u>810,364.92</u>
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<b>10 - General Fund Administrative</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Contractual Services	78,636.95	54,416.67	24,220.28	495,458.55	653,000.00	75.87%	157,541.45
Maintenance & Repairs	674.60	983.33	(308.73)	6,193.44	11,800.00	52.49%	5,606.56
Miscellaneous	0.00	250.00	(250.00)	0.00	3,000.00	0.00%	3,000.00
Not Categorized	0.00	0.00	0.00	18,675.00	0.00	0.00%	(18,675.00)
Personnel Services	59,299.52	34,316.64	24,982.88	329,383.13	411,799.71	79.99%	82,416.58
Rents & Leases	800.31	733.33	66.98	5,750.64	8,800.00	65.35%	3,049.36
Supplies & Materials	781.87	1,208.33	(426.46)	8,179.11	14,500.00	56.41%	6,320.89
Travel & Training	1,065.94	2,583.33	(1,517.39)	12,982.50	31,000.00	41.88%	18,017.50
Utilities	1,444.36	4,783.34	(3,338.98)	19,158.23	57,400.00	33.38%	38,241.77
<b>Administrative Totals</b>	<b>142,703.55</b>	<b>99,274.97</b>	<b>43,428.58</b>	<b>895,780.60</b>	<b>1,191,299.71</b>	<b>75.19%</b>	<b>295,519.11</b>

<b>10 - General Fund City Council</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Contractual Services	390.72	833.33	(442.61)	390.72	10,000.00	3.91%	9,609.28
<b>City Council Totals</b>	<b>390.72</b>	<b>833.33</b>	<b>(442.61)</b>	<b>390.72</b>	<b>10,000.00</b>	<b>3.91%</b>	<b>9,609.28</b>

<b>10 - General Fund Municipal Court</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Contractual Services	2,546.25	1,263.34	1,282.91	11,407.46	15,160.00	75.25%	3,752.54
Personnel Services	16,904.27	13,740.32	3,163.95	117,325.67	164,883.85	71.16%	47,558.18
Supplies & Materials	10.48	333.34	(322.86)	1,062.82	4,000.00	26.57%	2,937.18
Travel & Training	0.00	291.67	(291.67)	757.10	3,500.00	21.63%	2,742.90
<b>Municipal Court Totals</b>	<b>19,461.00</b>	<b>15,628.67</b>	<b>3,832.33</b>	<b>130,553.05</b>	<b>187,543.85</b>	<b>69.61%</b>	<b>56,990.80</b>

<b>10 - General Fund Parks</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Contractual Services	0.00	1,225.00	(1,225.00)	6,895.00	14,700.00	46.90%	7,805.00
Maintenance & Repairs	0.00	916.67	(916.67)	9,199.23	11,000.00	83.63%	1,800.77
Miscellaneous	0.00	208.34	(208.34)	0.00	2,500.00	0.00%	2,500.00
Supplies & Materials	0.00	383.33	(383.33)	0.00	4,600.00	0.00%	4,600.00
Utilities	409.23	1,791.66	(1,382.43)	12,202.69	21,500.00	56.76%	9,297.31
<b>Parks Totals</b>	<b>409.23</b>	<b>4,525.00</b>	<b>(4,115.77)</b>	<b>28,296.92</b>	<b>54,300.00</b>	<b>52.11%</b>	<b>26,003.08</b>

<b>10 - General Fund Police Department</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Capital Outlay	0.00	324.33	(324.33)	0.00	3,891.95	0.00%	3,891.95
Contractual Services	850.00	2,267.09	(1,417.09)	24,457.93	27,205.00	89.90%	2,747.07
Maintenance & Repairs	236.25	2,874.99	(2,638.74)	7,916.84	34,500.00	22.95%	26,583.16
Miscellaneous	0.00	83.33	(83.33)	232.56	1,000.00	23.26%	767.44
Personnel Services	97,154.81	82,929.80	14,225.01	683,823.78	995,157.54	68.72%	311,333.76
Rents & Leases	10,762.37	17,762.41	(7,000.04)	80,234.39	213,148.89	37.64%	132,914.50
Supplies & Materials	113,332.40	6,083.32	107,249.08	145,528.74	73,000.00	199.35%	(72,528.74)
Travel & Training	0.00	583.34	(583.34)	1,139.50	7,000.00	16.28%	5,860.50
Utilities	1,522.80	1,541.67	(18.87)	12,740.45	18,500.00	68.87%	5,759.55
<b>Police Department Totals</b>	<b>223,858.63</b>	<b>114,450.28</b>	<b>109,408.35</b>	<b>956,074.19</b>	<b>1,373,403.38</b>	<b>69.61%</b>	<b>417,329.19</b>

<b>10 - General Fund Fire Department</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Capital Outlay	0.00	0.00	0.00	155,000.00	0.00	0.00%	(155,000.00)
Contractual Services	10,749.99	12,935.83	(2,185.84)	81,113.52	155,230.00	52.25%	74,116.48
Maintenance & Repairs	14,282.16	3,183.33	11,098.83	26,641.80	38,200.00	69.74%	11,558.20

Miscellaneous	0.00	41.67	(41.67)	0.00	500.00	0.00%	500.00
Rents & Leases	1,516.24	1,225.00	291.24	3,032.48	14,700.00	20.63%	11,667.52
Supplies & Materials	84,320.05	21,434.59	62,885.46	176,557.65	257,215.00	68.64%	80,657.35
Travel & Training	0.00	3,016.66	(3,016.66)	0.00	36,200.00	0.00%	36,200.00
Utilities	112.85	162.50	(49.65)	869.91	1,950.00	44.61%	1,080.09
<b>Fire Department Totals</b>	<b>110,981.29</b>	<b>41,999.58</b>	<b>68,981.71</b>	<b>443,215.36</b>	<b>503,995.00</b>	<b>87.94%</b>	<b>60,779.64</b>

<b>10 - General Fund Development</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Contractual Services	10,281.03	10,666.66	(385.63)	44,494.06	128,000.00	34.76%	83,505.94
Miscellaneous	0.00	41.67	(41.67)	0.00	500.00	0.00%	500.00
Personnel Services	42,883.05	32,075.24	10,807.81	244,921.14	384,902.78	63.63%	139,981.64
Supplies & Materials	0.00	125.00	(125.00)	1,751.96	1,500.00	116.80%	(251.96)
Travel & Training	720.00	583.33	136.67	2,542.94	7,000.00	36.33%	4,457.06
<b>Development Totals</b>	<b>53,884.08</b>	<b>43,491.90</b>	<b>10,392.18</b>	<b>293,710.10</b>	<b>521,902.78</b>	<b>56.28%</b>	<b>228,192.68</b>

<b>10 - General Fund Streets</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Personnel Services	26,456.69	21,462.83	4,993.86	132,422.01	257,554.12	51.42%	125,132.11
Supplies & Materials	583.07	1,666.67	(1,083.60)	2,801.07	20,000.00	14.01%	17,198.93
<b>Streets Totals</b>	<b>27,039.76</b>	<b>23,129.50</b>	<b>3,910.26</b>	<b>135,223.08</b>	<b>277,554.12</b>	<b>48.72%</b>	<b>142,331.04</b>
<b>Expense Total</b>	<b>578,728.26</b>	<b>343,333.23</b>	<b>235,395.03</b>	<b>2,883,244.02</b>	<b>4,119,998.84</b>	<b>69.98%</b>	<b>1,236,754.82</b>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10 - General Fund Administrative	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-100-6100 Salaries	51,217.35	26,091.31	25,126.04	254,348.93	313,095.76	81.24%	58,746.83
10-100-6105 Longevity Pay	0.00	100.00	(100.00)	1,080.00	1,200.00	90.00%	120.00
10-100-6110 Payroll Taxes	3,817.81	2,003.64	1,814.17	21,985.25	24,043.63	91.44%	2,058.38
10-100-6120 Health Insurance	4,264.36	2,538.36	1,726.00	25,276.74	30,460.32	82.98%	5,183.58
10-100-6130 TMRS	0.00	3,583.33	(3,583.33)	26,692.21	43,000.00	62.07%	16,307.79
10-100-6140 Training	765.10	1,750.00	(984.90)	5,178.37	21,000.00	24.66%	15,821.63
10-100-6150 Travel & Mileage	300.84	833.33	(532.49)	7,804.13	10,000.00	78.04%	2,195.87
10-100-6200 Supplies	506.47	625.00	(118.53)	3,989.97	7,500.00	53.20%	3,510.03
10-100-6220 Postage	275.40	333.33	(57.93)	1,255.55	4,000.00	31.39%	2,744.45
10-100-6235 Notices	0.00	166.67	(166.67)	465.78	2,000.00	23.29%	1,534.22
10-100-6255 Equipment	0.00	250.00	(250.00)	2,933.59	3,000.00	97.79%	66.41
10-100-6310 Attorneys	4,967.02	7,500.00	(2,532.98)	67,849.48	90,000.00	75.39%	22,150.52
10-100-6320 Auditing Services	0.00	2,916.67	(2,916.67)	0.00	35,000.00	0.00%	35,000.00
10-100-6330 Professional Services	31,490.38	3,333.33	28,157.05	45,165.38	40,000.00	112.91%	(5,165.38)
10-100-6332 Contract Services	3,286.67	4,166.67	(880.00)	28,429.06	50,000.00	56.86%	21,570.94
10-100-6336 Pest Control	115.00	125.00	(10.00)	1,035.00	1,500.00	69.00%	465.00
10-100-6338 IT Services & Software	2,835.98	4,333.33	(1,497.35)	42,643.49	52,000.00	82.01%	9,356.51
10-100-6339 GIS Services	225.00	416.67	(191.67)	1,215.00	5,000.00	24.30%	3,785.00
10-100-6340 GCAD	12,213.38	3,375.00	8,838.38	36,640.14	40,500.00	90.47%	3,859.86
10-100-6341 Tax Collection Fees	0.00	125.00	(125.00)	1,936.00	1,500.00	129.07%	(436.00)
10-100-6344 Inspection Fees Franchise	0.00	0.00	0.00	18,675.00	0.00	0.00%	(18,675.00)
10-100-6350 Bank Charges	0.00	41.67	(41.67)	2,236.24	500.00	447.25%	(1,736.24)
10-100-6355 Credit Card Processing Fee	0.00	112.50	(112.50)	0.00	1,350.00	0.00%	1,350.00
10-100-6360 Dues & Subscriptions	817.72	1,350.00	(532.28)	5,337.12	16,200.00	32.95%	10,862.88
10-100-6362 Insurance	0.00	9,625.00	(9,625.00)	79,371.25	115,500.00	68.72%	36,128.75
10-100-6364 Advertising	0.00	391.67	(391.67)	0.00	4,700.00	0.00%	4,700.00

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>10 - General Fund Administrative</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-100-6370 Ambulance Service Fees	0.00	5,833.33	(5,833.33)	48,750.00	70,000.00	69.64%	21,250.00
10-100-6372 Emergency Management	22,685.80	8,333.33	14,352.47	110,967.61	100,000.00	110.97%	(10,967.61)
10-100-6378 Dog Pound Fees	0.00	20.83	(20.83)	0.00	250.00	0.00%	250.00
10-100-6380 Fees & Fines Paid	0.00	166.67	(166.67)	197.00	2,000.00	9.85%	1,803.00
10-100-6400 Rental/Lease - Buildings	0.00	0.00	0.00	232.00	0.00	0.00%	(232.00)
10-100-6430 Rental/Lease Copier	800.31	733.33	66.98	5,518.64	8,800.00	62.71%	3,281.36
10-100-6500 Maintenance & Repairs	674.60	958.33	(283.73)	6,193.44	11,500.00	53.86%	5,306.56
10-100-6520 Maintenance & Repairs -	0.00	25.00	(25.00)	0.00	300.00	0.00%	300.00
10-100-6600 Electricity	0.00	750.00	(750.00)	5,197.15	9,000.00	57.75%	3,802.85
10-100-6601 Water	240.50	1,666.67	(1,426.17)	1,691.26	20,000.00	8.46%	18,308.74
10-100-6610 Gas (Atmos)	112.03	416.67	(304.64)	3,434.83	5,000.00	68.70%	1,565.17
10-100-6620 Cable & Internet	341.40	583.33	(241.93)	2,867.71	7,000.00	40.97%	4,132.29
10-100-6630 Telephones - Mobile	231.19	116.67	114.52	1,811.65	1,400.00	129.40%	(411.65)
10-100-6635 Telephones - Office	519.24	1,250.00	(730.76)	4,155.63	15,000.00	27.70%	10,844.37
10-100-6900 Misc Expense	0.00	250.00	(250.00)	0.00	3,000.00	0.00%	3,000.00
10-100-6925 Community Enhancement	0.00	2,083.33	(2,083.33)	23,220.00	25,000.00	92.88%	1,780.00
<b>Administrative Totals</b>	<b>142,703.55</b>	<b>99,274.97</b>	<b>43,428.58</b>	<b>895,780.60</b>	<b>1,191,299.71</b>	<b>75.19%</b>	<b>295,519.11</b>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

<b>10 - General Fund City Council</b>	<b>Current Month Actual</b>	<b>Current Month Budget</b>	<b>Budget Variance</b>	<b>YTD Actual</b>	<b>Annual Budget</b>	<b>% Budget Used</b>	<b>Budget Remaining</b>
10-105-6335 Election Services	390.72	833.33	(442.61)	390.72	10,000.00	3.91%	9,609.28
City Council Totals	390.72	833.33	(442.61)	390.72	10,000.00	3.91%	9,609.28

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10 - General Fund Municipal Court	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-240-6100 Salaries	13,026.37	9,634.38	3,391.99	78,442.75	115,612.56	67.85%	37,169.81
10-240-6105 Longevity Pay	0.00	30.83	(30.83)	370.00	370.00	100.00%	0.00
10-240-6110 Payroll Taxes	858.02	739.39	118.63	5,385.60	8,872.67	60.70%	3,487.07
10-240-6120 Health Insurance	3,019.88	2,000.00	1,019.88	23,875.68	24,000.00	99.48%	124.32
10-240-6130 TMRS	0.00	1,335.72	(1,335.72)	9,251.64	16,028.62	57.72%	6,776.98
10-240-6140 Training	0.00	125.00	(125.00)	100.00	1,500.00	6.67%	1,400.00
10-240-6150 Travel & Mileage	0.00	166.67	(166.67)	657.10	2,000.00	32.86%	1,342.90
10-240-6200 Supplies	0.00	166.67	(166.67)	890.95	2,000.00	44.55%	1,109.05
10-240-6220 Postage	10.48	125.00	(114.52)	171.87	1,500.00	11.46%	1,328.13
10-240-6260 Computer Hardware &	0.00	41.67	(41.67)	0.00	500.00	0.00%	500.00
10-240-6310 Attorneys	0.00	41.67	(41.67)	0.00	500.00	0.00%	500.00
10-240-6332 Contract Services	2,415.00	805.00	1,610.00	7,245.00	9,660.00	75.00%	2,415.00
10-240-6338 IT Services & Software	131.25	208.33	(77.08)	218.75	2,500.00	8.75%	2,281.25
10-240-6355 Credit Card Processing Fee	0.00	41.67	(41.67)	0.00	500.00	0.00%	500.00
10-240-6360 Dues & Subscriptions	0.00	166.67	(166.67)	3,943.71	2,000.00	197.19%	(1,943.71)
<b>Municipal Court Totals</b>	<b>19,461.00</b>	<b>15,628.67</b>	<b>3,832.33</b>	<b>130,553.05</b>	<b>187,543.85</b>	<b>69.61%</b>	<b>56,990.80</b>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10 - General Fund Parks	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-300-6200 Supplies	0.00	300.00	(300.00)	0.00	3,600.00	0.00%	3,600.00
10-300-6255 Equipment	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
10-300-6332 Contract Services	0.00	1,200.00	(1,200.00)	6,895.00	14,400.00	47.88%	7,505.00
10-300-6360 Dues & Subscriptions	0.00	25.00	(25.00)	0.00	300.00	0.00%	300.00
10-300-6500 Maintenance & Repairs	0.00	916.67	(916.67)	9,199.23	11,000.00	83.63%	1,800.77
10-300-6600 Electricity	0.00	458.33	(458.33)	2,598.79	5,500.00	47.25%	2,901.21
10-300-6601 Water	409.23	1,333.33	(924.10)	9,603.90	16,000.00	60.02%	6,396.10
10-300-6900 Misc Expense	0.00	41.67	(41.67)	0.00	500.00	0.00%	500.00
10-300-6930 Special Events	0.00	166.67	(166.67)	0.00	2,000.00	0.00%	2,000.00
<b>Parks Totals</b>	<b>409.23</b>	<b>4,525.00</b>	<b>(4,115.77)</b>	<b>28,296.92</b>	<b>54,300.00</b>	<b>52.11%</b>	<b>26,003.08</b>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10 - General Fund Police Department	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-400-6100 Salaries	83,011.82	56,245.73	26,766.09	514,620.58	674,948.75	76.25%	160,328.17
10-400-6102 Overtime	0.00	6,265.00	(6,265.00)	0.00	75,180.00	0.00%	75,180.00
10-400-6105 Longevity Pay	0.00	226.67	(226.67)	2,690.00	2,720.00	98.90%	30.00
10-400-6107 Certification Pay	0.00	770.00	(770.00)	0.00	9,240.00	0.00%	9,240.00
10-400-6110 Payroll Taxes	6,219.97	4,374.45	1,845.52	39,343.97	52,493.44	74.95%	13,149.47
10-400-6120 Health Insurance	7,923.02	7,076.72	846.30	66,386.44	84,920.64	78.17%	18,534.20
10-400-6130 TMRS	0.00	7,971.23	(7,971.23)	60,782.79	95,654.71	63.54%	34,871.92
10-400-6140 Training	0.00	291.67	(291.67)	38.95	3,500.00	1.11%	3,461.05
10-400-6150 Travel & Mileage	0.00	291.67	(291.67)	1,100.55	3,500.00	31.44%	2,399.45
10-400-6200 Supplies	214.99	125.00	89.99	1,208.14	1,500.00	80.54%	291.86
10-400-6250 Uniforms	1,937.78	583.33	1,354.45	5,670.35	7,000.00	81.01%	1,329.65
10-400-6255 Equipment	108,180.02	1,833.33	106,346.69	114,246.18	22,000.00	519.30%	(92,246.18)
10-400-6270 Fuel	2,999.61	3,333.33	(333.72)	24,310.60	40,000.00	60.78%	15,689.40
10-400-6290 Miscellaneous Supplies	0.00	208.33	(208.33)	93.47	2,500.00	3.74%	2,406.53
10-400-6310 Attorneys	0.00	41.67	(41.67)	2,200.00	500.00	440.00%	(1,700.00)
10-400-6330 Professional Services	425.00	83.33	341.67	485.00	1,000.00	48.50%	515.00
10-400-6338 IT Services & Software	350.00	1,666.67	(1,316.67)	19,802.42	20,000.00	99.01%	197.58
10-400-6360 Dues & Subscriptions	75.00	166.67	(91.67)	1,054.07	2,000.00	52.70%	945.93
10-400-6376 Community Policing Fees	0.00	291.67	(291.67)	704.61	3,500.00	20.13%	2,795.39
10-400-6400 Rental/Lease - Buildings	2,800.00	2,800.00	0.00	22,400.00	33,600.00	66.67%	11,200.00
10-400-6420 Rental/Lease Vehicle	7,962.37	14,962.41	(7,000.04)	57,834.39	179,548.89	32.21%	121,714.50
10-400-6500 Maintenance & Repairs	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
10-400-6520 Maintenance & Repairs -	0.00	208.33	(208.33)	0.00	2,500.00	0.00%	2,500.00
10-400-6530 Maintenance & Repairs -	236.25	2,583.33	(2,347.08)	7,916.84	31,000.00	25.54%	23,083.16
10-400-6600 Electricity	0.00	333.33	(333.33)	605.69	4,000.00	15.14%	3,394.31
10-400-6601 Water	39.25	66.67	(27.42)	339.69	800.00	42.46%	460.31

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10 - General Fund Police Department	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-400-6610 Gas	105.70	116.67	(10.97)	893.83	1,400.00	63.85%	506.17
10-400-6620 Cable & Internet	217.56	233.33	(15.77)	2,258.16	2,800.00	80.65%	541.84
10-400-6630 Telephones - Mobile	997.77	791.67	206.10	7,342.35	9,500.00	77.29%	2,157.65
10-400-6635 Telephones - Office	162.52	0.00	162.52	1,300.73	0.00	0.00%	(1,300.73)
10-400-6900 Misc Expense	0.00	83.33	(83.33)	232.56	1,000.00	23.26%	767.44
10-400-6910 Inmate Housing	0.00	17.08	(17.08)	211.83	205.00	103.33%	(6.83)
10-400-7300 Capital Outlay	0.00	324.33	(324.33)	0.00	3,891.95	0.00%	3,891.95
Police Department Totals	<u>223,858.63</u>	<u>114,450.28</u>	<u>109,408.35</u>	<u>956,074.19</u>	<u>1,373,403.38</u>	<u>69.61%</u>	<u>417,329.19</u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10 - General Fund Fire Department	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-500-6140 Training	0.00	2,833.33	(2,833.33)	0.00	34,000.00	0.00%	34,000.00
10-500-6150 Travel & Mileage	0.00	183.33	(183.33)	0.00	2,200.00	0.00%	2,200.00
10-500-6200 Supplies	0.00	291.67	(291.67)	616.02	3,500.00	17.60%	2,883.98
10-500-6250 Uniforms	0.00	416.67	(416.67)	4,823.20	5,000.00	96.46%	176.80
10-500-6252 Bunker Gear	0.00	8,137.50	(8,137.50)	67,178.63	97,650.00	68.80%	30,471.37
10-500-6253 Medical Supplies	0.00	833.33	(833.33)	3,595.45	10,000.00	35.95%	6,404.55
10-500-6255 Equipment	82,445.16	10,255.42	72,189.74	88,317.48	123,065.00	71.76%	34,747.52
10-500-6270 Fuel	1,874.89	1,500.00	374.89	12,026.87	18,000.00	66.82%	5,973.13
10-500-6330 Professional Services	10,700.00	9,166.67	1,533.33	76,000.00	110,000.00	69.09%	34,000.00
10-500-6338 IT Services & Software	0.00	583.33	(583.33)	140.12	7,000.00	2.00%	6,859.88
10-500-6360 Dues & Subscriptions	0.00	208.33	(208.33)	187.08	2,500.00	7.48%	2,312.92
10-500-6373 Fire Alarm Monitoring	49.99	83.33	(33.34)	399.92	1,000.00	39.99%	600.08
10-500-6394 Equipment Testing	0.00	2,894.17	(2,894.17)	4,386.40	34,730.00	12.63%	30,343.60
10-500-6420 Rental/Lease Vehicle	1,516.24	416.67	1,099.57	3,032.48	5,000.00	60.65%	1,967.52
10-500-6422 Rental/Lease - Fire Truck	0.00	808.33	(808.33)	0.00	9,700.00	0.00%	9,700.00
10-500-6500 Maintenance & Repairs	12,568.75	1,058.33	11,510.42	13,920.53	12,700.00	109.61%	(1,220.53)
10-500-6520 Maintenance & Repairs -	0.00	291.67	(291.67)	3,901.99	3,500.00	111.49%	(401.99)
10-500-6530 Maintenance & Repairs -	1,713.41	1,833.33	(119.92)	8,819.28	22,000.00	40.09%	13,180.72
10-500-6630 Telephones - Mobile	112.85	162.50	(49.65)	869.91	1,950.00	44.61%	1,080.09
10-500-6900 Misc Expense	0.00	41.67	(41.67)	0.00	500.00	0.00%	500.00
10-500-7300 Capital Outlay - Vehicle	0.00	0.00	0.00	155,000.00	0.00	0.00%	(155,000.00)
Fire Department Totals	110,981.29	41,999.58	68,981.71	443,215.36	503,995.00	87.94%	60,779.64

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

10 - General Fund Development	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
10-600-6100 Salaries	35,413.95	24,277.25	11,136.70	174,204.88	291,327.00	59.80%	117,122.12
10-600-6105 Longevity Pay	0.00	44.17	(44.17)	530.00	530.00	100.00%	0.00
10-600-6110 Payroll Taxes	2,611.68	1,799.68	812.00	12,624.97	21,596.10	58.46%	8,971.13
10-600-6120 Health Insurance	4,857.42	2,692.24	2,165.18	35,628.82	32,306.88	110.28%	(3,321.94)
10-600-6130 TMRS	0.00	3,261.90	(3,261.90)	21,932.47	39,142.80	56.03%	17,210.33
10-600-6140 Training	720.00	375.00	345.00	1,750.00	4,500.00	38.89%	2,750.00
10-600-6150 Travel & Mileage	0.00	208.33	(208.33)	792.94	2,500.00	31.72%	1,707.06
10-600-6200 Supplies	0.00	41.67	(41.67)	1,751.96	500.00	350.39%	(1,251.96)
10-600-6220 Postage	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
10-600-6330 Professional Services	481.25	166.67	314.58	481.25	2,000.00	24.06%	1,518.75
10-600-6332 Contract Services	0.00	2,083.33	(2,083.33)	0.00	25,000.00	0.00%	25,000.00
10-600-6334 Inspectors	9,799.78	8,333.33	1,466.45	41,489.10	100,000.00	41.49%	58,510.90
10-600-6360 Dues & Subscriptions	0.00	83.33	(83.33)	2,523.71	1,000.00	252.37%	(1,523.71)
10-600-6900 Misc Expense	0.00	41.67	(41.67)	0.00	500.00	0.00%	500.00
<b>Development Totals</b>	<b>53,884.08</b>	<b>43,491.90</b>	<b>10,392.18</b>	<b>293,710.10</b>	<b>521,902.78</b>	<b>56.28%</b>	<b>228,192.68</b>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>10 - General Fund Streets</b>	<b>Current Month Actual</b>	<b>Current Month Budget</b>	<b>Budget Variance</b>	<b>YTD Actual</b>	<b>Annual Budget</b>	<b>% Budget Used</b>	<b>Budget Remaining</b>
10-720-6100 Salaries	22,234.60	15,936.18	6,298.42	94,678.65	191,234.20	49.51%	96,555.55
10-720-6105 Longevity Pay	0.00	35.83	(35.83)	310.00	430.00	72.09%	120.00
10-720-6110 Payroll Taxes	1,677.19	1,189.98	487.21	7,506.34	14,279.81	52.57%	6,773.47
10-720-6120 Health Insurance	2,544.90	2,538.36	6.54	17,694.28	30,460.32	58.09%	12,766.04
10-720-6130 TMRS	0.00	1,762.48	(1,762.48)	12,232.74	21,149.79	57.84%	8,917.05
10-720-6255 Equipment	0.00	416.67	(416.67)	0.00	5,000.00	0.00%	5,000.00
10-720-6270 Fuel	583.07	1,250.00	(666.93)	2,801.07	15,000.00	18.67%	12,198.93
<b>Streets Totals</b>	<b>27,039.76</b>	<b>23,129.50</b>	<b>3,910.26</b>	<b>135,223.08</b>	<b>277,554.12</b>	<b>48.72%</b>	<b>142,331.04</b>
<b>Expense Totals</b>	<b>578,728.26</b>	<b>343,333.23</b>	<b>235,395.03</b>	<b>2,883,244.02</b>	<b>4,119,998.84</b>	<b>69.98%</b>	<b>1,236,754.82</b>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>28 - Solid Waste Fund</b>	<b>Current Month Actual</b>	<b>Current Month Budget</b>	<b>Budget Variance</b>	<b>YTD Actual</b>	<b>Annual Budget</b>	<b>% of Budget</b>	<b>Budget Remaining</b>
<b>Revenue Summary</b>							
Charges for Services	35,542.34	16,666.67	18,875.67	245,206.20	200,000.00	122.60%	(45,206.20)
Not Categorized	705.68	0.00	705.68	2,772.82	0.00	0.00%	(2,772.82)
Revenue Totals	<u>36,248.02</u>	<u>16,666.67</u>	<u>19,581.35</u>	<u>247,979.02</u>	<u>200,000.00</u>	<u>123.99%</u>	<u>(47,979.02)</u>
<b>Expense Summary</b>							
Contractual Services	37,298.69	18,733.33	18,565.36	183,720.11	224,800.00	81.73%	41,079.89
Miscellaneous	1,665.10	0.00	1,665.10	6,132.86	0.00	0.00%	(6,132.86)
Expense Totals	<u>38,963.79</u>	<u>18,733.33</u>	<u>20,230.46</u>	<u>189,852.97</u>	<u>224,800.00</u>	<u>84.45%</u>	<u>34,947.03</u>

<b>28 - Solid Waste Fund Revenue</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Charges for Services	35,542.34	16,666.67	18,875.67	245,206.20	200,000.00	122.60%	(45,206.20)
Not Categorized	705.68	0.00	705.68	2,772.82	0.00	0.00%	(2,772.82)
<b>Revenue Totals</b>	<u>36,248.02</u>	<u>16,666.67</u>	<u>19,581.35</u>	<u>247,979.02</u>	<u>200,000.00</u>	<u>123.99%</u>	<u>(47,979.02)</u>
<b>Revenue Total</b>	<u>36,248.02</u>	<u>16,666.67</u>	<u>19,581.35</u>	<u>247,979.02</u>	<u>200,000.00</u>	<u>123.99%</u>	<u>(47,979.02)</u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>28 - Solid Waste Fund Revenue</b>	<b>Current Month Actual</b>	<b>Current Month Budget</b>	<b>Budget Variance</b>	<b>YTD Actual</b>	<b>Annual Budget</b>	<b>% Budget Used</b>	<b>Budget Remaining</b>
28-000-4470 Solid Waste Revenue	35,118.34	16,666.67	18,451.67	243,199.20	200,000.00	121.60%	(43,199.20)
28-000-4475 Recycling Program	424.00	0.00	424.00	2,007.00	0.00	0.00%	(2,007.00)
28-000-4850 Late Fees	705.68	0.00	705.68	2,772.82	0.00	0.00%	(2,772.82)
<b>Revenue Totals</b>	<b>36,248.02</b>	<b>16,666.67</b>	<b>19,581.35</b>	<b>247,979.02</b>	<b>200,000.00</b>	<b>123.99%</b>	<b>(47,979.02)</b>

City of Gunter  
Financial Statement  
As of May 31, 2026

6/11/2026 4:11 PM

Revenue Totals	<u>36,248.02</u>	<u>16,666.67</u>	<u>19,581.35</u>	<u>247,979.02</u>	<u>200,000.00</u>	<u>123.99%</u>	<u>(47,979.02)</u>
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<b>28 - Solid Waste Fund Solid Waste Collection</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Contractual Services	37,298.69	18,733.33	18,565.36	183,720.11	224,800.00	81.73%	41,079.89
Miscellaneous	1,665.10	0.00	1,665.10	6,132.86	0.00	0.00%	(6,132.86)
<b>Solid Waste Collection Totals</b>	<u>38,963.79</u>	<u>18,733.33</u>	<u>20,230.46</u>	<u>189,852.97</u>	<u>224,800.00</u>	<u>84.45%</u>	<u>34,947.03</u>
<b>Expense Total</b>	<u>38,963.79</u>	<u>18,733.33</u>	<u>20,230.46</u>	<u>189,852.97</u>	<u>224,800.00</u>	<u>84.45%</u>	<u>34,947.03</u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>28 - Solid Waste Fund Solid Waste Collection</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
28-870-6390 Solid Waste Service Fees	37,298.69	18,733.33	18,565.36	183,720.11	224,800.00	81.73%	41,079.89
28-870-6900 Misc Expense	1,665.10	0.00	1,665.10	6,132.86	0.00	0.00%	(6,132.86)
Solid Waste Collection Totals	<u>38,963.79</u>	<u>18,733.33</u>	<u>20,230.46</u>	<u>189,852.97</u>	<u>224,800.00</u>	<u>84.45%</u>	<u>34,947.03</u>
Expense Totals	<u>38,963.79</u>	<u>18,733.33</u>	<u>20,230.46</u>	<u>189,852.97</u>	<u>224,800.00</u>	<u>84.45%</u>	<u>34,947.03</u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>30 - Gunter Municipal Development District</b>	<b>Current Month Actual</b>	<b>Current Month Budget</b>	<b>Budget Variance</b>	<b>YTD Actual</b>	<b>Annual Budget</b>	<b>% of Budget</b>	<b>Budget Remaining</b>
<b>Revenue Summary</b>							
Sales Taxes	53,280.24	24,230.40	29,049.84	542,057.07	290,764.78	186.42%	(251,292.29)
Grants & Intergovernmental	0.00	6,639.58	(6,639.58)	0.00	79,674.99	0.00%	79,674.99
Interest Income	0.00	2,438.91	(2,438.91)	40,175.57	29,266.88	137.27%	(10,908.69)
Revenue Totals	<u>53,280.24</u>	<u>33,308.89</u>	<u>19,971.35</u>	<u>582,232.64</u>	<u>399,706.65</u>	<u>145.66%</u>	<u>(182,525.99)</u>
<b>Expense Summary</b>							
Personnel Services	0.00	3,750.00	(3,750.00)	0.00	45,000.00	0.00%	45,000.00
Travel & Training	0.00	233.34	(233.34)	0.00	2,800.00	0.00%	2,800.00
Supplies & Materials	52.35	858.33	(805.98)	352.35	10,300.00	3.42%	9,947.65
Contractual Services	1,155.00	31,716.66	(30,561.66)	81,105.00	380,600.00	21.31%	299,495.00
Economic Development	0.00	29,911.17	(29,911.17)	665,924.30	358,934.00	185.53%	(306,990.30)
Miscellaneous	0.00	666.67	(666.67)	0.00	8,000.00	0.00%	8,000.00
Expense Totals	<u>1,207.35</u>	<u>67,136.17</u>	<u>(65,928.82)</u>	<u>747,381.65</u>	<u>805,634.00</u>	<u>92.77%</u>	<u>58,252.35</u>

<b>30 - Gunter Municipal Development Dis</b>	Current	Current	Budget	YTD	Annual	% Budget	Budget
<b>Revenue</b>	Month Actual	Month Budget	Variance	Actual	Budget	Used	Remaining
Grants & Intergovernmental	0.00	6,639.58	(6,639.58)	0.00	79,674.99	0.00%	79,674.99
Interest Income	0.00	2,438.91	(2,438.91)	40,175.57	29,266.88	137.27%	(10,908.69)
Sales Taxes	53,280.24	24,230.40	29,049.84	542,057.07	290,764.78	186.42%	(251,292.29)
<b>Revenue Totals</b>	<u>53,280.24</u>	<u>33,308.89</u>	<u>19,971.35</u>	<u>582,232.64</u>	<u>399,706.65</u>	<u>145.66%</u>	<u>(182,525.99)</u>
<b>Revenue Total</b>	<u><u>53,280.24</u></u>	<u><u>33,308.89</u></u>	<u><u>19,971.35</u></u>	<u><u>582,232.64</u></u>	<u><u>399,706.65</u></u>	<u><u>145.66%</u></u>	<u><u>(182,525.99)</u></u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>30 - Gunter Municipal Development Di Revenue</b>	<b>Current Month Actual</b>	<b>Current Month Budget</b>	<b>Budget Variance</b>	<b>YTD Actual</b>	<b>Annual Budget</b>	<b>% Budget Used</b>	<b>Budget Remaining</b>
30-000-4100 Sales Tax	53,280.24	24,230.40	29,049.84	542,057.07	290,764.78	186.42%	(251,292.29)
30-000-4510 Grants - USDA	0.00	6,639.58	(6,639.58)	0.00	79,674.99	0.00%	79,674.99
30-000-4800 Interest Income	0.00	2,438.91	(2,438.91)	40,175.57	29,266.88	137.27%	(10,908.69)
Revenue Totals	<u>53,280.24</u>	<u>33,308.89</u>	<u>19,971.35</u>	<u>582,232.64</u>	<u>399,706.65</u>	<u>145.66%</u>	<u>(182,525.99)</u>

City of Gunter  
Financial Statement  
As of May 31, 2026

6/11/2026 4:11 PM

Revenue Totals	<u>53,280.24</u>	<u>33,308.89</u>	<u>19,971.35</u>	<u>582,232.64</u>	<u>399,706.65</u>	<u>145.66%</u>	<u>(182,525.99)</u>
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<b>30 - Gunter Municipal Development Dis Development</b>	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
Contractual Services	1,155.00	31,716.66	(30,561.66)	81,105.00	380,600.00	21.31%	299,495.00
Economic Development	0.00	29,911.17	(29,911.17)	665,924.30	358,934.00	185.53%	(306,990.30)
Miscellaneous	0.00	666.67	(666.67)	0.00	8,000.00	0.00%	8,000.00
Personnel Services	0.00	3,750.00	(3,750.00)	0.00	45,000.00	0.00%	45,000.00
Supplies & Materials	52.35	858.33	(805.98)	352.35	10,300.00	3.42%	9,947.65
Travel & Training	0.00	233.34	(233.34)	0.00	2,800.00	0.00%	2,800.00
<b>Development Totals</b>	<u>1,207.35</u>	<u>67,136.17</u>	<u>(65,928.82)</u>	<u>747,381.65</u>	<u>805,634.00</u>	<u>92.77%</u>	<u>58,252.35</u>
<b>Expense Total</b>	<u>1,207.35</u>	<u>67,136.17</u>	<u>(65,928.82)</u>	<u>747,381.65</u>	<u>805,634.00</u>	<u>92.77%</u>	<u>58,252.35</u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

30 - Gunter Municipal Development Di Development	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
30-600-6100 Salaries	0.00	3,750.00	(3,750.00)	0.00	45,000.00	0.00%	45,000.00
30-600-6140 Training	0.00	166.67	(166.67)	0.00	2,000.00	0.00%	2,000.00
30-600-6150 Travel & Mileage	0.00	66.67	(66.67)	0.00	800.00	0.00%	800.00
30-600-6200 Supplies	0.00	16.67	(16.67)	300.00	200.00	150.00%	(100.00)
30-600-6220 Postage	0.00	8.33	(8.33)	0.00	100.00	0.00%	100.00
30-600-6290 Miscellaneous Supplies	52.35	833.33	(780.98)	52.35	10,000.00	0.52%	9,947.65
30-600-6310 Attorneys	1,155.00	833.33	321.67	10,685.00	10,000.00	106.85%	(685.00)
30-600-6320 Auditing Services	0.00	125.00	(125.00)	0.00	1,500.00	0.00%	1,500.00
30-600-6330 Professional Services	0.00	833.33	(833.33)	70,420.00	10,000.00	704.20%	(60,420.00)
30-600-6338 IT Services & Software	0.00	125.00	(125.00)	0.00	1,500.00	0.00%	1,500.00
30-600-6360 Dues & Subscriptions	0.00	50.00	(50.00)	0.00	600.00	0.00%	600.00
30-600-6364 Advertising	0.00	416.67	(416.67)	0.00	5,000.00	0.00%	5,000.00
30-600-6705 Development Payments	0.00	29,911.17	(29,911.17)	665,924.30	358,934.00	185.53%	(306,990.30)
30-600-6900 Misc Expense	0.00	666.67	(666.67)	0.00	8,000.00	0.00%	8,000.00
30-600-6905 Optic Fiber	0.00	4,583.33	(4,583.33)	0.00	55,000.00	0.00%	55,000.00
30-600-6915 Drainage Study	0.00	24,750.00	(24,750.00)	0.00	297,000.00	0.00%	297,000.00
Development Totals	<u>1,207.35</u>	<u>67,136.17</u>	<u>(65,928.82)</u>	<u>747,381.65</u>	<u>805,634.00</u>	<u>92.77%</u>	<u>58,252.35</u>
Expense Totals	<u>1,207.35</u>	<u>67,136.17</u>	<u>(65,928.82)</u>	<u>747,381.65</u>	<u>805,634.00</u>	<u>92.77%</u>	<u>58,252.35</u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

<b>34 - Street Maintenance Fund</b>	<b>Current Month Actual</b>	<b>Current Month Budget</b>	<b>Budget Variance</b>	<b>YTD Actual</b>	<b>Annual Budget</b>	<b>% of Budget</b>	<b>Budget Remaining</b>
<b>Revenue Summary</b>							
Sales Taxes	18,792.34	29,987.67	(11,195.33)	205,850.85	359,852.00	57.20%	154,001.15
Interest Income	0.00	150.00	(150.00)	5,136.33	1,800.00	285.35%	(3,336.33)
Revenue Totals	<u>18,792.34</u>	<u>30,137.67</u>	<u>(11,345.33)</u>	<u>210,987.18</u>	<u>361,652.00</u>	<u>58.34%</u>	<u>150,664.82</u>
<b>Expense Summary</b>							
Personnel Services	0.00	0.00	0.00	37,659.32	0.00	0.00%	(37,659.32)
Travel & Training	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
Supplies & Materials	300.02	3,343.83	(3,043.81)	13,288.86	40,126.00	33.12%	26,837.14
Contractual Services	22,971.23	20,812.50	2,158.73	83,062.37	249,750.00	33.26%	166,687.63
Rents & Leases	0.00	833.33	(833.33)	0.00	10,000.00	0.00%	10,000.00
Maintenance & Repairs	5,527.80	32,041.67	(26,513.87)	121,691.11	384,500.00	31.65%	262,808.89
Utilities	3,529.33	3,150.00	379.33	26,702.06	37,800.00	70.64%	11,097.94
Miscellaneous	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
Capital Outlay	23,434.80	2,083.33	21,351.47	23,434.80	25,000.00	93.74%	1,565.20
Expense Totals	<u>55,763.18</u>	<u>62,431.32</u>	<u>(6,668.14)</u>	<u>305,838.52</u>	<u>749,176.00</u>	<u>40.82%</u>	<u>443,337.48</u>

<b>34 - Street Maintenance Fund</b>	Current	Current	Budget	YTD	Annual	% Budget	Budget
<b>Revenue</b>	Month Actual	Month Budget	Variance	Actual	Budget	Used	Remaining
Interest Income	0.00	150.00	(150.00)	5,136.33	1,800.00	285.35%	(3,336.33)
Sales Taxes	18,792.34	29,987.67	(11,195.33)	205,850.85	359,852.00	57.20%	154,001.15
<b>Revenue Totals</b>	<u>18,792.34</u>	<u>30,137.67</u>	<u>(11,345.33)</u>	<u>210,987.18</u>	<u>361,652.00</u>	<u>58.34%</u>	<u>150,664.82</u>
<b>Revenue Total</b>	<u>18,792.34</u>	<u>30,137.67</u>	<u>(11,345.33)</u>	<u>210,987.18</u>	<u>361,652.00</u>	<u>58.34%</u>	<u>150,664.82</u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

34 - Street Maintenance Fund Revenue	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
34-000-4100 Sales Tax	18,792.34	29,987.67	(11,195.33)	205,850.85	359,852.00	57.20%	154,001.15
34-000-4800 Interest Income	0.00	150.00	(150.00)	5,136.33	1,800.00	285.35%	(3,336.33)
Revenue Totals	<u>18,792.34</u>	<u>30,137.67</u>	<u>(11,345.33)</u>	<u>210,987.18</u>	<u>361,652.00</u>	<u>58.34%</u>	<u>150,664.82</u>

City of Gunter  
Financial Statement  
As of May 31, 2026

Revenue Totals	<u>18,792.34</u>	<u>30,137.67</u>	<u>(11,345.33)</u>	<u>210,987.18</u>	<u>361,652.00</u>	<u>58.34%</u>	<u>150,664.82</u>
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<b>34 - Street Maintenance Fund</b>	Current	Current	Budget	YTD	Annual	% Budget	Budget
<b>Streets</b>	Month Actual	Month Budget	Variance	Actual	Budget	Used	Remaining
Capital Outlay	23,434.80	2,083.33	21,351.47	23,434.80	25,000.00	93.74%	1,565.20
Contractual Services	22,971.23	20,812.50	2,158.73	83,062.37	249,750.00	33.26%	166,687.63
Maintenance & Repairs	5,527.80	32,041.67	(26,513.87)	121,691.11	384,500.00	31.65%	262,808.89
Miscellaneous	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
Personnel Services	0.00	0.00	0.00	37,659.32	0.00	0.00%	(37,659.32)
Rents & Leases	0.00	833.33	(833.33)	0.00	10,000.00	0.00%	10,000.00
Supplies & Materials	300.02	3,343.83	(3,043.81)	13,288.86	40,126.00	33.12%	26,837.14
Travel & Training	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
Utilities	3,529.33	3,150.00	379.33	26,702.06	37,800.00	70.64%	11,097.94
<b>Streets Totals</b>	<u>55,763.18</u>	<u>62,431.32</u>	<u>(6,668.14)</u>	<u>305,838.52</u>	<u>749,176.00</u>	<u>40.82%</u>	<u>443,337.48</u>
<b>Expense Total</b>	<u>55,763.18</u>	<u>62,431.32</u>	<u>(6,668.14)</u>	<u>305,838.52</u>	<u>749,176.00</u>	<u>40.82%</u>	<u>443,337.48</u>

City of Gunter  
 Financial Statement  
 As of May 31, 2026

6/11/2026 4:11 PM

34 - Street Maintenance Fund Streets	Current Month Actual	Current Month Budget	Budget Variance	YTD Actual	Annual Budget	% Budget Used	Budget Remaining
34-720-6100 Salaries	0.00	0.00	0.00	32,728.71	0.00	0.00%	(32,728.71)
34-720-6110 Payroll Taxes	0.00	0.00	0.00	2,505.73	0.00	0.00%	(2,505.73)
34-720-6120 Health Insurance	0.00	0.00	0.00	2,424.88	0.00	0.00%	(2,424.88)
34-720-6140 Training	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
34-720-6205 Materials	36.96	1,833.33	(1,796.37)	1,329.07	22,000.00	6.04%	20,670.93
34-720-6230 Street Signs	0.00	1,363.00	(1,363.00)	9,120.90	16,356.00	55.76%	7,235.10
34-720-6250 Uniforms	222.60	147.50	75.10	2,399.60	1,770.00	135.57%	(629.60)
34-720-6255 Equipment	40.46	0.00	40.46	439.29	0.00	0.00%	(439.29)
34-720-6330 Professional Services	19,059.79	14,187.50	4,872.29	61,050.89	170,250.00	35.86%	109,199.11
34-720-6332 Contract Services	3,890.20	6,250.00	(2,359.80)	21,862.80	75,000.00	29.15%	53,137.20
34-720-6338 IT Services & Software	21.24	375.00	(353.76)	148.68	4,500.00	3.30%	4,351.32
34-720-6410 Rental/Lease - Equipment	0.00	833.33	(833.33)	0.00	10,000.00	0.00%	10,000.00
34-720-6500 Maintenance & Repairs	0.00	416.67	(416.67)	148.56	5,000.00	2.97%	4,851.44
34-720-6510 Maintenance & Repairs -	4,390.06	30,416.67	(26,026.61)	119,799.87	365,000.00	32.82%	245,200.13
34-720-6520 Maintenance & Repairs -	949.10	1,000.00	(50.90)	1,309.63	12,000.00	10.91%	10,690.37
34-720-6530 Maintenance & Repairs -	188.64	208.33	(19.69)	433.05	2,500.00	17.32%	2,066.95
34-720-6605 Street Lights & Guard Lights	3,307.44	2,975.00	332.44	25,256.81	35,700.00	70.75%	10,443.19
34-720-6630 Telephones - Mobile	221.89	175.00	46.89	1,445.25	2,100.00	68.82%	654.75
34-720-6900 Misc Expense	0.00	83.33	(83.33)	0.00	1,000.00	0.00%	1,000.00
34-720-7100 Capital Outlay - Equipment	23,434.80	2,083.33	21,351.47	23,434.80	25,000.00	93.74%	1,565.20
Streets Totals	55,763.18	62,431.32	(6,668.14)	305,838.52	749,176.00	40.82%	443,337.48
Expense Totals	55,763.18	62,431.32	(6,668.14)	305,838.52	749,176.00	40.82%	443,337.48

**GUNTER POLICE DEPARTMENT**  
**MONTHLY REPORT**  
**May 2026**



**I. Introduction**

This report provides an overview of the Gunter Police Department's activities and statistics for the month of May 2026.

**II. Activity**

Category	May 2026	April 2026	Year-to-Date
Calls for Service/Events	85	72	432
Citations/Warnings	106	81	606
Traffic Accident Reports	3	6	21
Arrests	7	2	27

**III. Arrests**

- 7 Total
  - 2-DUI Arrests
  - 1-Family Disturbance Arrest
  - 1-Health/Safety
  - 1-Controlled Substance
  - 1-Smuggling

**IV. Community Events**

- The Gunter Police Department would like to congratulate the Gunter ISD and the graduating class of 2026 on a successful graduation.

**V. Personnel Highlights.**

- While proactively enforcing state laws, the Gunter Police Department conducted a routine traffic stop in May that yielded a felony seizure of illegal narcotics, dangerous drugs, and controlled substances.
- The city council recently approved the Gunter Police Department's request to move forward with the application process for two state-funded grants during the 2027 fiscal year.

**VI. Updates**

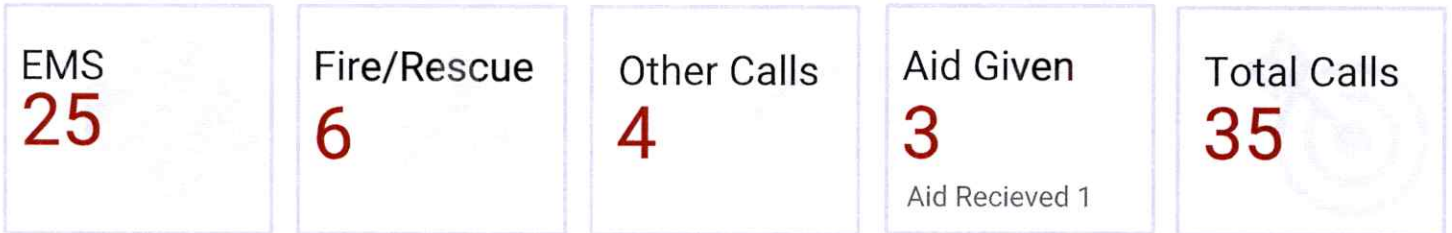
- The Gunter Police Department continues to partner with the Gunter Fire Department, the City of Gunter, the Gunter Chamber of Commerce, and the Gunter ISD to plan and prep for the Fireworks in the Park to honor and celebrate 250 years of independence and freedom.

# Monthly Report

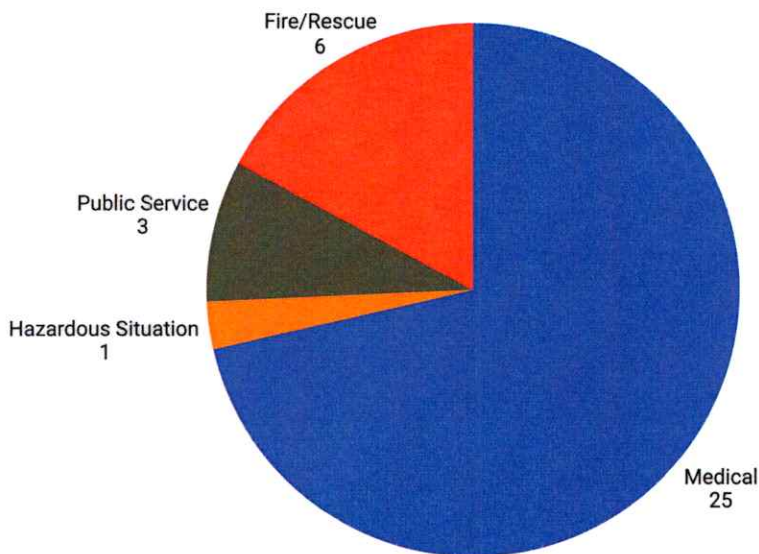
## Gunter Volunteer Fire Rescue

May 2026

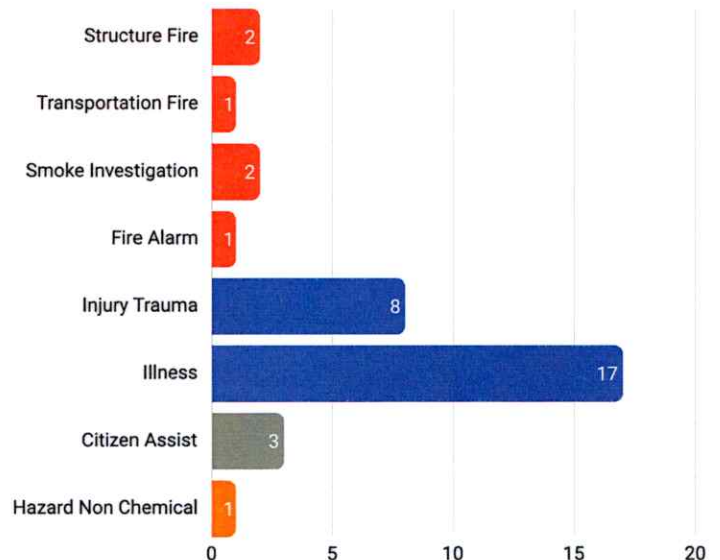
### KEY METRICS



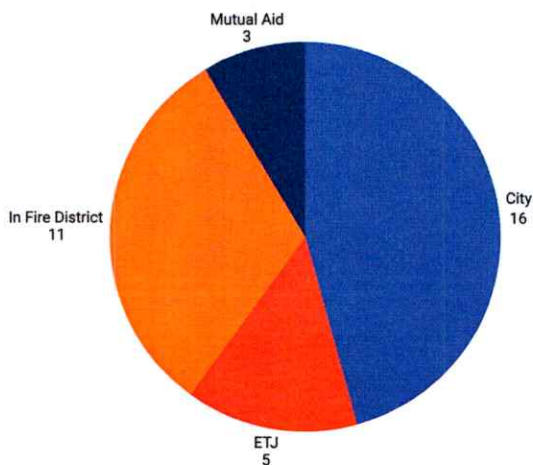
### PRIMARY INCIDENT TYPES



### SUBCATEGORY INCIDENT TYPES

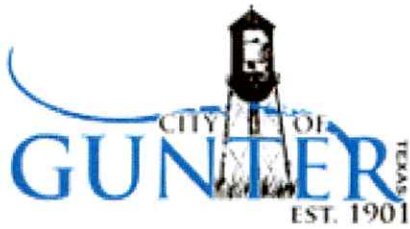


### INCIDENT DISTRICTS



### HIGHLIGHTS

- **Mutual Aid** – Working structure fire Sherman
- **Training** – Search and rescue techniques and hands-on SCBA visibility reduction
- **Station Ops** - Back to normal ops with adjusted bedroom configurations
- **Apparatus** - Engine 1591 was in the shop most of May and is back from repairs.
- **Car Fire** - On HWY 289 in BNSF right-of-way, the train had to be shut down for approximately 30 minutes



# CODE COMPLIANCE Performance Report

May 2026

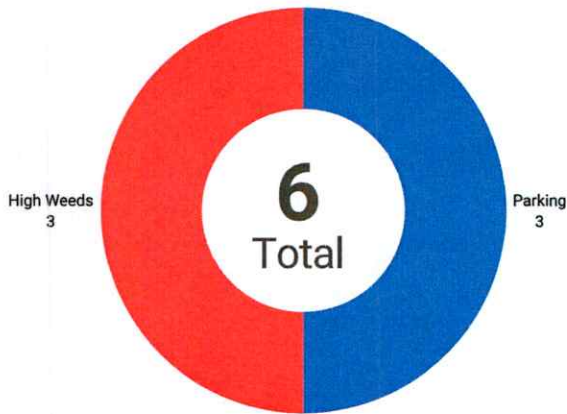
## KEY METRICS



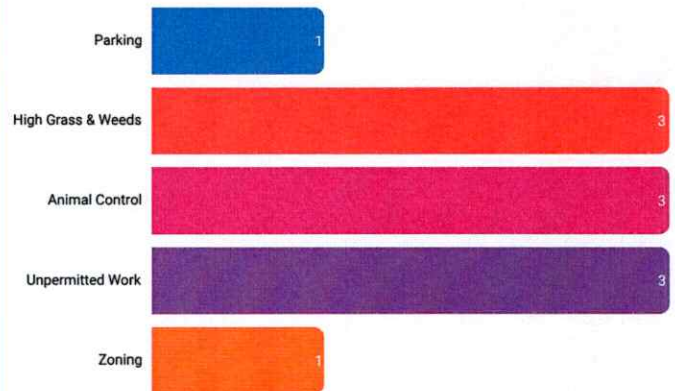
## HIGHLIGHTS

May saw steady enforcement activity with 13 inspections conducted and 11 new cases filed. 9 cases were closed, maintaining momentum on case resolution. High Grass & Weeds and Parking violations remain the top violation categories, with 6 cases currently in progress.

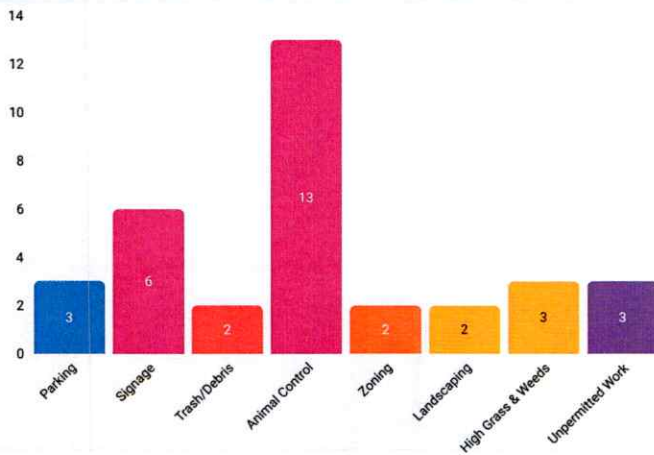
### IN PROGRESS BY CASE TYPE



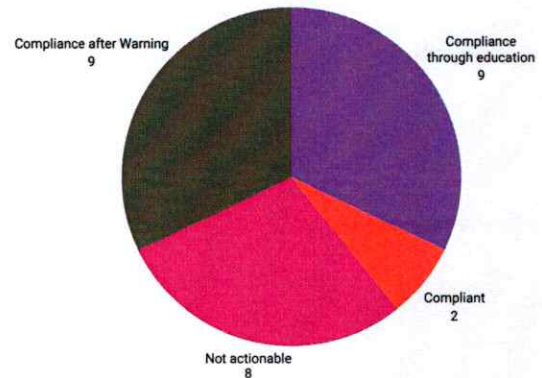
### NEW CASES



### 2026 VIOLATION CATEGORIES



### 2026 CASE DISPOSITIONS





CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #6**

**PUBLIC HEARING**

**Public Comments:** To hear testimony regarding an ordinance accepting and approving a service and assessment plan and assessment roll for the Bridges Phase 1B Public Improvement District and levying special assessments against property within the District.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**

**CITY OF GUNTER, TEXAS  
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN THAT a public hearing will be conducted by the City Council of the City of Gunter, Texas on June 18, 2026, at or after 6:00 p.m. at the Gunter City Council Chambers, 105 North 4<sup>th</sup> Street, Gunter, Texas 75058. The public hearing will be held to consider proposed assessments to be levied against the assessable property within the Bridges Phase 1B Public Improvement District (the "District") pursuant to the provisions of Chapter 372 of the Texas Local Government Code, as amended.

The general nature of the proposed public improvements benefitting the District to be undertaken at this time (the "Public Improvements") include: water improvements, sanitary sewer improvements, storm drainage improvements, roadway improvements, acquisition of real property in connection with such improvements, related soft and miscellaneous costs, and district formation costs. The current estimated costs of the Public Improvements are approximately \$5,606,282.

The total cost of the Public Improvements, plus the costs of establishing, administering and operating the District and issuing related bonds, including debt service reserve funds, capitalized interest and other costs of issuance (collectively, the "Authorized Improvements") is expected to be approximately \$7,000,000. The exact amount will be provided in the approved service and assessment plan.

The boundaries of the District include approximately 40.65 acres of land generally located southeast of the intersection of Bearpath Way and the Bridges Parkway, and within the corporate boundaries of the City, as more particularly described by a metes and bounds description available at Gunter City Hall located at 105 N. 4<sup>th</sup> Street, Gunter, Texas 75058 and available for public inspection.

All written or oral objections on the proposed assessments within the District will be considered at the public hearing.

A copy of the proposed Assessment Roll, which includes the assessments proposed to be levied against each parcel of land within the District that benefits from the Authorized Improvements, is available for public inspection at the office of the City Secretary at Gunter City Hall, 105 North 4th Street, Gunter, Texas 75058.



**CITY COUNCIL MEETING**  
**June 18, 2026**  
**6:00 PM**

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**AGENDA ITEM #7**

Discuss, consider, and act upon an **Ordinance** accepting and approving a service and assessment plan and assessment roll for the Bridges Phase 1B Public Improvement District; making a finding of special benefit to the property within the District; levying special assessments against property within the District and establishing a lien on such property; providing for the method of assessment and the payment of the assessments in accordance with Chapter 372, Texas Local Government Code, as amended; providing penalties and interest on delinquent assessments; providing for severability; and providing an effective date.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

Eric Wilhite, Director of Planning & Development

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**

CITY OF GUNTER, TEXAS

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GUNTER, TEXAS ACCEPTING AND APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR THE BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT; MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY WITHIN THE DISTRICT; LEVYING SPECIAL ASSESSMENTS AGAINST PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE ASSESSMENTS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED; PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, a petition was submitted and filed with the City Secretary (the "City Secretary") of the City of Gunter, Texas (the "City") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "PID Act"), requesting the creation of a public improvement district consisting of certain property located within the corporate limits of the City; and

**WHEREAS**, the petition contained the signatures of the owners of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the proposed district, as determined by the then current ad valorem tax rolls of the Grayson Central Appraisal District, and the signatures of the record owners of taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the proposed district; and

**WHEREAS**, on April 2, 2026, after due notice, the City Council of the City (the "City Council") held a public hearing in the manner required by law on the advisability of the public improvements and services described in the petition as required by Section 372.009 of the PID Act and made the findings required by Section 372.009(b) of the PID Act and, by resolution (the "Authorization Resolution") adopted by a majority of the members of the City Council, authorized and created the Bridges Phase 1B Public Improvement District (the "District") in accordance with its findings as to the advisability of the Authorized Improvements (as defined in the Service and Assessment Plan (defined herein)); and

**WHEREAS**, on April 7, 2026, the City Secretary filed a copy of the Authorization Resolution with the county clerk of each county in which all or a part of the District is located in accordance with the provisions of the PID Act; and

**WHEREAS**, no written protests regarding the creation of the District from any owners of record of property within the District were filed with the City Secretary; and

**WHEREAS**, on May 21, 2026, the City Council adopted a resolution approving a preliminary service and assessment plan, including a proposed assessment roll for the District;

calling for a public hearing to consider an ordinance levying assessments on property within the District (the "Assessments"); authorizing and directing the City Secretary of the City to file the proposed assessment roll for the District and make such assessment roll available for public inspection; authorizing and directing the publication of notice of a public hearing to consider the levying of the Assessments against the property within the District (the "Levy and Assessment Hearing"); authorizing and directing the mailing of notice of the Levy and Assessment Hearing to owners of property liable for assessment; and directing related action; and

**WHEREAS**, the City Secretary filed the Assessment Roll (defined below) and made the same available for public inspection; and

**WHEREAS**, the City Secretary, pursuant to Section 372.016(b) of the PID Act, published or caused the publication of the notice of the Levy and Assessment Hearing on May 30, 2026 in the *Herald Democrat*, a newspaper of general circulation in the City; and

**WHEREAS**, the City Secretary, pursuant to Section 372.016(c) of the PID Act, mailed or caused the mailing of the notice of the Levy and Assessment Hearing to the last known addresses of the owners of the property liable for the Assessments; and

**WHEREAS**, the City Council opened the Levy and Assessment Hearing on June 18, 2026, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the estimated costs of the improvements to be undertaken for the benefit of the Assessed Property (as defined in the Service and Assessment Plan) (the "Authorized Improvements"), the purposes of the Assessments, the special benefits of the Authorized Improvements, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

**WHEREAS**, the City Council finds and determines that the Assessment Roll and the Bridges Phase 1B Public Improvement District Service and Assessment Plan, dated June 18, 2026, in a form substantially similar to the attached *Exhibit A* (as updated, the "Service and Assessment Plan"), and which is incorporated herein for all purposes, should be approved and that the Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan and the assessment roll attached thereto as Exhibit F-1 (the "Assessment Roll"); and

**WHEREAS**, the City Council further finds that there were no objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the estimated costs of the Authorized Improvements (as described in the Service and Assessment Plan), the Assessment Roll, or the levy of the Assessments against the Assessed Property; and

**WHEREAS**, the owners (the "Landowners"), or their representatives, of all of the taxable property located within the District, who are the persons to be assessed pursuant to this Ordinance, have indicated their approval and acceptance of the Service and Assessment Plan,

the Assessment Roll, this Ordinance, and the levy of the Assessments against their property located within the District; and

**WHEREAS**, the City Council closed the Levy and Assessment Hearing, and, after considering all written and documentary evidence presented at the Levy and Assessment Hearing, including all written comments and statements filed with the City, determined to proceed with the adoption of this Ordinance in conformity with the requirements of the PID Act.

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GUNTER, TEXAS:**

**Section 1. Terms.**

Terms not otherwise defined herein are defined in the Service and Assessment Plan.

**Section 2. Findings.**

The findings and determinations set forth in the preambles hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section. The City Council hereby finds, determines, and ordains, as follows:

(a) The apportionment of the estimated costs of the Authorized Improvements (as reflected in the Service and Assessment Plan) is fair and reasonable, reflects an accurate presentation of the special benefit each assessed parcel of Assessed Property will receive from the Authorized Improvements identified in the Service and Assessment Plan, and is hereby approved;

(b) The Service and Assessment Plan (i) covers a period of at least five years, (ii) defines the annual indebtedness and projected costs for the Authorized Improvements, and (iii) includes a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended;

(c) The Service and Assessment Plan apportions the estimated costs of the Authorized Improvements to be assessed against the Assessed Property as Assessments and such apportionment is made on the basis of special benefits accruing to the Assessed Property because of the Authorized Improvements;

(d) All of the real property in the District which is being assessed in the amounts shown in the Assessment Roll will be benefited by the Authorized Improvements as described in the Service and Assessment Plan, and each assessed parcel of Assessed Property will receive special benefits during the term of the Assessments equal to or greater than the total amount assessed;

(e) The method of apportionment of the estimated costs of the Authorized Improvements set forth in the Service and Assessment Plan results in imposing equal shares of the estimated costs of the Authorized Improvements on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the estimated costs;

(f) The Service and Assessment Plan should be approved as the service plan and assessment plan for the District as described in Sections 372.013 and 372.014 of the PID Act;

(g) The Assessment Roll should be approved as the assessment roll for the Assessed Property within the District;

(h) The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Assessments, interest on Annual Installments, interest and penalties on delinquent Assessments and delinquent Annual Installments, and procedures in connection with the imposition and collection of the Assessments should be approved and will expedite collection of the Assessments in a timely manner in order to provide the services and improvements needed and required for the District; and

(i) A written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof have been discussed, considered, and formally acted upon.

**Section 3. Service and Assessment Plan.**

The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the PID Act as the service plan and the assessment plan for the District.

**Section 4. Assessment Roll.**

The Assessment Roll is hereby accepted and approved pursuant to Section 372.016 of the PID Act as the assessment roll for the District.

**Section 5. Levy and Payment of Assessments for Estimated Costs of the Authorized Improvements.**

(a) The City Council hereby levies an assessment on each parcel of Assessed Property, as shown and described in the Service and Assessment Plan and the Assessment Roll, in the respective amounts shown on the Assessment Roll, as a special assessment on the properties set forth in the Assessment Roll.

(b) The levy of the Assessments shall be effective on the date of the adoption of this Ordinance levying the Assessments and strictly in accordance with the terms of the Service and Assessment Plan and the PID Act.

(c) The collection of the Assessments shall be as described in the Service and Assessment Plan and the PID Act.

(d) Each Assessment may be paid in a lump sum at any time or may be paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

(e) Each Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.

(f) Each Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.

(g) The Annual Collection Costs for Assessed Property shall be calculated and collected pursuant to the terms of the Service and Assessment Plan.

**Section 6. Method of Assessment.**

The method of apportioning the estimated costs of the Authorized Improvements are set forth in the Service and Assessment Plan.

**Section 7. Penalties and Interest on Delinquent Assessments.**

Delinquent Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan and as allowed by law.

**Section 8. Prepayments of Assessments.**

As provided in Section VI of the Service and Assessment Plan, the owner of any Assessed Property subject to an Assessment may prepay the Assessments levied by this Ordinance.

**Section 9. Lien Priority.**

The City Council and the Landowners intend for the obligations, covenants and burdens on the Landowners of each parcel of Assessed Property, including without limitation such Landowners' obligations related to payment of the Assessments and the Annual Installments thereof, to constitute covenants that shall run with the land. The Assessments and the Annual Installments thereof which are levied hereby shall be binding upon the Landowners, as the owners of each parcel of Assessed Property, and their respective transferees, legal representatives, heirs, devisees, successors and assigns in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. The Assessments shall have lien priority as specified in the Service and Assessment Plan and the PID Act.

**Section 10. Appointment of Administrator and Collector of Assessments.**

(a) Appointment of Administrator.

P3Works, LLC, is hereby appointed and designated to initially serve, or until otherwise determined by the City Council, as the Administrator of the Service and Assessment Plan and of the Assessments levied by this Ordinance. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator's fees, charges and expenses for providing such service shall constitute an Annual Collection Cost.

(b) Appointment of Collector.

The Grayson County Tax Assessor-Collector is hereby appointed and designated as the collector of the Assessments.

**Section 11. Applicability of Tax Code.**

To the extent not inconsistent with this Ordinance, and not inconsistent with the PID Act or the other laws governing public improvement districts, the provisions of the Texas Tax Code shall be applicable to the imposition and collection of the Assessments by the City.

**Section 12. Filing in Real Property Records.**

The City Secretary is directed to cause a copy of this Ordinance, including the Service and Assessment Plan and the Assessment Roll, to be recorded in the real property records of Grayson County, not later than the seventh day after the date the City Council adopts this Ordinance approving the Service and Assessment Plan. The City Secretary is further directed to similarly file each Annual Service Plan Update approved by the City Council not later than the seventh day after the date that the City Council approves each Annual Service Plan Update.

**Section 13. Posting on City Website.**

The City Secretary is directed to post a copy of the Service and Assessment Plan, including a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, on the internet website maintained or used by the City for the purposes of Section 26.18, Texas Tax Code, as amended, not later than the seventh day after the date the City Council adopts the Service and Assessment Plan. The City Secretary is further directed to similarly post each Annual Service Plan Update approved by the City Council not later than the seventh day after the date that the City Council approves each Annual Service Plan Update.

**Section 14. Submission to Appraisal District.**

The City Secretary is directed to cause a copy of the Assessment Roll, in the format required by Section 372.017(e) of the PID Act, to be submitted to the Grayson Central Appraisal District not later than the seventh day after the date the City Council adopts this Ordinance approving the Service and Assessment Plan

**Section 15. Severability.**

If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of the same to any person or set of circumstances is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council that no portion hereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity or any other portion hereof, and all provisions of this ordinance are declared to be severable for that purpose.

**Section 16. Effective Date.**

This Ordinance shall take effect, and the levy of the Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage hereof.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

**DULY PASSED, APPROVED AND ADOPTED** by the City Council of the City of Gunter, Texas  
this the 18<sup>th</sup> day of June 2026.

**AYES** \_\_\_\_\_

**NAYS** \_\_\_\_\_

**ABSTENTIONS** \_\_\_\_\_

CITY OF GUNTER, TEXAS

\_\_\_\_\_  
Karen Souther, Mayor

ATTEST:

\_\_\_\_\_  
Detra Gaines, City Secretary

(City Seal)

STATE OF TEXAS                   §

COUNTY OF GRAYSON           §  
  §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2026 by  
Karen Souther, Mayor of the City of Gunter, Texas on behalf of said City.

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

(SEAL)

# Bridges Phase 1B Public Improvement District

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SERVICE AND ASSESSMENT PLAN

JUNE 18, 2026



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

## TABLE OF CONTENTS

Table of Contents.....	1
Introduction .....	2
Section I: Definitions .....	0
Section II: The District .....	5
Section III: Authorized Improvements.....	5
Section IV: Service Plan.....	7
Section V: Assessment Plan .....	7
Section VI: Terms of the Assessments.....	10
Section VII: Assessment Roll .....	16
Section VIII: Additional Provisions .....	16
Exhibits.....	19
Appendices.....	20
Exhibit A – Map of the District.....	21
Exhibit B – Project Costs .....	22
Exhibit C – Service Plan .....	23
Exhibit D – Sources and Uses of Funds .....	24
Exhibit E – Maximum Assessment .....	25
Exhibit F-1 – Assessment Roll .....	26
Exhibit F-2 – Annual Installments .....	27
Exhibit G – Maps of Public Improvements.....	28
Exhibit H – Form of Notice of Assessment Termination.....	34
Exhibit I – Debt Service Schedule for Series 2026 Bonds .....	37
Exhibit J – Legal Description.....	38
Appendix A – Engineer’s Report .....	42
Appendix B – Buyer Disclosures.....	61
Bridges Phase 1B Public Improvement District – Initial Parcel Buyer Disclosure.....	62
Bridges Phase 1B Public Improvement District - Lot Type 1 Buyer Disclosure.....	68

## INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section," an "Exhibit," or an "Appendix" shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On April 2, 2026 the City Council passed and approved Resolution No. 2026-04-02-1 authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon approval in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 40.65 acres located within the corporate limits of the City, as described by the legal description on **Exhibit J** and depicted on **Exhibit A**.

The PID Act requires a service plan must (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached as **Appendix B**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an assessment roll that states the Assessment against each Parcel as determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Assessment Roll is included as **Exhibit F-1**.

## SECTION I: DEFINITIONS

**“2026 Assessment Ordinance”** means the Ordinance approved and adopted by the City Council on June 18, 2026, which levied the Assessment against the Assessed Property and approved this Service and Assessment Plan.

**“Actual Costs”** mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer (either directly or through affiliates), including: (1) the costs for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, and architectural, engineering, consulting, and other governmental fees and charges; and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Developer.

**“Additional Interest”** means the amount collected by the application of the Additional Interest Rate.

**“Additional Interest Rate”** means the up to 0.50% additional interest rate that may be charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

**“Administrator”** means the City or independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, any Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

**“Annual Collection Costs”** mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this

Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrars and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

**"Annual Installment"** means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

**"Annual Service Plan Update"** means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

**"Assessed Property"** means any Parcel within the District against which an Assessment is levied.

**"Assessment"** means the assessment levied against the Assessed Property within the District to pay the costs of the Authorized Improvements as specified herein, which Assessment is imposed pursuant to the 2026 Assessment Ordinance and the provisions herein, as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property, consolidation of multiple Assessed Properties, or reduction according to the provisions herein and in the PID Act.

**"Assessment Plan"** means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

**"Assessment Roll"** means the assessment roll for the Assessed Property as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any Annual Service Plan Update. The Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

**"Authorized Improvements"** means the costs and improvements authorized by Section 372.003 of the PID Act, including the Public Improvements, Bond Issuance Costs incurred in connection with the issuance of the Series 2026 Bonds, and first year's Annual Collection Costs related to the Assessments, as described in **Section III**, and as further described on **Exhibit B**.

**"Bond Issuance Costs"** means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter's discount,

underwriter's counsel, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

**"City"** means the City of Gunter, Texas.

**"City Council"** means the governing body of the City.

**"County"** means Grayson County, Texas.

**"Delinquent Collection Costs"** mean costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest.

**"Developer"** means The Bridges Phase 2B, LLC, and any successors or assigns thereof that intend to develop the property in the District for the ultimate purpose of transferring title to end users.

**"District"** means the Bridges Phase 1B Public Improvement District containing approximately 40.65 acres located within the corporate limits of the City, and more specifically described in **Exhibit J** and depicted on **Exhibit A**.

**"District Formation Costs"** means the costs associated with forming the District, including, but not limited to, attorney fees, engineering costs, and any other cost or expense incurred by the City or the Developer directly associated with the establishment of the District.

**"Engineer's Report"** means the report provided by a licensed professional engineer that describes the Public Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

**"Estimated Buildout Value"** means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

**"Indenture"** means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended or supplemented from time to time, setting forth the terms and conditions related to a series of PID Bonds.

**"Initial Parcel"** means all the Assessed Property in the District against which the entire Assessment is levied, as shown on the Assessment Roll.

**“Lot”** means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or filed in the official public records of the County, a tract of land described by “lot” in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or filed in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. lot size, home product, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as provided by the Developer, and confirmed by the City Council, as shown on **Exhibit E**.

**“Lot Type 1”** means a Lot within the District generally marketed to homebuilders as a ¼ acre Lot. The buyer disclosure for Lot Type 1 is attached in **Appendix B**.

**“Maximum Assessment”** means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) for each Lot Type, the amount shown on **Exhibit E**.

**“Mustang SUD”** means Mustang Special Utility District, its successors and assigns.

**“Non-Benefited Property”** means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

**“Notice of Assessment Termination”** means a document that shall be recorded in the official public records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit H**.

**“Parcel”** or **“Parcels”** means a specific property within the District identified by either a tax parcel identification number assigned by the Grayson Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means determined by the City.

**“PID Act”** means Chapter 372, Texas Local Government Code, as amended.

**“PID Bonds”** means any bonds issued by the City in one or more series that are secured by Assessments levied on the Assessed Property within the District, including but not limited to the Series 2026 Bonds.

**“Prepayment”** means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

**“Prepayment Costs”** means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

**“Private Improvements”** means improvements required to be constructed, or caused to be constructed, by the Developer that are not Authorized Improvements. Costs of Private Improvements will not be paid nor reimbursed through the collection of Annual Installments or from the proceeds of PID Bonds.

**“Public Improvements”** means the costs and improvements authorized by Section 372.003 of the PID Act, as described in **Section III.A**, and as further described on **Exhibit B**, and depicted on **Exhibit G**.

**“Series 2026 Bonds”** means those certain “City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project)” that are secured by the Assessments.

**“Service and Assessment Plan”** means this Bridges Phase 1B Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

**“Service Plan”** means the plan described in **Section IV** which covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

**“Trustee”** means the trustee or successor trustee under an Indenture.

## SECTION II: THE DISTRICT

The District includes approximately 40.65 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit J** and depicted on **Exhibit A**. Development of the District is anticipated to include approximately 96 single-family homes that are on Lots classified as Lot Type 1.

## SECTION III: AUTHORIZED IMPROVEMENTS

Based on information in the Engineer's Report provided by the Developer and its engineers and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Public Improvements will be designed and constructed in accordance with the City's or Mustang SUD's standards, regulations, requirements, and specifications and will be owned and operated by the City or Mustang SUD, its successors or assigns, as described below. The budget for the Authorized Improvements is shown on **Exhibit B**.

### A. Public Improvements

#### B. Street

The street improvements consist of construction of local subdivision streets, alley streets, turn lanes, and related paving, pavement markings, signage, and sidewalks which will benefit all the District. All street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

#### ▪ Water

The water improvements consist of distribution facilities. These facilities include water lines, mains, service lines, valves, fire hydrants, as well as related testing, trench safety and erosion protection, necessary to serve the District. The water improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and Mustang SUD standards and specifications and will be owned and operated by Mustang SUD.

#### ▪ Sewer

Sewer improvements consist of gravity collection system improvements including construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the District. The sewer

improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and Mustang SUD standards and specifications and will be owned and operated by Mustang SUD.

- *Drainage*

The drainage improvements consist of HP Storm PP (High-performance polypropylene) pipes, concrete manholes, curb inlets, grate inlets, and headwalls necessary to serve the District. The drainage improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and City standards and specifications and will be owned and operated by the City.

- *District Formation Costs*

District Formation Costs consist of the costs associated with forming the District, including, but not limited to, attorney fees, engineering costs, and any other cost or expense incurred by the City or the Developer directly associated with the establishment of the District.

- *Right-of-Way*

Includes right-of-way dedication required to provide street improvements for all Lots within the District.

- *Soft Costs*

Soft costs consist of costs related to designing, constructing, and installing the improvements of the District including engineering, fees assessed by regulatory agencies, soil and construction testing, topographic and boundary surveys, construction staking, construction management, appraisal fees, and costs associated with financing the improvements to the District.

**C. Bond Issuance Costs**

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on a series of PID Bonds under an applicable Indenture in connection with the issuance of such PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds. Includes the fee of counsel to the Underwriter.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

**D. Other Costs**

- *Deposit to Administrative Fund*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

**SECTION IV: SERVICE PLAN**

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosure for the District. The buyer disclosures are attached hereto as **Appendix B**.

**Exhibit D** summarizes the sources and uses of funds required to construct the Authorized Improvements and Private Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update to show the amount required to fund the Authorized Improvements and Private Improvements.

**SECTION V: ASSESSMENT PLAN**

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot;

(2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, and all future owners and developers of the Assessed Property.

#### **A. Assessment Methodology**

Acting in its legislative capacity and based on information provided by the Developer and their engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs of the Authorized Improvements shall be allocated entirely to the Initial Parcel. Upon subdivision of an Assessed Property, the Actual Costs of the Authorized Improvements shall be reallocated based on Estimated Buildout Value as further described in **Section VI**.

#### **B. Assessments**

Assessments will be levied on the Assessed Property according to the Assessment Roll, attached hereto as **Exhibit F-1**. The projected Annual Installments are shown on **Exhibit F-2**, subject to revisions made during any Annual Service Plan Update. Upon division or subdivision of the Initial Parcel, the Assessments will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Lot Type 1 exceed the corresponding Maximum Assessment for each Lot classification.

### **C. Findings of Special Benefit**

Acting in its legislative capacity and based on information provided by the Developer and their engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- The costs of the Authorized Improvements equals \$6,962,477, as shown on **Exhibit B**; and
- The Assessed Property receives special benefit from the Authorized Improvements equal to or greater than the Actual Cost of the Authorized Improvements; and
- The Assessed Property will be collectively allocated 100% of the Assessment levied for the Authorized Improvements which equals \$6,398,000, as shown on the Assessment Roll attached hereto as **Exhibit F-1**; and
- The special benefit ( $\geq$  \$6,962,477) received by the Assessed Property from the Authorized Improvements is equal to or greater than the amount of the Assessment (\$6,398,000) levied on the Assessed Property for the Authorized Improvements; and
- At the time the City Council approved this Service and Assessment Plan, the Developer owned 100% of the Assessed Property. The Developer acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and consented to the imposition of the Assessment to pay for the Actual Costs associated therewith. The Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the 2026 Assessment Ordinance; (2) the Service and Assessment Plan and the 2026 Assessment Ordinance; and (3) the levying of the Assessment on the Assessed Property.

### **D. Annual Collection Costs**

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

## E. Additional Interest

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

## SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this **Section VI** shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

### A. Reallocation of Assessments

#### 1. *Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

D = the sum of the Estimated Buildout Value for all of the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Developer, relying on information from homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Value for Lot Type 1 is shown on **Exhibit E** and will not change in future Annual Service Plan Updates, but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

*2. Upon Subdivision by a Recorded Subdivision Plat*

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

$$A = [B \times (C \div D)] / E$$

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the Estimated Buildout Value of all newly subdivided Lots with the same Lot Type

D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property

E = the number of newly subdivided Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot. The Estimated Buildout Value for Lot Type 1 is shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section

shall be reflected in the Annual Service Plan Update immediately following such reallocation.

### *3. Upon Consolidation*

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.C.**

## **B. Mandatory Prepayment of Assessments**

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable "Notice of Assessment Termination," a form of which is attached hereto as **Exhibit H.**

## **C. True-Up of Assessments if Maximum Assessment Exceeded at Plat**

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City's approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment.

## **D. Reduction of Assessments**

If as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement the Actual Costs of any Authorized Improvements are less than the Assessments,

then (i) in the event PID Bonds have not been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that PID Bonds have been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds that are not expected to be used for the purposes of the project fund as directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

**E. Prepayment of Assessments**

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

## **F. Payment of Assessment in Annual Installments**

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the Parcel not including any Non-Benefitted Property as shown by the Grayson Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments, but in no case shall the City take any action, or fail to take any action, that would cause it to be in default under any Indenture. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and

shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2027.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

#### **G. Prepayment as a Result of an Eminent Domain Proceeding or Taking**

Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a "Taking"), the portion of the Assessed Property that was taken or transferred (the "Taken Property") shall be reclassified as Non-Benefitted Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "Remaining Property"), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Remaining Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the applicable Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Assessment on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

**SECTION VII: ASSESSMENT ROLL**

The Assessment Roll is attached as Exhibit F-1. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Assessment Roll and Annual Installments for each Parcel as part of each Annual Service Plan Update.

**SECTION VIII: ADDITIONAL PROVISIONS**

**A. Calculation Errors**

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1<sup>st</sup> of each year in connection with the City Council's approval of that year's calculation. Otherwise, the owner shall be deemed to have

unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the 2026 Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

#### **B. Amendments**

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

#### **C. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

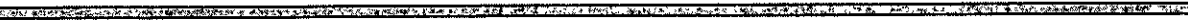
#### **D. Form of Buyer Disclosure/Filing and Posting Requirements**

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**. Within seven days of approval by the City Council, the City shall (1) post a copy of this Service and Assessment Plan or any future Annual Service Plan Updates on the City's internet website and (2) file and record in the real

property records of the County this Service and Assessment Plan, or any future Annual Service Plan Updates. This Service and Assessment Plan or any future Annual Service Plan Updates shall be posted, filed, and recorded in their entirety.

**E. Severability**

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.



## EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

<b>Exhibit A</b>	Map of the District
<b>Exhibit B</b>	Project Costs
<b>Exhibit C</b>	Service Plan
<b>Exhibit D</b>	Sources and Uses of Funds
<b>Exhibit E</b>	Maximum Assessment
<b>Exhibit F-1</b>	Assessment Roll
<b>Exhibit F-2</b>	Annual Installments
<b>Exhibit G</b>	Maps of Public Improvements
<b>Exhibit H</b>	Form of Notice of Assessment Termination
<b>Exhibit I</b>	Debt Service Schedule for Series 2026 Bonds
<b>Exhibit J</b>	Legal Description

## APPENDICES

The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

<b>Appendix A</b>	Engineer's Report
<b>Appendix B</b>	Buyer Disclosures



## EXHIBIT B – PROJECT COSTS

	Total Costs <sup>[a]</sup>	Privately Funded	Authorized Improvements	
			%	Cost
<b>Public Improvements</b>				
Street	\$ 1,389,194	\$ -	100.00%	\$ 1,389,194
Wet Utilities				
Water	544,860	-	100.00%	544,860
Sewer	1,193,369	-	100.00%	1,193,369
Drainage	870,261	-	100.00%	870,261
District Formation Costs	400,000	-	100.00%	400,000
Right-of-Way <sup>[g]</sup>	1,000,525	-	100.00%	1,000,525
Soft Costs <sup>[b]</sup>	208,073	-	100.00%	208,073
	\$ 5,606,282	\$ -		\$ 5,606,282
<b>Private Improvements<sup>[c],[d]</sup></b>				
Private Improvements	\$ 3,281,863	\$ 3,281,863	0.00%	\$ -
	\$ 3,281,863	\$ 3,281,863		\$ -
<b>Bond Issuance Costs<sup>[e]</sup></b>				
Debt Service Reserve Fund	\$ 490,450	\$ -		\$ 490,450
Capitalized Interest	207,935	-		207,935
Underwriter Discount <sup>[f]</sup>	191,940	-		191,940
Cost of Issuance	415,870	-		415,870
	\$ 1,306,195	\$ -		\$ 1,306,195
<b>Other Costs<sup>[e]</sup></b>				
Deposit to Administrative Fund	\$ 50,000	\$ -		\$ 50,000
	\$ 50,000	\$ -		\$ 50,000
<b>Total</b>	<b>\$ 10,244,340</b>	<b>\$ 3,281,863</b>		<b>\$ 6,962,477</b>

**Footnotes:**

[a] Per Engineer's Report dated 03/18/2026.

[b] Soft costs include inspection fees, review fees, materials testing, and construction management.

[c] Includes excavation, erosion control, retaining walls, dry utilities, soft costs, and other similar items.

[d] Not reimbursable to the Developer through Assessments or the issuance of PID Bonds.

[e] Preliminary estimates only and subject to change upon the issuance of PID Bonds.

[f] Includes the fee of counsel to the Underwriter.

[g] Based on Right-of-Way appraisal dated 04/23/2026. Right-of-way acquisition costs may only be paid to the Developer after the Public Improvements are completed and accepted by the City.

## EXHIBIT C – SERVICE PLAN

		District					
Annual Installment Due:		1/31/2026 <sup>[a]</sup>	1/31/2027	1/31/2028	1/31/2029	1/31/2030	1/31/2031
<i>Series 2026 Bonds</i>							
Principal		\$ -	\$ 74,000.00	\$ 79,000.00	\$ 84,000.00	\$ 89,000.00	\$ 95,000.00
Interest		207,935.00	415,870.00	411,060.00	405,925.00	400,465.00	394,680.00
Capitalized Interest		(207,935.00)	-	-	-	-	-
	(1)	\$ -	\$ 489,870.00	\$ 490,060.00	\$ 489,925.00	\$ 489,465.00	\$ 489,680.00
Additional Interest	(2)	\$ -	\$ 31,990.00	\$ 31,620.00	\$ 31,225.00	\$ 30,805.00	\$ 30,360.00
Annual Collection Costs	(3)	\$ -	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
<b>Total Annual Installment Due</b>	<b>(4) = (1) + (2) + (3)</b>	<b>\$ -</b>	<b>\$ 561,860.00</b>	<b>\$ 562,480.00</b>	<b>\$ 562,766.00</b>	<b>\$ 562,718.32</b>	<b>\$ 563,337.29</b>

**Footnotes:**

[a] No Assessment collected in 2026 and capitalized interest is contemplated for the 9/15/2026 debt service payment.

## EXHIBIT D – SOURCES AND USES OF FUNDS

	Privately Funded	District	Total
<b>Sources of Funds</b>			
Series 2026 Bonds	\$ -	\$ 6,398,000	\$ 6,398,000
Developer Contribution - Authorized Improvements <sup>[a]</sup>	-	564,477	564,477
Developer Contribution - Private Improvements <sup>[a]</sup>	3,281,863	-	3,281,863
<b>Total Sources of Funds</b>	<b>\$ 3,281,863</b>	<b>\$ 6,962,477</b>	<b>\$ 10,244,340</b>
<b>Uses of Funds</b>			
Public Improvements	\$ -	\$ 5,606,282	\$ 5,606,282
Private Improvements <sup>[a]</sup>	3,281,863	-	3,281,863
	<u>\$ 3,281,863</u>	<u>\$ 5,606,282</u>	<u>\$ 8,888,145</u>
<i>Bond Issuance Costs<sup>[b]</sup></i>			
Debt Service Reserve Fund	\$ -	\$ 490,450	\$ 490,450
Capitalized Interest	-	207,935	207,935
Underwriter Discount <sup>[c]</sup>	-	191,940	191,940
Cost of Issuance	-	415,870	415,870
	<u>\$ -</u>	<u>\$ 1,306,195</u>	<u>\$ 1,306,195</u>
<i>Other Costs<sup>[b]</sup></i>			
Deposit to Administrative Fund	\$ -	\$ 50,000	\$ 50,000
	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
<b>Total Uses of Funds</b>	<b>\$ 3,281,863</b>	<b>\$ 6,962,477</b>	<b>\$ 10,244,340</b>

**Footnotes:**

[a] Not reimbursable to the Developer through Assessments or the Issuance of PID Bonds.

[b] Preliminary estimates only and subject to change upon the issuance of PID Bonds.

[c] Includes the fee of counsel to the Underwriter.

**EXHIBIT E – MAXIMUM ASSESSMENT**

Lot Type	Units <sup>[b]</sup>	Appraised Value <sup>[a]</sup>		Estimated Buildout Value <sup>[b]</sup>		Assessment <sup>[a]</sup>		Average Annual Installment		PID TRE
		Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	
<i>District</i>										
Lot Type 1	96	\$ 178,385	\$ 17,125,000	\$ 800,000	\$ 76,800,000	\$ 66,645.83	\$ 6,398,000	\$ 5,889.92	\$ 565,432	\$ 0.736240
<b>Total</b>	<b>96</b>		<b>\$ 17,125,000</b>		<b>\$ 76,800,000</b>		<b>\$ 6,398,000</b>		<b>\$ 565,432</b>	<b>\$ 0.736240</b>

**Footnotes:**

[a] Based on final Appraisal dated 06/02/2026.

[b] As provided in the Developer model dated 02/10/2026.

## EXHIBIT F-1 – ASSESSMENT ROLL

Property ID <sup>[a]</sup>	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2027 <sup>[b]</sup>
134549	Initial Parcel	\$ 6,398,000.00	\$ 561,860.00
364838	Non-Benefited Property	\$ -	\$ -
<b>Total</b>		<b>\$ 6,398,000.00</b>	<b>\$ 561,860.00</b>

**Footnotes:**

[a] The Assessment and Annual Installment have initially been allocated between all Property IDs within District pro rata based on acreage as reported by Gryason Central Appraisal District. Future allocation of the Assessment will be done in accordance with Section VI of this Service and Assessment Plan.

[b] Annual Installment due may not match Service Plan or Annual Installment schedule due to rounding.

**EXHIBIT F-2 – ANNUAL INSTALLMENTS**

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[c]</sup>	Reserve Fund <sup>[d]</sup>	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2026	\$ -	\$ 207,935	\$ (207,935)	\$ -	\$ -	\$ -	\$ -
2027	\$ 74,000	\$ 415,870	\$ -	\$ -	\$ 31,990	\$ 40,000	\$ 561,860
2028	\$ 79,000	\$ 411,060	\$ -	\$ -	\$ 31,620	\$ 40,800	\$ 562,480
2029	\$ 84,000	\$ 405,925	\$ -	\$ -	\$ 31,225	\$ 41,616	\$ 562,766
2030	\$ 89,000	\$ 400,465	\$ -	\$ -	\$ 30,805	\$ 42,448	\$ 562,718
2031	\$ 95,000	\$ 394,680	\$ -	\$ -	\$ 30,360	\$ 43,297	\$ 563,337
2032	\$ 101,000	\$ 388,505	\$ -	\$ -	\$ 29,885	\$ 44,163	\$ 563,553
2033	\$ 108,000	\$ 381,940	\$ -	\$ -	\$ 29,380	\$ 45,046	\$ 564,366
2034	\$ 115,000	\$ 374,920	\$ -	\$ -	\$ 28,840	\$ 45,947	\$ 564,707
2035	\$ 123,000	\$ 367,445	\$ -	\$ -	\$ 28,265	\$ 46,866	\$ 565,576
2036	\$ 131,000	\$ 359,450	\$ -	\$ -	\$ 27,650	\$ 47,804	\$ 565,904
2037	\$ 139,000	\$ 350,935	\$ -	\$ -	\$ 26,995	\$ 48,760	\$ 565,690
2038	\$ 148,000	\$ 341,900	\$ -	\$ -	\$ 26,300	\$ 49,735	\$ 565,935
2039	\$ 158,000	\$ 332,280	\$ -	\$ -	\$ 25,560	\$ 50,730	\$ 566,570
2040	\$ 168,000	\$ 322,010	\$ -	\$ -	\$ 24,770	\$ 51,744	\$ 566,524
2041	\$ 179,000	\$ 311,090	\$ -	\$ -	\$ 23,930	\$ 52,779	\$ 566,799
2042	\$ 190,000	\$ 299,455	\$ -	\$ -	\$ 23,035	\$ 53,835	\$ 566,325
2043	\$ 203,000	\$ 287,105	\$ -	\$ -	\$ 22,085	\$ 54,911	\$ 567,101
2044	\$ 216,000	\$ 273,910	\$ -	\$ -	\$ 21,070	\$ 56,010	\$ 566,990
2045	\$ 230,000	\$ 259,870	\$ -	\$ -	\$ 19,990	\$ 57,130	\$ 566,990
2046	\$ 245,000	\$ 244,920	\$ -	\$ -	\$ 18,840	\$ 58,272	\$ 567,032
2047	\$ 261,000	\$ 228,995	\$ -	\$ -	\$ 17,615	\$ 59,438	\$ 567,048
2048	\$ 278,000	\$ 212,030	\$ -	\$ -	\$ 16,310	\$ 60,627	\$ 566,967
2049	\$ 296,000	\$ 193,960	\$ -	\$ -	\$ 14,920	\$ 61,839	\$ 566,719
2050	\$ 315,000	\$ 174,720	\$ -	\$ -	\$ 13,440	\$ 63,076	\$ 566,236
2051	\$ 336,000	\$ 154,245	\$ -	\$ -	\$ 11,865	\$ 64,337	\$ 566,447
2052	\$ 358,000	\$ 132,405	\$ -	\$ -	\$ 10,185	\$ 65,624	\$ 566,214
2053	\$ 381,000	\$ 109,135	\$ -	\$ -	\$ 8,395	\$ 66,937	\$ 565,467
2054	\$ 406,000	\$ 84,370	\$ -	\$ -	\$ 6,490	\$ 68,275	\$ 565,135
2055	\$ 432,000	\$ 57,980	\$ -	\$ -	\$ 4,460	\$ 69,641	\$ 564,081
2056	\$ 460,000	\$ 29,900	\$ -	\$ (490,450)	\$ 2,300	\$ 71,034	\$ 72,784
<b>Total</b>	<b>\$ 6,398,000</b>	<b>\$ 8,509,410</b>	<b>\$ (207,935)</b>	<b>\$ (490,450)</b>	<b>\$ 638,575</b>	<b>\$ 1,622,723</b>	<b>\$ 16,470,323</b>

**Footnotes:**

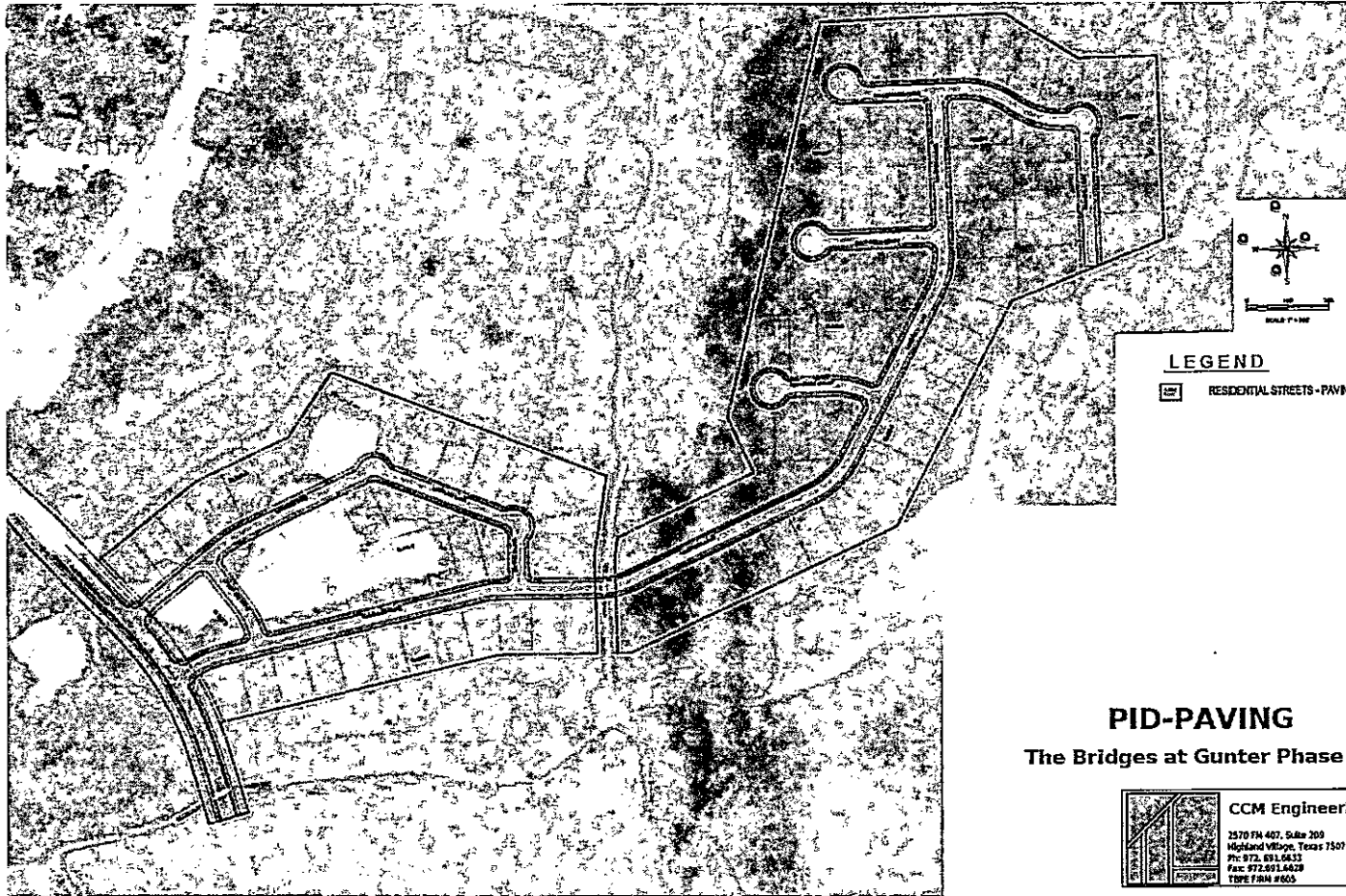
[a] Interest is calculated at a 6.50% rate for illustrative purposes.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[c] No Assessment collected in 2026 and capitalized interest is contemplated for the 9/15/2026 debt service payment.

[d] Assumes Reserve Fund is fully funded and available to reduce Annual Installments in the final year.

**EXHIBIT G – MAPS OF PUBLIC IMPROVEMENTS**



**LEGEND**

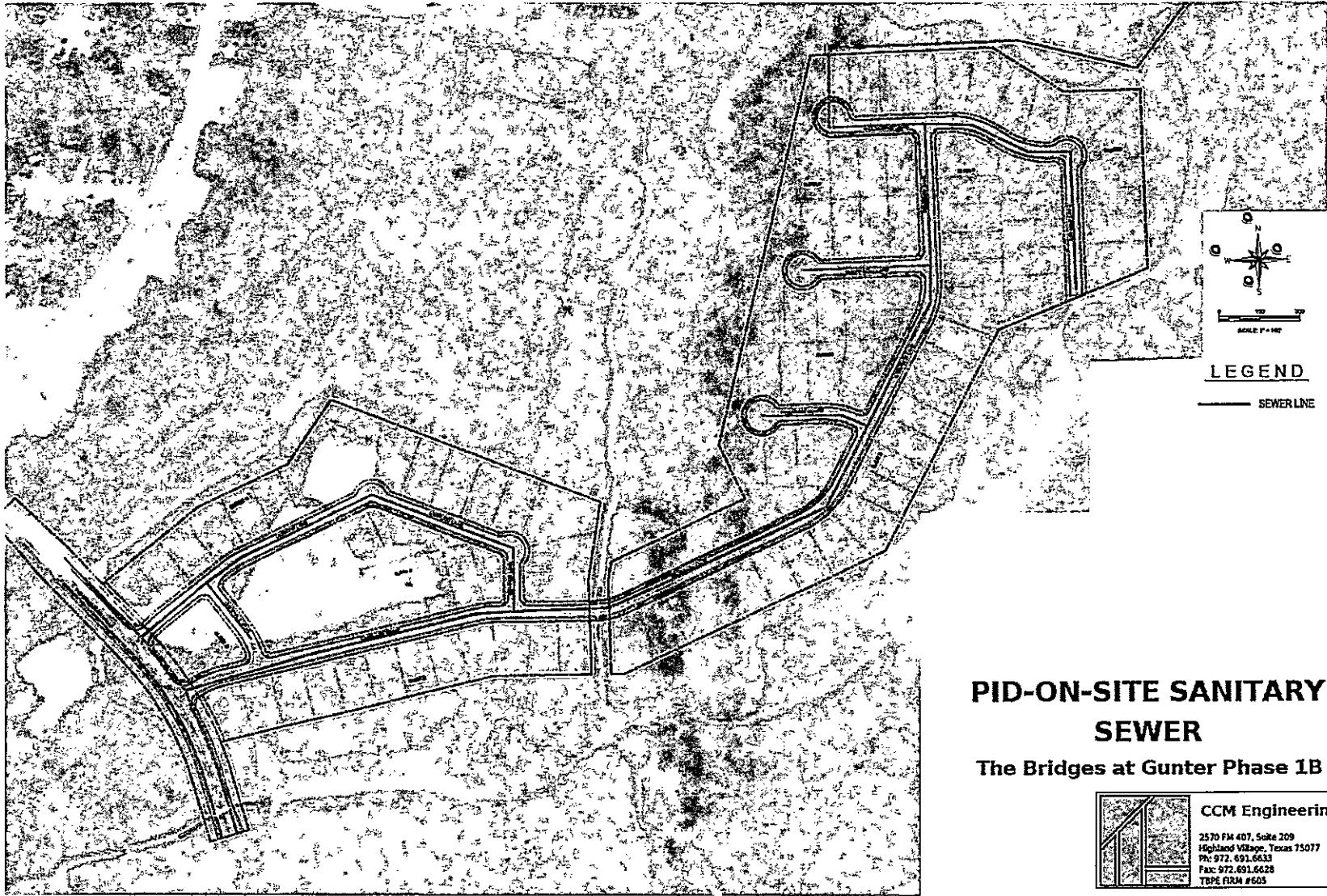
 RESIDENTIAL STREETS - PAVING

**PID-PAVING**  
The Bridges at Gunter Phase 1B

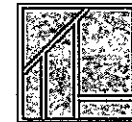
 **CCM Engineering**  
2570 FM 467, Suite 209  
Highland Village, Texas 75077  
Ph: 972.651.6633  
Fax: 972.651.6628  
TYPE FIRM #605

DATE: 02/21/2026

SHEET 2 OF 8



**PID-ON-SITE SANITARY  
SEWER**  
The Bridges at Gunter Phase 1B

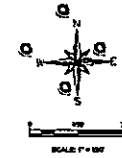


**CCM Engineering**

2570 FM 407, Suite 209  
Highland Village, Texas 75077  
Ph: 972.691.6633  
Fax: 972.691.6628  
TBP# FIRM #605

DATE: 02/27/2026

SHEET 4 OF 8



**LEGEND**

— OFF-SITE SEWER

**PID-OFF-SITE  
SANITARY SEWER**  
The Bridges at Gunter Phase 1B

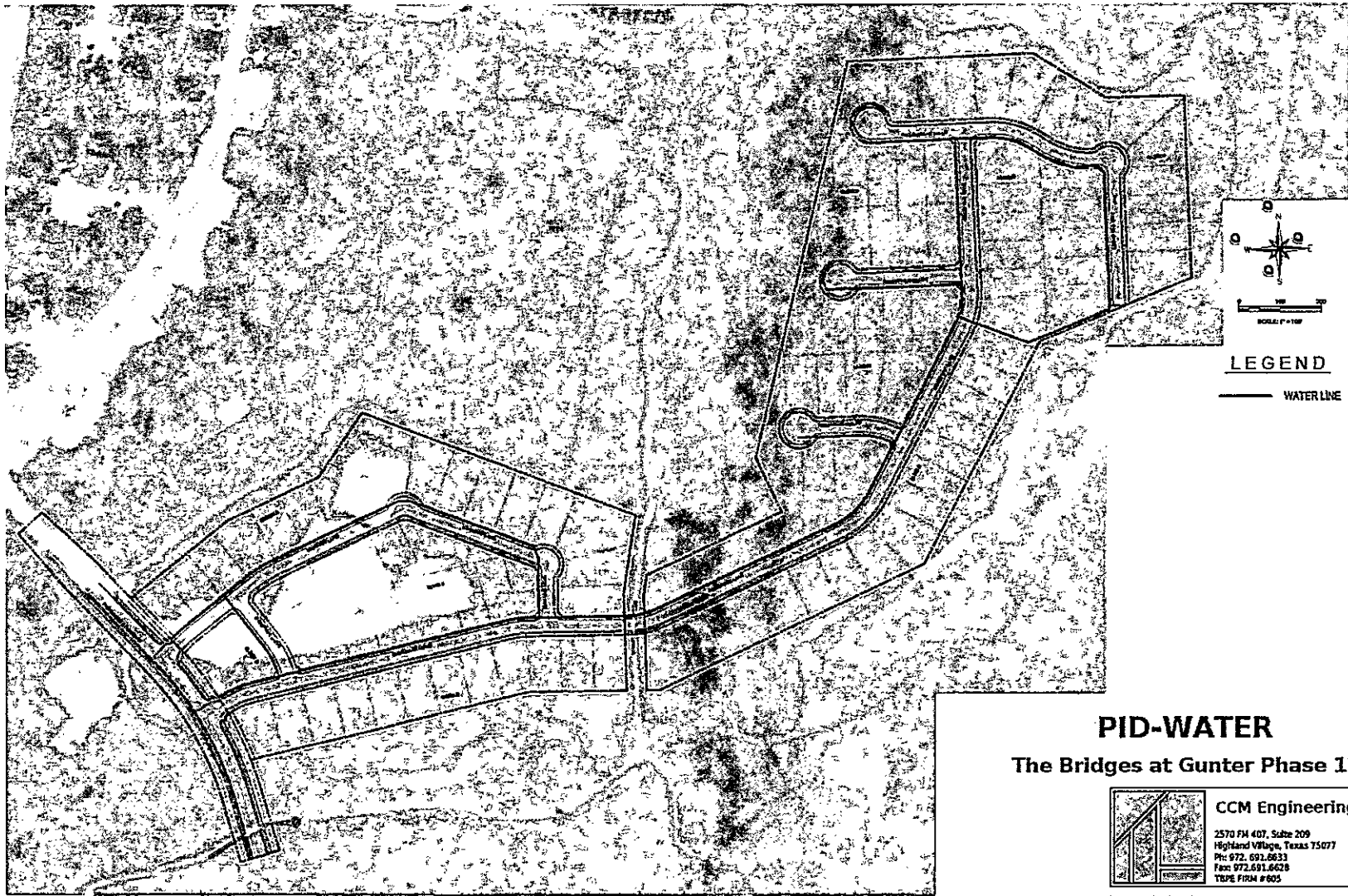


**CCM Engineering**

2570 FM 407, Suite 209  
Highland Village, Texas 75077  
Ph: 972.691.6633  
Fax: 972.691.6628  
TBPE FIRM # 605

DATE: 02/27/2026

SHEET 5 OF 8



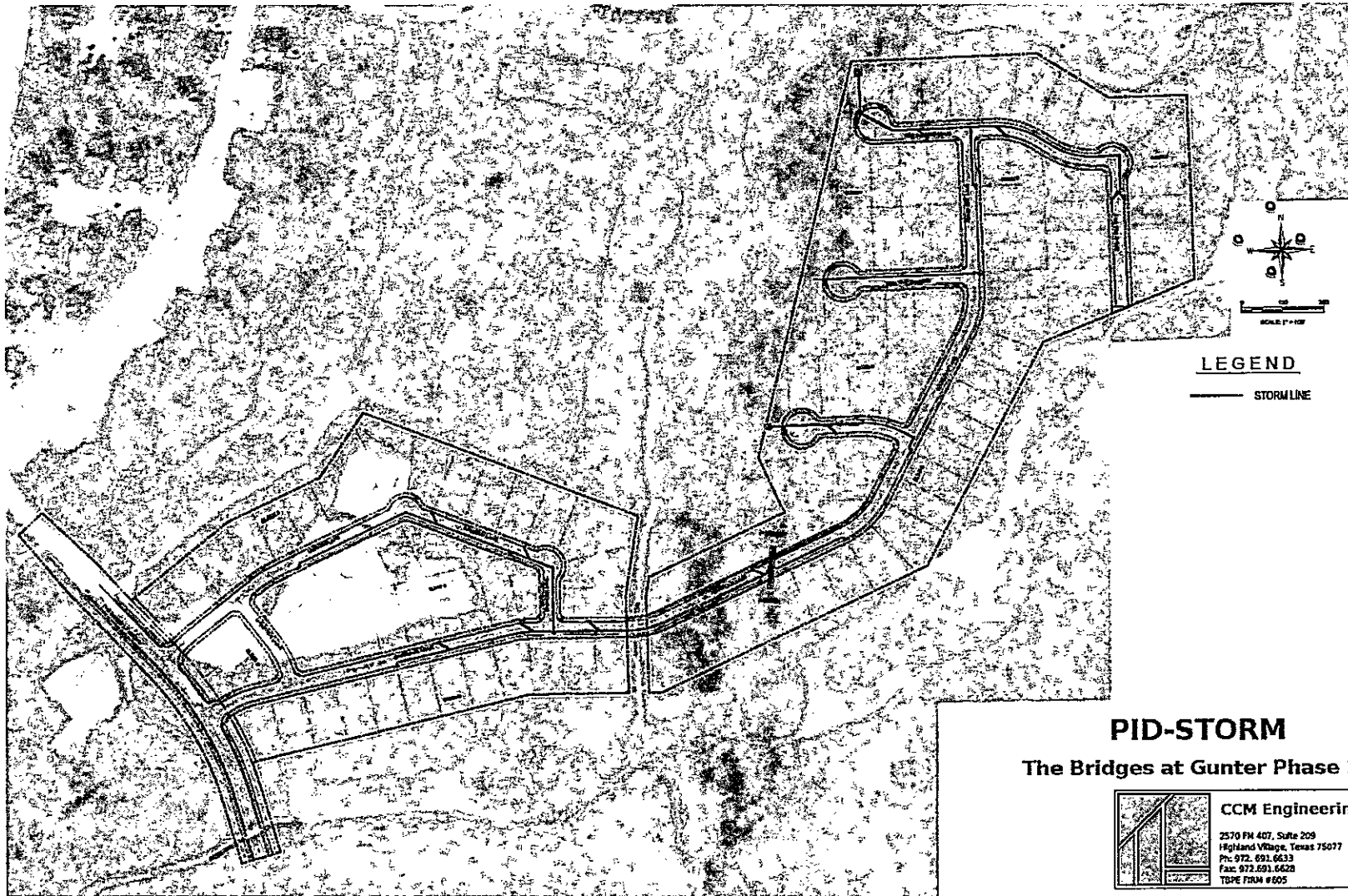
**PID-WATER**  
**The Bridges at Gunter Phase 1B**



**CCM Engineering**  
 2570 FM 407, Suite 209  
 Highland Village, Texas 75077  
 Ph: 972.691.6633  
 Fax: 972.691.6628  
 TYPE FIRM # 605

DATE: 02/27/2026

SHEET 7 OF 8



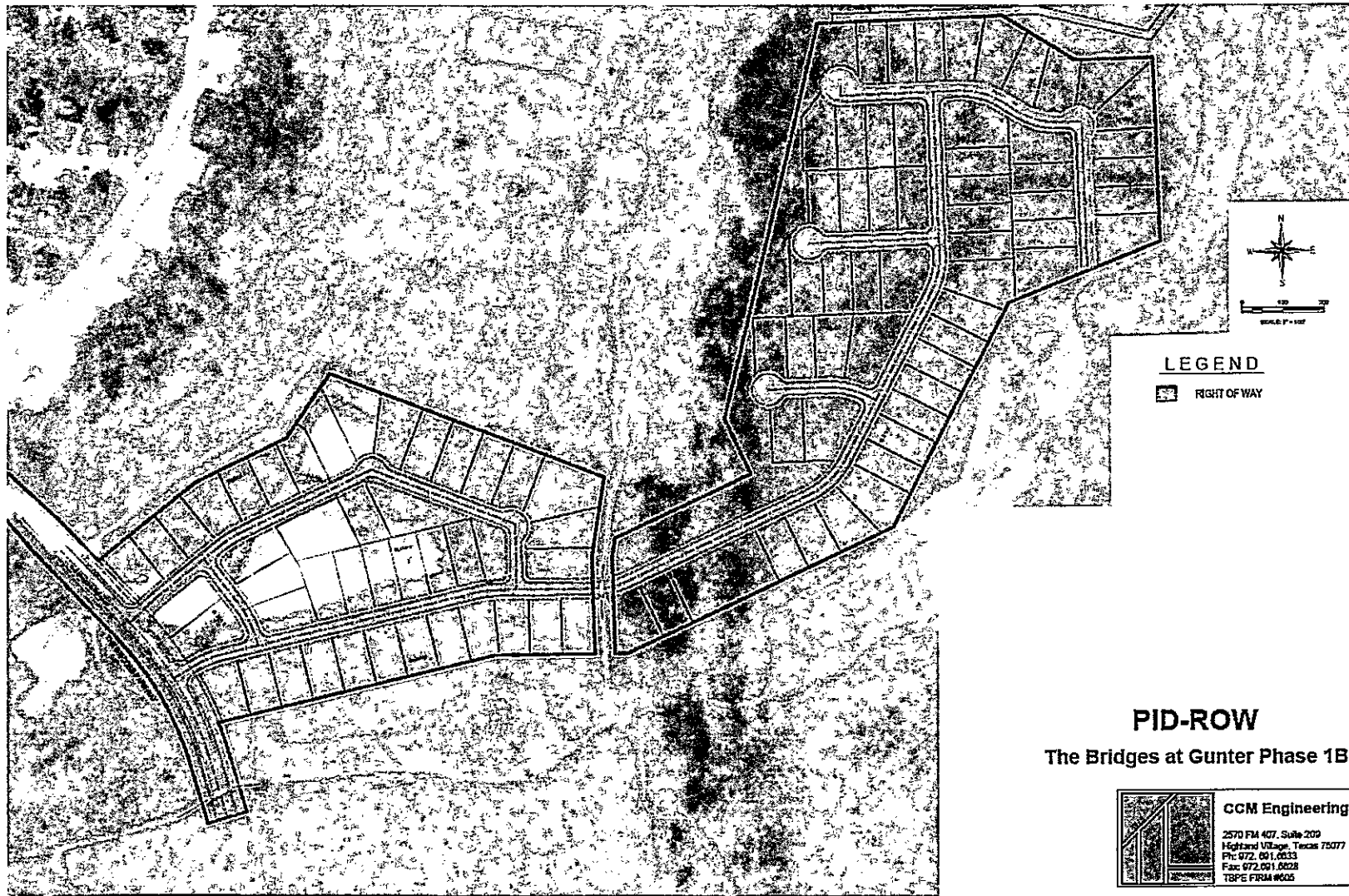
**LEGEND**  
 ——— STORM LINE

**PID-STORM**  
**The Bridges at Gunter Phase 1B**

	<b>CCM Engineering</b>
	2570 FM 457, Suite 209
	Highland Village, Texas 75037
	Ph: 972.691.6633
	Fax: 972.691.6628
	TSPE #104 #605

DATE: 02/27/2026

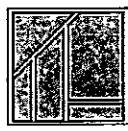
SHEET 8 OF 8



**LEGEND**

 RIGHT OF WAY

**PID-ROW**  
**The Bridges at Gunter Phase 1B**

	<b>CCM Engineering</b>
	2570 FM 407, Suite 209
	Highland Village, Texas 75077
	Ph: 972.661.6633
	Fax: 972.661.6628
	TSP'S FIRM #6025

DATE: 02/27/2026

SHEET 2 OF 8

**EXHIBIT H – FORM OF NOTICE OF ASSESSMENT TERMINATION**



P3Works, LLC  
9284 Huntington Square, Suite 100  
North Richland Hills, TX 76182

[Date]  
Grayson County Clerk's Office  
Honorable [County Clerk]  
Courthouse, Ground Floor  
100 W. Houston, Ste. 17  
Sherman, TX 75090

**Re: City of Gunter Lien Release documents for filing**

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Gunter is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Gunter  
Attn: City Secretary  
105 N 4<sup>th</sup> St, Gunter, TX 75058

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

P3Works, LLC  
(817) 393-0353  
Admin@P3-Works.com  
www.P3-Works.com



and

WHEREAS, the Lien Amount has been paid in full.

**RELEASE**

NOW THEREFORE, for and in consideration of the full payment of the Lien Amount, the City hereby releases and discharges, and by these presents does hereby release and discharge, the Lien to the extent that it affects and encumbers the Property.

EXECUTED to be EFFECTIVE this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**CITY OF GUNTER, TEXAS,**  
A Texas general law municipality,

By: \_\_\_\_\_  
[Mayor Name], Mayor

**ATTEST:**

\_\_\_\_\_  
[Secretary Name], City Secretary

STATE OF TEXAS                   §  
  §  
COUNTY OF GRAYSON           §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by the Mayor for the City of Gunter, Texas, a Texas general law municipality, on behalf of said municipality.

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

**EXHIBIT I – DEBT SERVICE SCHEDULE FOR SERIES 2026 BONDS**

[To be provided at bond pricing.]

## EXHIBIT J – LEGAL DESCRIPTION

### METES AND BOUNDS DESCRIPTION

#### TRACT 1: 17.550 ACRE TRACT

BEING that certain tract of land situated in the William T. Durham Survey, Abstract Number 351, and the Jeremiah Stanley Survey, Abstract Number 1111, in the City of Gunter, Grayson County, Texas, and being a portion of that certain tract of land described in deed to Bridges Phase 2B, LLC, according to the instrument number 2024-32811 of the Deed Records of Grayson County, Texas (D.R.G.C.T.), and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with cap stamped "RPLS 3963" found for the a corner of this tract on the south right-of-way line of The Bridges Parkway, a 50 feet right-of-way dedication, according to The Bridges at Preston Crossings, Section 1, an addition to the City of Gunter, Texas, according to the plat thereof recorded in Volume 18, Page 152 of the Plat Records of Grayson County, Texas (P.R.G.C.T.), same being a point on the north line of a called 54.513 acre tract of land described as "Tract 2" in a deed to The Bridges Golf Club, LLC, according to the document filed of record in Volume 5139, Page 546 (D.R.G.C.T.);

THENCE North  $46^{\circ}41'27''$  East, leaving the north line of said tract 2, with the southerly line of said Section 1, a distance of 80.01 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract, same being a westerly corner of a called 194.051 acre tract of land described as "Tract 1" in a deed to The Bridges Golf Club, LLC, according to the document filed of record in Volume 5139, Page 546 (D.R.G.C.T.);

THENCE leaving the south line of said Section 1, with the west line of said Tract 1, the following courses and distances:

South  $47^{\circ}23'21''$  East, a distance of 177.32 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

South  $44^{\circ}10'52''$  East, a distance of 132.17 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

North  $51^{\circ}11'04''$  East, a distance of 307.57 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

North  $64^{\circ}15'01''$  East, a distance of 250.51 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

North  $33^{\circ}44'56''$  East, a distance of 192.80 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

South  $69^{\circ}14'21''$  East, a distance of 722.37 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

South  $08^{\circ}52'24''$  West, a distance of 196.62 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

South 01°44'33" East, a distance of 241.26 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

South 89°12'07" West, a distance of 244.11 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

South 76°17'35" West, a distance of 703.83 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract at the beginning of a non-tangential curve to the right having a radius of 850.00 feet, a central angle of 04°48'20", and a chord bearing and distance of South 19°07'27" East, 71.27 feet; With said curve to the right, an arc distance of 71.29 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

South 16°43'17" East, a distance of 161.21 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

THENCE South 73° 16' 43" West, leaving the west line of the above mentioned Tract 1, over and across the above mentioned 1579.82 acre tract, a distance of 100.00 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract on an easterly line of said Tract 1;

THENCE North 16°43'17" West, with an easterly line of said Tract 1, passing at a distance of 65.00 feet a northeasterly corner of said Tract 1, continuing over and across said 1579.82 acre tract for a total distance of 161.21 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract at the beginning of a tangent curve to the left having a radius of 750.00 feet, a central angle of 27°27'35", and a chord bearing and distance of North 30°27'04" West, 356.02 feet;

THENCE continuing over and across said 1579.82 acre tract, the following courses and distances: With said curve to the left, an arc distance of 359.45 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

North 44°10'52" West, a distance of 298.41 feet to a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract at the most easterly corner of the above mentioned Tract 2;

THENCE North 40°56'35" West, with the east line of said Tract 2, a distance of 178.55 feet to the POINT OF BEGINNING and containing 17.550 acres (764,446 square feet) of land.

#### **TRACT II: 23.042 ACRE TRACT**

BEING that certain tract of land situated in the Hs. Of WM. T. Durham Survey, Abstract Number 351, and the Jeremiah Stanley Survey, Abstract Number 1111, City of Gunter, Grayson County, Texas, and being a portion of a called 1179.938 acre tract of land described in a deed to The Bridges Phase 2B, LLC, according to the instrument number 2024-32811 of the Deed Records of Grayson County, Texas (D.R.G.C.T.), and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract, from which a 1/2 inch iron rod found for the most southerly corner of Lot 66R of The

Bridges at Preston Crossings, Section 1, Lct 59R-69R, an addition to the City of Gunter, according to the plat filed of record in Volume 20, Page 44 of the Plat Records of Grayson County, Texas (P.R.G.C.T.);

THENCE North 13°11'50" East, a distance of 1006.34 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract; THENCE North 87°36'48" East, a distance of 455.36 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

THENCE South 58°14'54" East, a distance of 208.45 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract; THENCE North 88°27'35" East, a distance of 192.55 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

THENCE South 02°16'05" East, a distance of 453.20 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract; THENCE South 67°33'37" West, a distance of 402.56 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

THENCE South 27°02'46" West, a distance of 622.82 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract; THENCE South 64°37'19" West, a distance of 725.32 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

THENCE South 89°12'07" West, a distance of 31.64 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract; THENCE North 01°44'33" West, a distance of 237.44 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

THENCE North 08°52'24" East, a distance of 47.57 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

THENCE North 64°37'19" East, a distance of 369.71 feet to a 1/2" inch iron rod with cap stamped "RPLS 3963" found for a corner of this tract;

THENCE North 25°22'41" West, a distance of 150.01 feet to the POINT OF BEGINNING and containing 23.042 acres (1,603,695 square feet) of land, more or less.

### **TRACT III: 0.058 ACRE TRACT**

BEING that certain tract of parcel of land situated in the WM. T. Durham Survey, Abstract Number 351, in the City of Gunter, Grayson County, Texas, being a portion of that certain "Tract 1" as described in deed to The Bridges Golf Club, LLC, as recorded in Volume 5139, Page 546 of the Official Records of Grayson County, Texas (O.R.G.C.T.) and being more particularly described as follows:

BEGINNING at a point for the northwest corner of herein described tract, said point being in a west line of said Bridges Golf Club tract and in the east line of that certain tract of land conveyed to The Bridges Land Holdings, LLC, as recorded in Volume 5118, Page 590, (O.R.G.C.T.), from which an capped iron rod bears North 01 degrees 44 minutes 33 seconds West, a distance of 55.11 feet;

THENCE North 89 degrees 12 minutes 07 seconds East, over and across said Bridges Golf Club tract, a distance of 6.01 to a point for corner at the beginning of a curve to the left, having a radius of 175.00 feet;

THENCE continuing over and across said Bridges Golf Club tract, with said curve the left having an angle of 14 degrees 31 minutes 30 seconds, with a chord bearing of North 81 degrees 56 minutes 22 seconds East, a chord distance of 44.25 feet, and an arc length of 44.36 feet to a point for corner in a west line of said Bridges Golf Courses tract and an east line of said Bridges Land Holdings tract;

THENCE South 01 degrees 44 minutes 33 seconds East, along the common line of said Bridges tracts, a distance of 51.11 to a point for corner at the beginning of a non-tangent curve to the right, having a radius of 225.00 feet;

THENCE over and across said Bridges Golf Club tract, with said curve the right having an angle of 11 degrees 28 minutes 03 seconds, with a chord bearing of South 83 degrees 28 minutes 06 seconds West, a chord distance of 44.96 feet, and an arc length of 45.03 feet to a point for corner;

THENCE South 89 degrees 12 minutes 07 seconds West, continuing over and across said Bridges Golf Club tract, a distance of 5.19 to a point for corner in a common line of said Bridges tracts;

THENCE North 01 degrees 44 minutes 33 seconds West, continuing over and across said Bridges Golf Club tract, a distance of 50.01 to the POINT OF BEGINNING and containing 0.058 acres of land.

**APPENDIX A – ENGINEER’S REPORT**

[Remainder of page left intentionally blank.]



# CCM ENGINEERING

2570 FM 407 STE. 209, Highland Village, TX 75077

Office: 972-691-6605

TBPE FIRM #605

## THE BRIDGES AT GUNTER PHASE 1B PUBLIC IMPROVEMENTS DISTRICT ENGINEER'S REPORT April 6, 2026

### INTRODUCTION:

THE BRIDGES AT GUNTER PHASE 1B, is an approximate 40.592-acre tract located at The Bridges Parkway, in the City of Gunter, Texas.

THE BRIDGES AT GUNTER PHASE 1B is a Single-Family Subdivision that contains 96 single family lots and 3 common spaces. All single-family lots will have a minimum lot size of 10,890 sf. The site infrastructure for the development includes stormwater sewer, water, wastewater sewer, road improvements. The street network within the subdivision is designed to provide vehicular connectivity connecting into The Bridges Parkway at two points.

This phase of the project includes all utilities, storm and street right-of-way that will encompass 96 single family lot and all infrastructure construction has been completed.

The development components included in the Public Improvement District (PID) are shown graphically on the provided **Exhibits**. A detailed description of these improvements is provided below.

#### **A. Public Improvements:**

- *Street*

The street improvements consist of construction of local subdivision streets, alley streets, turn lanes, and related paving, pavement markings, signage, and sidewalks which will benefit all the District. All street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Water*

The water improvements consist of distribution facilities. These facilities include water lines, mains, service lines, valves, fire hydrants, as well as related testing, trench safety and erosion protection, necessary to serve the District. The water improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and Mustang SUD standards and specifications and will be owned and operated by Mustang SUD.



## **CCM ENGINEERING**

**2570 FM 407 STE. 209, Highland Village, TX 75077**  
**Office: 972-691-6605**  
**TBPE FIRM #605**

- *Sewer*

Sewer improvements consist of gravity collection system improvements including construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the District. The sewer improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and Mustang SUD standards and specifications and will be owned and operated by Mustang SUD.

- *Drainage*

The drainage improvements consist of HP Storm PP (High-performance polypropylene) pipes, concrete manholes, curb inlets, grate inlets, and headwalls necessary to serve the District. The drainage improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and City standards and specifications and will be owned and operated by the City.

- *District Formation Costs*

District Formation Costs consist of the costs associated with forming the District, including, but not limited to, attorney fees, engineering costs, and any other cost or expense incurred by the City or the Developer directly associated with the establishment of the District.

- *Right-of-Way*

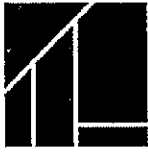
Includes right-of-way dedication required to provide street improvements for all Lots within the District.

- *Soft Costs*

Soft costs consist of cost related to designing, constructing, and installing the improvements of the District including engineering, fees assessed by regulatory agencies, soil and construction testing, topographic and boundary surveys, construction staking, construction management, appraisal fees, and costs associated with financing the improvements to the District.

### **B. Development Costs:**

A Cost Summary has been prepared for the infrastructure improvements described above and is included in this report. The Cost Summary is based on Contractor pricing and CCM Engineering and Centurion's reasonable professional judgment and experience and does not



**CCM ENGINEERING**

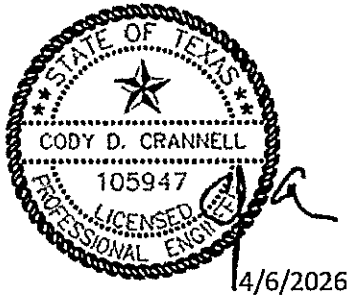
2570 FM 407 STE. 209, Highland Village, TX 75077

Office: 972-691-6605

TBPE FIRM #605

constitute a warranty, expressed or implied, that the actual cost will not vary.

Prepared by:  
CCM Engineering





## **CCM ENGINEERING**

2570 FM 407 STE. 209, Highland Village, TX 75077

Office: 972-691-6605

TBPE FIRM #605

## **EXHIBITS**



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

---

**AGENDA ITEM #8**

Discuss, consider, and act upon an **Ordinance** approving and authorizing the issuance and sale of the City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1b Public Improvement District Project); and approving and authorizing related agreements.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

Eric Wilhite, Director of Planning & Development

**RECOMMENDATION:**

**LEGAL REVIEW: N/A**

**ATTACHMENTS:**

CITY OF GUNTER, TEXAS

ORDINANCE NO. 2026-\_\_\_\_\_

**AN ORDINANCE APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF GUNTER, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026 (BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT); AND APPROVING AND AUTHORIZING RELATED AGREEMENTS.**

**WHEREAS**, the City of Gunter, Texas (the "City"), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "PID Act"), has previously established the "Bridges Phase 1B Public Improvement District" (the "District"), pursuant to a resolution adopted by the City Council of the City (the "City Council") on April 2, 2026; and

**WHEREAS**, pursuant to the PID Act, the City Council published and mailed notice of and convened a public hearing on June 18, 2026, regarding the levy of special assessments against benefitted property located within the District, and, after hearing testimony at such public hearing, the City Council closed the public hearing and adopted an ordinance levying assessments against the benefitted property within the District (the "Assessment Ordinance") on June 18, 2026; and

**WHEREAS**, capitalized terms used in this Ordinance and not otherwise defined herein shall have the meanings assigned to them in the Service and Assessment Plan (as defined below); and

**WHEREAS**, in the Assessment Ordinance, the City Council approved and accepted the Bridges Phase 1B Public Improvement District Service and Assessment Plan (as updated, amended, and/or restated, the "Service and Assessment Plan") relating to the District and levied special assessments (the "Assessments") against the Assessed Property as shown on the Assessment Roll that is attached to the Service and Assessment Plan; and

**WHEREAS**, the City is authorized by the PID Act to issue its revenue bonds payable from the Assessments and other revenues received for the purposes of (i) paying all or a portion of the Actual Costs of the Public Improvements, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Public Improvements, and other costs related to the issuance of the Bonds; and

**WHEREAS**, the City Council hereby finds and determines that it is in the best interests of the City to issue its bonds to be designated "City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project)" (the "Bonds"), such series to be payable from and secured by the Trust Estate (as defined in the Indenture (defined below)); and

**WHEREAS**, the City Council hereby finds and determines to (i) approve the issuance of the Bonds to finance a portion of the Actual Costs of the Authorized Improvements, as identified in the Service and Assessment Plan, (ii) approve the form, terms, and provisions of an Indenture securing the Bonds authorized hereby, (iii) approve the form, terms and provisions of a Bond Purchase Agreement (defined below) between the City and the purchaser of the Bonds, (iv) approve a Preliminary Limited Offering Memorandum (defined below) and a Limited Offering Memorandum (defined below), (v) approve the form, terms and provisions of a Continuing

Disclosure Agreement (defined below), and (vi) approve the form, terms, and provisions of a Construction, Funding, and Acquisition Agreement (defined below); and

**WHEREAS**, the meeting at which this Ordinance was considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; now, therefore

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GUNTER, TEXAS:**

**SECTION 1. Approval of Issuance of Bonds and Indenture of Trust.**

(a) The issuance of the Bonds in the principal amount of \$[ ] for the purpose of providing funds for (i) paying all or a portion of the Actual Costs of the Public Improvements, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Public Improvements, and other costs related to the issuance of the Bonds, is hereby authorized and approved.

(b) The Bonds shall be issued and secured under that certain Indenture of Trust (the "Indenture") dated as of July 1, 2026, between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), which Indenture is hereby approved in substantially the form attached hereto as **Exhibit A**, which is incorporated herein as a part hereof for all purposes, with such changes or additions thereto as may be approved by the Mayor or Mayor Pro Tem of the City (upon the advice of City staff) as evidenced by the execution and delivery thereof. The Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute the Indenture and the City Secretary is hereby authorized and directed to attest such signature of the Mayor or Mayor Pro Tem and such officials are hereby authorized to deliver the Indenture.

(c) The Bonds shall be dated, shall mature on the date or dates and in the principal amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Bonds shall be in substantially the form set forth in the Indenture with such insertions, omissions and modifications as may be required to conform the form of bond to the actual terms of the Bonds. The Bonds shall be payable from and secured by the Pledged Revenues (as defined in the Indenture) and other assets of the Trust Estate pledged to the Bonds, and shall never be payable from ad valorem taxes.

**SECTION 2. Sale of Bonds; Approval of Bond Purchase Agreement.** The Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") under that certain Bond Purchase Agreement (the "Bond Purchase Agreement"), dated the date hereof, between the City and the Underwriter, substantially in the form attached hereto as **Exhibit B**, which is incorporated herein as a part hereof for all purposes, which terms of sale are declared to be in the best interests of the City at the price and on the terms and provisions set forth in the Bond Purchase Agreement. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the Mayor and City staff, such approval to be evidenced by the execution and delivery of the Bond Purchase Agreement by the Mayor or Mayor Pro Tem of the City. The Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement.

**SECTION 3. Preliminary Limited Offering Memorandum and Limited Offering Memorandum.** The form and substance of the Preliminary Limited Offering Memorandum for the

Bonds and any addenda, supplement or amendment thereto (the "Preliminary Limited Offering Memorandum") and the final Limited Offering Memorandum (the "Limited Offering Memorandum") are hereby in all respects approved and adopted. The Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, as thus approved and delivered, with such appropriate variations as shall be approved by the Mayor or Mayor Pro Tem of the City and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds. The City Secretary, is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum in the offering of the Bonds is hereby ratified, approved and confirmed and the Preliminary Limited Offering Memorandum is hereby deemed "final" as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor or Mayor Pro Tem, this City Council, including the Mayor and Mayor Pro Tem, are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to the Development (as defined in the Limited Offering Memorandum), the Developer (as defined herein) or its financial ability, or of any builders, any landowners, or the appraisal of the property in the District.

**SECTION 4. Continuing Disclosure Agreement.** That certain "City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project) Continuing Disclosure Agreement of Issuer" (the "Continuing Disclosure Agreement") by and among the City, P3Works, LLC, and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., is hereby authorized and approved in substantially the form attached hereto as **Exhibit C**, which is incorporated herein as a part hereof for all purposes and the Mayor or Mayor Pro Tem of the City is authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the Mayor or Mayor Pro Tem (upon the advice of City staff), such approval to be evidenced by the execution thereof.

**SECTION 5. Construction, Funding, and Acquisition Agreement.** That certain "Bridges Phase 1B Public Improvement District Construction, Funding and Acquisition Agreement" (the "Construction, Funding, and Acquisition Agreement") between the City and The Bridges Phase 2B, LLC (the "Developer"), is hereby authorized and approved in substantially the form attached hereto as **Exhibit D**, which is incorporated herein as a part hereof for all purposes, and the Mayor or Mayor Pro Tem of the City is authorized and directed to execute and deliver such Construction, Funding, and Acquisition Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the Mayor or Mayor Pro Tem (upon the advice of City staff), such approval to be evidenced by the execution thereof.

**SECTION 6. Additional Actions.** The Mayor, the Mayor Pro Tem, the Director of Planning and Development, and the City Secretary are each hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance. The Mayor, the Mayor Pro Tem, the City Manager, the Director of Planning and Development, and the City Secretary are each hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Bonds and the carrying out of the purposes and intent of this Ordinance or any other certificates, agreements, or other documents subsequent to the delivery of the Bonds which may be

necessary or appropriate to carry out or fulfill the purpose and intent of the Service and Assessment Plan and the acquisition and construction of the Public Improvements.

**SECTION 7. Governing Law.** This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**SECTION 8. Effect of Headings.** The Section headings herein are for convenience only and shall not affect the construction hereof.

**SECTION 9. Severability.** If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

**SECTION 10. Construction of Terms.** If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

**SECTION 11. Incorporation of Findings and Determinations.** The findings and determinations of the City Council contained in the preambles of this Ordinance are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

**SECTION 12. Effective Date.** This Ordinance shall take effect and be in force immediately from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

(Signature page follows.)

**DULY PASSED, APPROVED AND ADOPTED** by the City Council of the City of Gunter, Texas  
this the 18<sup>th</sup> day of June 2026.

**AYES** \_\_\_\_\_

**NAYS** \_\_\_\_\_

**ABSTENTIONS** \_\_\_\_\_

CITY OF GUNTER, TEXAS

\_\_\_\_\_  
Karen Souther, Mayor

ATTEST:

\_\_\_\_\_  
Detra Gaines, City Secretary

(City Seal)

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**INDENTURE OF TRUST**

By and Between

**CITY OF GUNTER, TEXAS**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Trustee**

**DATED AS OF JULY 1, 2026**

**SECURING**

**\$[ \_\_\_\_\_ ]  
CITY OF GUNTER, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026  
(BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT)**

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## TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION .....	3
Section 1.1.    Definitions.....	3
Section 1.2.    Findings.....	11
Section 1.3.    Table of Contents, Titles and Headings. ....	11
Section 1.4.    Interpretation. ....	11
ARTICLE II THE BONDS .....	11
Section 2.1.    Granting Clauses.....	11
Section 2.2.    Security for the Bonds. ....	12
Section 2.3.    Limited Obligations. ....	13
Section 2.4.    Authorization for Indenture.....	13
Section 2.5.    Contract with Owners and Trustee.....	13
ARTICLE III AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS .....	13
Section 3.1.    -Authorization. ....	13
Section 3.2.    Date, Denomination, Maturities, Numbers and Interest.....	14
Section 3.3.    Conditions Precedent to Delivery of Bonds.....	14
Section 3.4.    Medium, Method and Place of Payment. ....	15
Section 3.5.    Execution and Registration of Bonds. ....	16
Section 3.6.    Ownership. ....	17
Section 3.7.    Registration, Transfer and Exchange.....	17
Section 3.8.    Cancellation.....	18
Section 3.9.    Temporary Bonds. ....	18
Section 3.10.   Replacement Bonds. ....	19
Section 3.11.   Book-Entry Only System.....	20
Section 3.12.   Successor Securities Depository: Transfer Outside Book- Entry-Only System.....	20
Section 3.13.   Payments to Cede & Co. ....	21
ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY .....	21
Section 4.1.    Limitation on Redemption. ....	21
Section 4.2.    Mandatory Sinking Fund Redemption. ....	21
Section 4.3.    Optional Redemption.....	23

**TABLE OF CONTENTS**  
(continued)

	Page
Section 4.4. Extraordinary Optional Redemption.....	23
Section 4.5. Partial Redemption.....	23
Section 4.6. Notice of Redemption to Owners.....	24
Section 4.7. Payment Upon Redemption.....	25
Section 4.8. Effect of Redemption.....	25
ARTICLE V FORM OF THE BONDS .....	25
Section 5.1. Form Generally.....	25
Section 5.2. CUSIP Registration.....	26
Section 5.3. Legal Opinion.....	26
ARTICLE VI FUNDS AND ACCOUNTS .....	26
Section 6.1. Establishment of Funds and Accounts.....	26
Section 6.2. Initial Deposits to Funds and Accounts.....	27
Section 6.3. Pledged Revenue Fund.....	28
Section 6.4. Bond Fund.....	29
Section 6.5. Project Fund.....	29
Section 6.6. Redemption Fund.....	31
Section 6.7. Reserve Fund.....	31
Section 6.8. Rebate Fund: Rebate Amount.....	33
Section 6.9. Administrative Fund.....	33
Section 6.10. Investment of Funds.....	34
Section 6.11. Security of Funds.....	35
ARTICLE VII COVENANTS .....	35
Section 7.1. Confirmation of Assessments.....	35
Section 7.2. Collection and Enforcement of Assessments.....	36
Section 7.3. Against Encumbrances.....	36
Section 7.4. Records, Accounts, Accounting Reports.....	36
Section 7.5. Covenants to Maintain Tax-Exempt Status.....	37
ARTICLE VIII LIABILITY OF CITY .....	40
ARTICLE IX THE TRUSTEE.....	41
Section 9.1. Trustee as Paying Agent/Registrar.....	41
Section 9.2. Trustee Entitled to Indemnity.....	41
Section 9.3. Responsibilities of the Trustee.....	42

**TABLE OF CONTENTS**  
(continued)

	Page
Section 9.4. Property Held in Trust.....	43
Section 9.5. Trustee Protected in Relying on Certain Documents.....	43
Section 9.6. Compensation. ....	44
Section 9.7. Permitted Acts. ....	45
Section 9.8. Resignation of Trustee.....	45
Section 9.9. Removal of Trustee. ....	45
Section 9.10. Successor Trustee.....	46
Section 9.11. Transfer of Rights and Property to Successor Trustee.....	47
Section 9.12. Merger, Conversion or Consolidation of Trustee.....	47
Section 9.13. Trustee to File Continuation Statements.....	47
Section 9.14. Construction of Indenture.....	48
ARTICLE X MODIFICATION OR AMENDMENT OF THIS INDENTURE .....	48
Section 10.1. Amendments Permitted. ....	48
Section 10.2. Owners' Meetings.....	49
Section 10.3. Procedure for Amendment with Written Consent of Owners. ....	49
Section 10.4. Effect of Supplemental Indenture.....	50
Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments. ....	50
Section 10.6. Amendatory Endorsement of Bonds. ....	51
Section 10.7. Waiver of Default. ....	51
Section 10.8. Execution of Supplemental Indenture. <b>Error! Bookmark not defined.</b>	51
ARTICLE XI DEFAULT AND REMEDIES .....	51
Section 11.1. Events of Default. ....	51
Section 11.2. Immediate Remedies for Default.....	51
Section 11.3. Restriction on Owner's Action.....	53
Section 11.4. Application of Revenues and Other Moneys After Default. ....	53
Section 11.5. Effect of Waiver. ....	54
Section 11.6. Evidence of Ownership of Bonds.....	54
Section 11.7. No Acceleration. ....	55
Section 11.8. Mailing of Notice. ....	55
Section 11.9. Exclusion of Bonds. ....	55
Section 11.10. Remedies Not Exclusive.....	55
Section 11.11. Direction by Owners. ....	55

**TABLE OF CONTENTS**  
(continued)

	Page
ARTICLE XII GENERAL COVENANTS AND REPRESENTATIONS .....	56
Section 12.1.    Representations as to Trust Estate.....	56
Section 12.2.    Accounts, Periodic Reports and Certificates.....	56
Section 12.3.    General.....	56
ARTICLE XIII SPECIAL COVENANTS.....	57
Section 13.1.    Further Assurances; Due Performance.....	57
Section 13.2.    Additional Obligations or Other Liens.....	57
Section 13.3.    Books of Record.....	57
ARTICLE XIV PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE.....	58
Section 14.1.    Trust Irrevocable.....	58
Section 14.2.    Satisfaction of Indenture.....	58
Section 14.3.    Bonds Deemed Paid.....	58
ARTICLE XV MISCELLANEOUS .....	59
Section 15.1.    Benefits of Indenture Limited to Parties.....	59
Section 15.2.    Successor is Deemed Included in All References to Predecessor.....	59
Section 15.3.    Execution of Documents and Proof of Ownership by Owners.....	59
Section 15.4.    Waiver of Personal Liability.....	60
Section 15.5.    Notices to and Demands on City and Trustee.....	60
Section 15.6.    Partial Invalidity.....	61
Section 15.7.    Applicable Laws.....	61
Section 15.8.    Payment on Business Day.....	61
Section 15.9.    Counterparts.....	62
Section 15.10.   Statutory Verifications.....	62
EXHIBIT A – FORM OF BOND .....	A-1

## INDENTURE OF TRUST

THIS INDENTURE, dated as of July 1, 2026 is by and between the CITY OF GUNTER, TEXAS (the "City"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles and recitals and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the City Secretary of the City (the "City Secretary") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located within the corporate limits of the City to be known as the Bridges Phase 1B Public Improvement District (the "District"); and

WHEREAS, the petition contained the signatures of the owners of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Grayson Central Appraisal District, and the signatures of the record owners who own taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on April 2, 2026, after due notice, the City Council of the City (the "City Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act, made the findings required by Section 372.009(b) of the PID Act and, by a resolution adopted by a majority of the members of the City Council (the "Creation Resolution"), authorized the creation of the District in accordance with its findings; and

WHEREAS, on April 7, 2026 the City Secretary filed a copy of the Creation Resolution with the county clerk of Grayson County, the county in which all of the District is located in accordance with the provisions of the PID Act; and

WHEREAS, no written protests of the District from any owners of record property within the District were filed with the City Secretary within 20 days after April 2, 2026; and

WHEREAS, on May 21, 2026, the City Council by a resolution made findings and determinations relating to the estimated costs of certain Authorized Improvements, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for June 18, 2026 (the "Assessment Hearing"), and directed City staff to (i) file the proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail notice relating to the Assessment Hearing (the "Assessment Notice") as required by Sections 372.016(b) and (c) of the PID Act; and

WHEREAS, on May 30, 2026, City staff, pursuant to Section 372.016(b) of the PID Act, published the Assessment Notice in the *Herald Democrat*, a newspaper of general circulation in the City; and

WHEREAS, City staff, pursuant to Section 372.016(c) of the PID Act, mailed the Assessment Notice to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council opened and convened the Assessment Hearing on June 18, 2026 and at the Assessment Hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Authorized Improvements to the Assessed Property within the District, the purposes of the Assessments, the special benefits of the Authorized Improvements, and the penalties and interest on Annual Installments of the Assessments and on delinquent Annual Installments; and

WHEREAS, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Authorized Improvements to the Assessed Property within the District, the Assessment Roll, and the levy of the Assessments; and

WHEREAS, on June 18, 2026, the City Council closed the Assessment Hearing, and, after considering all written and documentary evidence presented at the Assessment Hearing, including all written comments and statements filed with the City, the City Council found and determined that the Assessments should be levied as provided in the Service and Assessment Plan, and approved the Assessment Ordinance, which levied the Assessments and approved the Service and Assessment Plan, including the Assessment Roll, in conformity with the requirements of the PID Act; and

WHEREAS, the City filed a copy of the Assessment Ordinance and the Service and Assessment Plan not later than the seventh day after the date the City Council approved the Assessment Ordinance with the county clerk of Grayson County; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying all or a portion of the Actual Costs of the Public Improvements, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Public Improvements, and other costs related to the issuance of the Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project)" (the "Bonds"), such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preambles of this Indenture; and

WHEREAS, the Trustee has agreed to accept the trusts herein created upon the terms set forth in this Indenture; and

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject

to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

## ARTICLE I

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.1. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

“Account” means any of the accounts established pursuant to Section 6.1 of this Indenture.

“Actual Costs” means, with respect to the Public Improvements, the actual costs paid or incurred by or on behalf of the Developer (either directly or through affiliates), including: (1) the costs for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Public Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Public Improvements; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Public Improvements; (5) all related permitting and public approval expenses, and architectural, engineering, consulting, and other governmental fees and charges; and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Developer.

“Additional Interest” means the amount collected by application of the Additional Interest Rate.

“Additional Interest Rate” means the 0.50% additional interest rate charged on the Assessments pursuant to Section 372.018 of the PID Act.

“Additional Interest Reserve Account” means the Account administered by the City and segregated from other funds of the City in accordance with the provisions of Section 6.7 of this Indenture.

“Additional Interest Reserve Requirement” means an amount equal to 5.50% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account.

“Additional Obligations” means any bonds or obligations (including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants) secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

“Administrative Fund” means the Fund established by Section 6.1 and administered pursuant to Section 6.9 hereof.

“Administrator” means the City or an independent firm designated by the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

“Annual Collection Costs” means the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating; collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Roll and Annual Service Plan Updates; (6) paying and redeeming the Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and this Indenture, with respect to the Bonds, including the City’s continuing disclosure requirements; and (9) the Paying Agent/Registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments, (including both principal and interest), as shown on the Assessment Roll; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

“Annual Service Plan Update” means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“Applicable Laws” means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State of Texas or of the United States, by which the City and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

“Assessed Parcel” means each Parcel of land located within the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“Assessed Property” means, collectively, all Assessed Parcels.

“Assessment Ordinance” means the Ordinance adopted by the City Council on June 18, 2026, which levied the Assessments on the Assessed Property located within the District.

“Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Parcel, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds.

“Assessment Roll” means the assessment roll attached as Exhibit F-1 to the Service and Assessment Plan or any other assessment roll for the District in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments levied against the Assessed Property, and/or the portion of the total Assessment levied against each Assessed Parcel, related to the Bonds and the Authorized Improvements, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Assessments” means the aggregate assessments shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, as shown on the Assessment Roll or in the Service and Assessment Plan, subject to reallocation upon the subdivision of an Assessed Parcel or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Authorized Denomination” means \$100,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond.

“Authorized Improvements” means the costs and improvements authorized by Section 372.003 of the PID Act, including, but not limited to those improvements listed in Section III of the Service and Assessment Plan.

“Bond” means any of the Bonds.

“Bond Counsel” means Norton Rose Fulbright US LLP or any other attorney or firm of attorneys designated by the City that is nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the Fund of such name established pursuant to Section 6.1 and administered as provided in Section 6.4.

“Bond Issuance Costs” means the costs associated with issuing the Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, underwriter’s counsel, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of the Bonds.

“Bond Ordinance” means the Ordinance adopted by the City Council on June 18 2026, authorizing the issuance of the Bonds pursuant to this Indenture.

“Bond Pledged Revenue Account” means the Account of such name established pursuant to Section 6.1.

"Bonds" means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled "City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project)".

"Bond Year" means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

"Business Day" means any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the City or the Trustee.

"Capitalized Interest Account" means the Account of such name established pursuant to Section 6.1.

"Certification for Payment" means a certificate substantially in the form of Exhibit A attached to the Construction, Funding, and Acquisition Agreement executed by or on behalf of the Developer, approved by a City Representative and delivered to the Trustee, specifying the amount of work performed related to the Public Improvements and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in the Public Improvements Account, as further described in the Construction, Funding, and Acquisition Agreement and Section 6.5 herein.

"City Certificate" means a written certificate signed by a City Representative and delivered to the Trustee.

"City Representative" means any official or agent of the City authorized by the City Council to undertake the actions referenced herein.

"Closing Date" means the date of the initial delivery of and payment for the Bonds, which is July 15, 2026.

"Closing Disbursement Request" means a certificate substantially in the form of Exhibit B attached to the Construction, Funding, and Acquisition Agreement executed by or on behalf of the Developer, approved by a City Representative and delivered to the Trustee on the Closing Date, specifying the costs incurred in the establishment, administration, and operation of the District or issuing the Bonds, and requesting payment for such costs from money on deposit in the Project Fund, as further described in Section 6.5 herein.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

"Construction, Funding, and Acquisition Agreement" means the "Bridges Phase 1B Public Improvement District Construction, Funding and Acquisition Agreement" by and between the City and the Developer dated as of June 18, 2026 which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds, the payment of costs of the Public Improvements within the District, the use of the funds in the Public Improvements Account, and other matters related thereto.

"Costs of Issuance Account" means the Account of such name established pursuant to Section 6.1.

"Defeasance Securities" means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

"Delinquent Collection Costs" means the costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing principal, interest and penalty interest.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the office located in Irving, Texas, provided, however, that with respect to payments on the Bonds and any exchange, transfer, or surrender of the Bonds, the Designated Payment/Transfer Office shall mean the corporate trust operations office of the Trustee at 111 Fillmore Avenue E, St. Paul, Minnesota 55107-1402, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

"Developer" means The Bridges Phase 2B, LLC, a Texas limited liability company, and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

"District" means Bridges Phase 1B Public Improvement District.

"District Administration Account" means the Account of such name established pursuant to Section 6.1.

"District Formation Costs" means the costs associated with forming the District, including, but not limited to, attorney fees, engineering costs, and any other cost or expense incurred by the City or Developer directly associated with the establishment of the District.

"DTC" shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" shall mean brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Event of Default" shall have the meaning assigned to such term in Section 11.1(a) of this Indenture.

"Foreclosure Proceeds" means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Assessments against any Assessed Parcel(s), whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Fund” means any of the funds established pursuant to Section 6.1 of this Indenture.

“Indenture” means this Indenture of Trust as originally executed or, as it may be from time to time, supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the dominion of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Initial Bond” means the Initial Bond as set forth in Exhibit A to this Indenture.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 15 and September 15 of each year, commencing on September 15, 2026.

“Investment Securities” means those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended; and provided such investments are, at the time made, included in and authorized by the City’s official investment policy as approved by the City Council from time to time.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Minor Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of the Bonds that is less than 10% of the Outstanding principal amount of the Bonds.

“Outstanding” means, as of any particular date when used with reference to the Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article IV, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

“Owner” means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

“Parcel” means a specific property within the District identified by either a tax parcel identification number assigned by the Grayson Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the official public records of Grayson County, or by any other means determined by the City.

"Paying Agent/Registrar" means initially the Trustee, or any successor thereto as provided in this Indenture.

"Person" or "Persons" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PID Act" means Texas Local Government Code, Chapter 372, as amended.

"Pledged Funds" means the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund.

"Pledged Revenue Fund" means the Fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.3 herein.

"Pledged Revenues" means the sum of (i) Assessment Revenue less the Annual Collection Costs and (ii) any additional revenues that the City may pledge to the payment of Bonds.

"Prepayment" means the payment of all or a portion of an Assessment before the due date thereof.

"Principal and Interest Account" means the Account of such name established pursuant to Section 6.1.

"Project Fund" means the Fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

"Public Improvements" means the costs and improvements authorized by Section 372.003 of the PID Act, as described in Section III.A if the Service and Assessment Plan, and as further described on Exhibit B and depicted on Exhibit G to the Service and Assessment Plan.

"Public Improvements Account" means the Account of such name established pursuant to Section 6.1.

"Purchaser" means the initial purchaser of the Bonds.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Rebate Fund" means the Fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

"Record Date" means the last Business Day of the month next preceding an Interest Payment Date.

"Redemption Fund" means the Fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.6 herein.

"Redemption Price" means, when used with respect to any Bond or portion thereof, the amount of par plus accrued and unpaid interest to the date of redemption.

"Refunding Bonds" means bonds issued pursuant to the PID Act and/or Chapter 1207 of the Texas Government Code or any other applicable law of the State of Texas (each, as amended) to refund all or any portion of the then Outstanding Bonds.

"Register" means the register specified in Article III of this Indenture.

"Reserve Account" means the Account of such name established pursuant to Section 6.1.

"Reserve Account Requirement" means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$[ ] which is an amount equal to the [Maximum Annual Debt Service on the Bonds] as of the Closing Date.

"Reserve Fund" means the Fund of such name established pursuant to Section 6.1 and administered in Section 6.7 herein.

"Service and Assessment Plan" means the "Bridges Phase 1B Public Improvement District Service and Assessment Plan" dated June 18, 2026, including the Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Ordinance.

"Sinking Fund Installment" means the amount of money to redeem or pay at maturity the principal of Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

"Stated Maturity" means the date the Bonds, or any portion of the Bonds, as applicable, are scheduled to mature without regard to any redemption or prepayment.

"Substantial Amount Redemption" means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of the Bonds that is greater than or equal to 10% of the Outstanding principal amount of the Bonds.

"Supplemental Indenture" means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

"Tax Certificate" means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the interest on such Bonds to be included in the gross income of the Owners thereof for federal income tax purposes.

"Trust Estate" means the Trust Estate described in Section 2.1 this Indenture.

"Trustee" means U.S. Bank Trust Company, National Association, Irving, Texas and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds; provided, however, that with respect to payments on the Bonds and any exchange, transfer or other surrender of the Bonds, the Trustee's principal office shall mean the corporate trust operations office of the Trustee at 111 Fillmore Avenue E, St. Paul, Minnesota 55107-1402 or such other office or location designated by the Trustee by written notice.

Section 1.2. Findings.

The declarations, determinations, and findings declared, made and found in the preambles to this Indenture are hereby adopted, restated, and made a part of the operative provisions hereof.

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE II

THE BONDS

Section 2.1. Granting Clauses

(a) In order to secure the payment of debt service on all Bonds, and the performance and observance by the City of all the covenants expressed or implied herein, the City does hereby grant to the Trustee, as good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, a security interest in, mortgage, create a first lien on, and

pledge to the Trustee, all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under the following (the "Trust Estate"):

(i) All Pledged Revenues and all moneys and investments held in the Pledged Funds, including any and all proceeds thereof and any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and

(ii) Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof.

(b) The Trustee shall have and hold the Trust Estate, whether now owned or hereafter acquired or received by the Trustee and its successors or assigns, in trust upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture. Provided, however, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on all the Bonds at the times and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and shall remain in full force and effect.

(c) Except as otherwise provided in the remaining provisions of this Indenture, nothing in this Section 2.1 shall prohibit the Trustee from bringing any actions or proceedings for the enforcement of the obligation of the City hereunder except that nothing in this Section shall prejudice the rights of the Trustee under Articles IX and XI hereof; provided further that the priority of payment and the source for the repayment of the debt service on the Bonds shall be subject to the terms as set forth herein, including without limitation Article VI herein; provided further that the right to direct remedies following an Event of Default shall be limited to the Owners of the Bonds to the extent provided as set forth in Articles XI and XV herein.

(d) The Bonds are to be issued, registered, authenticated, and delivered, and the Trust Estate is to be held, dealt with and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Indenture.

## Section 2.2. Security for the Bonds.

The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter

1208, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected from and after the Closing Date. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.3. Limited Obligations.

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

Section 2.4. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council of the City. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.5. Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the City with the Owners, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$[ ] for the purpose of (i)

paying all or a portion of the Actual Costs of the Public Improvements, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Public Improvements, and other costs related to the issuance of the Bonds.

Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated the Closing Date and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rates per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing September 15, 2026, computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Interest Rate (%)</u>
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(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery (which delivery may be via electronic mail in portable document (PDF) or similar format) to the Trustee of:

- (i) a copy of the executed Assessment Ordinance;
- (ii) a copy of the executed Bond Ordinance;
- (iii) a copy of the executed Construction, Funding, and Acquisition Agreement;
- (iv) a copy of this Indenture executed by the Trustee and the City;

(v) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate; and

(vi) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner

of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem and City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to hold such office before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually or electronically executed by the Comptroller of Public Accounts of the State of Texas, or by his or her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser or its designee, executed with the manual or facsimile signatures of the Mayor or Mayor Pro Tem and the City Secretary approved by the Attorney General, and registered and manually or electronically signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser of the Bonds one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.7. Registration, Transfer and Exchange.

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will file and maintain a copy of the Register with the City, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer, which shall be in the Form of Assignment included in the Form of Bond attached hereto as Exhibit A and executed by the Owner and accompanied by such additional documentation or certification as may be required by the Paying Agent/Registrar. All transfers are subject to DTC requirements for so long as the Bonds are DTC registered. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and bearing the same interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged for other Bonds in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first-class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchanged Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of

this Indenture to the same extent as the Bond or Bonds in lieu of which such exchanged Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within 45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond redeemed in part.

(h) Neither the Paying Agent/Registrar, nor the Trustee shall have any duty or obligation to monitor, investigate, determine or otherwise inquire as to the compliance with any restrictions on transfer imposed under this Indenture or under any applicable law with respect to any transfer of any interest in any Bond, other than as expressly required by this Indenture. Each Owner agrees to indemnify the City, the Paying Agent/Registrar and the Trustee against any liability that may result from any transfer, exchange or assignment of such Owner's Bonds in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

#### Section 3.8. Cancellation.

All Bonds paid or redeemed before their scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchanged Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

#### Section 3.9. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's written request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any Authorized Denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond

or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in an Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity that is sufficient in the judgment of each of the Paying Agent/Registrar and the Trustee to save and hold harmless each of the Paying Agent/Registrar and the Trustee from any loss that any of them may suffer as a result of the delivery of such replacement Bond;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in

its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11. Book-Entry Only System.

The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the City to DTC. On the Closing Date, the definitive Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the words "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 3.12. Successor Securities Depository: Transfer Outside Book-Entry-Only System.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City

shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, and notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

<u>Term Bonds Maturing September 15, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20*	

\* maturity

Term Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20*	

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\* maturity

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20*	

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\* maturity

(b) At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select a principal amount of Bonds (in accordance with Section 4.5) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced

on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem the Bonds maturing on or after September 15, 20\_\_, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 15, 20\_\_, such redemption date or dates to be fixed by the City, at the Redemption Price, upon written direction from the City, to be provided to the Trustee no fewer than 45 days before the date fixed for redemption (or such shorter time as may be acceptable to the Trustee), directing the Trustee to provide notice of redemption as provided in Section 4.6 hereof.

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, and in an amount and on any date specified in a City Certificate, at the Redemption Price of such Bonds, or portions thereof, to be redeemed from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of this Indenture) or any other transfers to the Redemption Fund under the terms of this Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Indenture. No fewer than 45 days before the date fixed for redemption (or such shorter time as may be acceptable to the Trustee), the City will provide the Trustee a City Certificate directing the Bonds to be redeemed pursuant to this Section 4.4 and in accordance with the provisions of Section 4.5 hereof, and directing the Trustee to provide notice of redemption as provided in Section 4.6.

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bonds by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) In selecting the Bonds to be redeemed pursuant to Section 4.2, the Trustee may select Bonds in any method that results in a random selection.

(c) In selecting the Bonds to be redeemed pursuant to Section 4.3, the Trustee may rely on the directions provided in a City Certificate.

(d) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds or portion of a Bond, as applicable, to be redeemed shall be selected in the following manner:

(i) with respect to a Substantial Amount Redemption, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Bonds; and

(ii) with respect to a Minor Amount Redemption, the Outstanding Bonds shall be redeemed in inverse order of maturity.

(e) Upon surrender of any Bond for redemption in part, the Trustee, in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds are in book-entry-only form and held by DTC as security depository, references to Owner in this Indenture means Cede & Co., as nominee for DTC.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Outstanding Bonds are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Sections 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. Upon written direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the

Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date of redemption by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

## ARTICLE V

### FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by FactSet Research Systems on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and none of the City, the Trustee, nor the attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

- (i) Pledged Revenue Fund;
- (ii) Bond Fund;
- (iii) Project Fund;
- (iv) Reserve Fund;
- (v) Redemption Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

(i) The following Account is hereby created and established under the Pledged Revenue Fund:

- (A) Bond Pledged Revenue Account.

(ii) The following Accounts are hereby created and established under the Bond Fund:

(A) Capitalized Interest Account; and

(B) Principal and Interest Account.

(iii) The following Accounts are hereby created and established under the Project Fund:

(A) Public Improvements Account; and

(B) Costs of Issuance Account.

(iv) The following Accounts are hereby created and established under the Reserve Fund:

(A) Reserve Account; and

(B) Additional Interest Reserve Account.

(v) The following Account is hereby created and established under the Administrative Fund:

(A) District Administration Account.

(c) Each Fund and each Account created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the City. The Trustee may, from time to time, upon written direction from the City pursuant to a City Certificate, create additional Funds or Accounts hereunder as may be necessary. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds.

(d) Except as set forth in Section 6.10(f), interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

(i) to the Capitalized Interest Account of the Bond Fund: \$\_\_\_\_\_;

(ii) to the Public Improvements Account of the Project Fund: \$\_\_\_\_\_;

(iii) to the Costs of Issuance Account of the Project Fund: \$\_\_\_\_\_;

(iv) to the Reserve Account of the Reserve Fund: \$\_\_\_\_\_; and

- (v) to the District Administration Account of the Administrative Fund:  
\$\_\_\_\_\_.

Section 6.3. Pledged Revenue Fund.

(a) On or before March 1 of each year while the Bonds are Outstanding and beginning March 1, 2027, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay Actual Costs of the Public Improvements, and (v) fifth, to pay other costs permitted by the PID Act.

(b) From time to time as needed to pay the obligations relating to the Bonds, but no later than five Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first, to the payment of interest, and second, to the payment of principal (including any Sinking Fund Installments) on the Bonds, as described in Section 11.4(a) hereof.

(d) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Account to restore any transfers from the Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, and third, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in an account of the Reserve Fund, and the other deposits described in (a) above, the City may direct the Trustee, by City Certificate, to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid.

(g) Any additional Pledged Revenues remaining after the satisfaction of the foregoing shall be applied by the Trustee, as instructed by the City pursuant to a City Certificate, for any lawful purpose permitted by the PID Act for which such additional Pledged Revenues may be used, including transfers to other Funds and Accounts created pursuant to this Indenture.

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account, as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in Section 6.7(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following dates and in the following amounts:

<u>Date</u>	<u>Amount (\$)</u>
-------------	--------------------

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Public Improvements Account of the Project Fund, as directed by the City Certificate, or if the Public Improvements Account of the Project Fund has been closed as provided herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to either (i) the instructions on the memorandum to be issued by the City's financial advisor (the "Closing Memorandum") as of the Closing Date, (ii) one or more City Certificates or (iii) an executed, completed, and accepted Closing Disbursement Request.

(b) Money on deposit in the Public Improvements Account shall only be used to pay Actual Costs of the Public Improvements, except as otherwise provided for herein. Disbursements from the Public Improvements Account of the Project Fund to pay District Formation Costs or other costs related to the creation of the District shall be made by the Trustee pursuant to either (i) the Closing Memorandum, (ii) one or more City Certificates or (iii) an executed, completed, and accepted Closing Disbursement Request. Disbursements from the Public Improvements Account of the Project Fund to pay all other Actual Costs of the Public

Improvements shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Public Improvements Account of the Project Fund pursuant to the Closing Memorandum, Closing Disbursement Request or Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Construction, Funding, and Acquisition Agreement or as provided in the Closing Memorandum, Closing Disbursement Request or Certification for Payment, provided that the Trustee may rely solely and conclusively on the Closing Memorandum, City Certificate, Closing Disbursement Request, Certification of Payment or other written direction from the City or its designee in making a disbursement from the Public Improvements Account of the Project Fund. Such provisions and procedures related to such disbursements contained in the Construction, Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full.

(c) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Public Improvements Account of the Project Fund are not expected to be expended for purposes of the Account due to the abandonment, or constructive abandonment, of the Public Improvements such that, in the opinion of the City Representative, it is unlikely that the amounts in the Public Improvements Account of the Project Fund will ever be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Public Improvements Account of the Project Fund that are not expected to be used for purposes of such Account. If such City Certificate is so filed, the amounts on deposit in the Public Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture.

(d) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(e) Upon receipt of a City Certificate stating that all Public Improvements have been completed and that all Actual Costs of the Public Improvements have been paid, or that any such Actual Costs of the Public Improvements are not required to be paid from the Public Improvements Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee shall transfer the amount, if any, remaining within the Public Improvements Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfer the Public Improvements Account of the Project Fund shall be closed. If the Public Improvements Account has been closed as provided above and the Costs of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(f), the Project Fund shall be closed.

(f) Not later than six months following the Closing Date, or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred first to the Public Improvements Account of the Project Fund and used to pay Actual Costs, or, if no Actual Costs remain to be funded, then to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

(g) Notwithstanding anything to the contrary herein or in the Construction, Funding, and Acquisition Agreement, the Trustee shall not be required to make any investigation into any facts or matters stated in any Certification for Payment, Closing Memorandum, Closing Disbursement Request, City Certificate, or other written direction from the City or its designee provided as described in this Section 6.5 or to review any attachments thereto and shall have no liability on account of any disbursement from the Project Fund (including subaccounts) in accordance with such Certification for Payment, Closing Memorandum, Closing Disbursement Request, City Certificate or other written direction from the City or its designee, provided that it has complied with the procedures required in this Section 6.5 with respect to such Certification for Payment, Closing Memorandum, Closing Disbursement Request, City Certificate or other written direction. The Trustee shall have no responsibility whatsoever to disburse or transfer funds from the Public Improvements Account of the Project Fund hereunder absent written directions from the City.

Section 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The City agrees with the Owners of the Bonds to accumulate from the deposits described in Sections 6.2 and 6.3(a) hereof, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement, except to the extent such deficiency is due to the application of Section 6.7(d) hereof. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund, as provided in this Indenture.

(b) The Trustee, if needed, will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2027, an amount equal to the Additional Interest collected, if any, as shown on the Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any later time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall

notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

(c) Whenever a transfer is made from an Account of the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of such funds.

(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds to be redeemed, as identified in a City Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within 30 days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Public Improvements Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the Closing Date, or (iii) for such other use specified in such City Certificate if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond.

(f) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first, from the Additional Interest Reserve Account of the Reserve Fund to the Bond Fund and second, from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

(g) At the final maturity of the Bonds, the amount on deposit in the Reserve Account and in the Additional Interest Reserve Account shall be transferred to the Principal and Interest Account of the Bond Fund and applied to the payment of the principal of the Bonds.

(h) If, after a Reserve Account withdrawal pursuant to Section 6.7(f) hereof, the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with Section 6.3.

(i) If the amount held in the Reserve Fund together with the amounts held in the Bond Fund and the Redemption Fund are sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Outstanding Bonds as of such Interest Payment Date.

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Gunter, Texas, Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts relating to the Bonds due the United States Government in accordance with the Code.

(b) In order to assure that the Rebate Amount is paid to the United States rather than to a third-party, investments of funds on deposit in the Rebate Fund, as directed by the City in a written instruction to the Trustee, shall be made in accordance with the Code and the Tax Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) in the absence of written instructions from the City.

(d) If, on the date of each annual calculation, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the Rebate Amount to the Bond Fund.

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay the Annual Collection Costs and Delinquent Collection Costs.

(b) Moneys in the District Administration Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan.

(c) The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds.

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee, as directed by the City pursuant to a City Certificate filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default.

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in any City Certificate. In the absence of any such instructions, all funds shall be held by the Trustee uninvested in cash, yet collateralized. The Trustee shall have no responsibility to ensure that an investment it is directed to purchase is a permitted investment pursuant to the terms of this Indenture. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments and may conclusively rely on the related

City Certificate as to such matters. The Trustee shall have no duty to confirm or any responsibility to monitor the ratings of any investments made hereunder.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish the City and the Administrator monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, unless the Trustee receives a written request, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements.

(f) If, following an annual calculation of the Rebate Amount in accordance with Sections 6.8 and 7.5(h) hereof, it is determined that a Rebate Amount is owed with respect to the Bonds, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund an amount equal to the Rebate Amount owed by the City from investment earnings derived from the investment of the amount on deposit in the Pledged Funds. The City Certificate shall specify the amount to be transferred and identify the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

(g) The Trustee may conclusively rely on a City Certificate pursuant to Section 6.10(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.11. Security of Funds.

All Funds or Accounts heretofore created, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds or Accounts shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that the Assessments to be collected from the Assessed Property are as so reflected in the Service and Assessment Plan (as it may be updated from time to time), and, in accordance with the Assessment Ordinance, it has levied the Assessments against the respective Assessed Parcels from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than March 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in Section 9.6 of this Indenture, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, and except as set forth in Section 13.2 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Trust Estate, except for other indebtedness incurred in compliance with Section 13.2 hereof.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or interest thereon remain Outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and the Owners of any Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than 30 days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

*"Closing Date"* means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

*"Code"* means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

*"Computation Date"* has the meaning set forth in Section 1.148-1(b) of the Regulations.

*"Gross Proceeds"* means any proceeds, as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

*"Investment"* has the meaning set forth in Section 1.148-1(b) of the Regulations.

*"Nonpurpose Investment"* means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

*"Regulations"* means any proposed, temporary or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

*"Yield"* of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of the Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Assessments will meet the requirements of the "tax assessment loan exception" within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Assessments continue to meet such requirements for so long as the Bonds are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any

action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the Funds or Accounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, 100% of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, 90% of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within 180 days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(l) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, or City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

## ARTICLE VIII

### LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or Event of Default thereunder.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Indenture, the Bonds, the Bond Ordinance, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate, the funds available for such payment

in any of the Pledged Funds, if any, or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Indenture, the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector, the Mayor, the City Manager, or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

## ARTICLE IX

### THE TRUSTEE

#### Section 9.1. Trustee as Paying Agent/Registrar.

The Trustee is hereby designated and agrees to act as Paying Agent /Registrar for and in respect to the Bonds.

#### Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified by the Owners, to the extent permitted by law and the provisions of this Indenture, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence

or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may, to the extent permitted pursuant to the provisions of this Indenture, make transfers from the District Administration Account of the Administrative Fund, and to the extent money in the District Administration Account is insufficient, from the Pledged Revenue Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

The Trustee's rights to immunities and protection from liability hereunder will survive its resignation or removal.

Section 9.3. Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City only and the Trustee assumes no responsibility for and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed by it with due care.

The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. No implied covenants or obligations shall be read into this Indenture against the Trustee. In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct, both before and after default by the City.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction of the Owners of the applicable percentage of the Outstanding Bonds permitted to be given by them under this Indenture.

The Trustee shall not be liable for any error in judgment exercised in good faith and expressly authorized or within the discretion or rights or powers conferred upon it by this Indenture.

The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of at least a majority of the aggregate principal amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default.

The rights, privileges, protections, immunities and benefits given to the Trustee including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and person employed to act hereunder.

In no event shall the Trustee be responsible or liable for incidental, special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

Section 9.4. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may request and conclusively rely and shall be protected in acting upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

The Trustee may execute any of the trusts or powers hereunder or perform any of its duties hereunder through agents and attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its sole discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.

The Trustee shall have no duty or obligation to monitor the City's compliance with the terms of this Indenture or to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City herein except as may be expressly provided for herein.

The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers established by this Indenture.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty to take such action.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the District Administration Account of the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund and, to the extent moneys in the Administrative Fund are insufficient, then any and all funds at any time held by it hereunder prior to any Bonds Outstanding. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund, and to the extent moneys in the Administrative Fund are insufficient, then from any moneys in its possession in the Pledged Revenue Fund under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Subject to the provisions of this section, the right of the Trustee to receive compensation, and the City's obligation to make payment, hereunder shall survive the termination of this Indenture, payment in full of the Bonds or the resignation or removal of the Trustee.

TO THE EXTENT AUTHORIZED BY LAW, THE CITY SHALL INDEMNIFY AND HOLD HARMLESS THE TRUSTEE AGAINST ANY AND ALL LOSS, DAMAGE, CLAIMS, EXPENSE AND LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE ACCEPTANCE OF ADMINISTRATION OF THE TRUST OR TRUSTS HEREUNDER, INCLUDING THE COSTS AND EXPENSES OF DEFENDING ITSELF AGAINST ANY CLAIM (WHETHER ASSERTED BY THE CITY, ANY OWNER OR ANY OTHER PERSON) OR LIABILITY IN CONNECTION WITH THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES HEREUNDER EXCEPT TO THE EXTENT THAT SUCH LOSS, DAMAGE, CLAIM, EXPENSE OR LIABILITY IS CAUSED BY TRUSTEE'S NEGLIGENCE OR WILLFUL MISCONDUCT.

The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee acting in its capacity as Paying Agent/Registrar and its officers, directors, agents, attorneys and employees.

Section 9.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee also may engage in or be interested in any financial or other transaction with the City, provided that if the Trustee determines that any such relation is in conflict with its duties under this Indenture, it shall eliminate the conflict or resign as Trustee in accordance with the provisions of Section 9.8 hereof. So long as no event of default has occurred and is continuing, the Trustee may be a creditor of the City. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor. The resigning Trustee shall not be liable for the actions of the successor trustee.

Section 9.9. Removal of Trustee.

Upon thirty (30) days written notice, the Trustee may be removed at any time by (i) the Owners of at least a majority of the aggregate Outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) the City, so long as the City is

not in default under this Indenture. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate Outstanding principal of the Bonds.

Section 9.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least 25% of the aggregate Outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

Unless such successor Trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed and to the predecessor Trustee. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds, in accordance with the immediately preceding paragraph.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be converted or merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee to File Continuation Statements.

The Trustee shall have no duty or obligation to file or record any financing statements pursuant to Title 1 of the Texas Business and Commerce Code, commonly referred to as the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"). If necessary and upon receipt of a copy of a filed financing statement, the Trustee shall file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the UCC, in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any UCC financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the UCC, and unless the Trustee shall have been notified by the City that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and descriptions in filing any continuation statements or modifications thereto pursuant to this Section 9.13 and in filing any continuation statements in the same filing offices

as the initial filings were made. All costs of preparation and filing the continuation statements required hereunder will be paid from the District Administration Account of the Administrative Fund.

Section 9.14. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, executed by both the City and the Trustee, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at least 51% of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws and this Indenture), or (iii) reduce the percentage of Owners of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights, indemnities, immunities or obligations of the Trustee without its written consent, which consent may be evidenced by the Trustee's entering and signing of such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;

(iv) to provide for the issuance of Refunding Bonds, as set forth in Section 13.2 hereof;

(v) to appoint or accept a successor trustee in accordance with the provisions of Section 9.10 hereof; provided, however in no event shall this provision limit the Owners' ability to appoint a successor trustee pursuant to Section 9.10 hereof; and

(vi) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

(c) Any modification or amendment made pursuant to Section 10.1(b) shall not be subject to the notice procedures specified in Section 10.3 below.

(d) Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment or supplement: (i) is permitted under Applicable Laws and the provisions of this Indenture in effect after taking into account the proposed amendment or supplement; (ii) will not adversely affect the interests of the Owners in any material respect; provided, however, that an appointment of a successor trustee in accordance with the provisions hereof and/or the issuance of Refunding Bonds in accordance with the provisions of Section 13.2 hereof, are each deemed to not be a material adverse effect for purposes of such opinion; and (iii) will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation.

#### Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of such meeting and to provide for the giving of notice thereof, and to fix and adopt reasonable rules and regulations for said conduct of the meeting.

#### Section 10.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first-class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Except as set forth in Section 10.1(b), such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City or Bond Counsel, acting on the City's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any

subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, however, that the Trustee during such 60 day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inaction.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee, and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.6. Amendatory Endorsement of Bonds.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.7. Waiver of Default.

Subject to the second and third sentences of Section 10.1 hereof, with the written consent of at least 51% of the Owners in aggregate principal amount of the Bonds then Outstanding, the Owners may waive non-compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 hereof.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

(a) Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;

(iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of 90 days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate Outstanding principal of the Bonds with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners

of at least 25% of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted; provided further that the Trustee shall only be obligated to exercise such one or more of the rights and powers conferred by this section as so directed if Trustee shall have been indemnified by the Owners as provided herein. Notwithstanding the foregoing, the Trustee may refuse to follow any direction that it believes conflicts with Applicable Laws or this Indenture or that the Trustee determines is unduly prejudicial to the rights of any Owner of Bonds (it being understood that the Trustee does not have any affirmative duty to ascertain whether or not any action or forbearance is unduly prejudicial to such Owner) or that would involve the Trustee in personal liability; provided, however that the Trustee may take any other action deemed proper to the Trustee that is not inconsistent with such direction. Prior to taking any act under this Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking any such action. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

(d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may, but solely upon receipt of indemnity satisfactory in the sole discretion of the Trustee in accordance with Section 9.2 hereof, cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be

necessary or, in the reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his, or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, as advised by counsel, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

(c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such amounts, the expenses (including fees and expenses of its counsel and agents), liabilities, and advances owing to or incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on

behalf of the City, to the payment of interest and principal or Redemption Price then due on the Bonds, as follows:

FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due to the Owners entitled thereto, without any discrimination or preference.

Within 10 days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be

provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate Outstanding principal of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each

Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

## ARTICLE XII

### GENERAL COVENANTS AND REPRESENTATIONS

#### Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of the City, to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

#### Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

#### Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

## ARTICLE XIII

### SPECIAL COVENANTS

#### Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

#### Section 13.2. Additional Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues.

(b) The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the state of Texas. Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired.

(c) Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from the Trust Estate so long as such pledge is subordinate to the pledge of the Trust Estate securing payment of the Bonds.

(d) Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations, or subordinate obligations may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 15 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

#### Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, the Trust Estate, and the Bonds,

which books can be inspected by the Trustee during regular business hours of a Business Day upon request.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain the same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

#### ARTICLE XIV

##### PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

###### Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

###### Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

###### Section 14.3. Bonds Deemed Paid.

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other qualified third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the

Trustee to pay when due the principal of and interest on the Bonds to become due on the Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

## ARTICLE XV

### MISCELLANEOUS

#### Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibit(s) hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

#### Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

#### Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by e-mail and addressed as follows:

If to the City:

City of Gunter, Texas  
105 N. 4<sup>th</sup> Street  
Gunter, Texas 75058  
Attn: Mayor  
Email: karen.souther@ci.gunter.tx.us

If to the Trustee  
or the Paying Agent/Registrar:

U.S. Bank Trust Company, National Association  
1255 Corporate Drive, 6<sup>th</sup> Floor  
Irving, Texas 75038  
Attention: Global Corporate Trust  
Email: Misty.Gutierrez@usbank.com

With a copy to:

U.S. Bank Trust Company, National Association  
Attention: Bond Operations  
111 Fillmore Avenue East  
St. Paul, Minnesota 55107-1402

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture by Electronic Means (as hereinafter defined); provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions ("Authorized Officers"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the City elects to give the Trustee instructions by Electronic Means and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The City and the Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. With respect to this Indenture and any conflicts arising therefrom, the parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal district or state district court with jurisdiction in Grayson County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original. The City and the Trustee agree that electronic signatures to this Indenture may be regarded as original signatures.

Section 15.10. Statutory Verifications.

The Trustee makes the following representation and verifications pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of Securities and Exchange Commission Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Section 15.11. Dispute Resolution.

If any conflict, disagreement or dispute arises between, among, or involving any of the parties hereto concerning the meaning or validity of any provision hereunder or concerning any

other matter relating to this Indenture, or the Trustee is in doubt as to the action to be taken hereunder, the Trustee may, at its option, after sending written notice of the same to the City, refuse to act until such time as it (a) receives a final non-appealable order of a court of competent jurisdiction directing it as to such matter or (b) receives a written instruction, executed by each of the parties involved in such disagreement or dispute, in a form reasonably acceptable to the Trustee, directing it as to such matter. The Trustee will be entitled to act on any such written instruction or final, non-appealable order of a court of competent jurisdiction without further question, inquiry or consent. The Trustee may file an interpleader action in a state or federal court, and upon the filing thereof, the Trustee will be relieved of all liability as to the assets deposited with the court and will be entitled to recover reasonable and documented out-of-pocket attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF GUNTER, TEXAS

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

ATTEST:

\_\_\_\_\_  
City Secretary

[CITY SEAL]

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED  
No. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF GUNTER, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2026  
(BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, 20__	July 15, 2026	_____

The City of Gunter, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

\_\_\_\_\_

or registered assigns, on the Maturity Date, as specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing September 15, 2026, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust operations office at 111 Fillmore Avenue E, St. Paul, Minnesota 55107-1402 (the "Designated Payment/Transfer Office"), of U.S. Bank Trust Company, National Association, as trustee and paying agent/registrant (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrant, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check

dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last Business Day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated July 15, 2026, and issued in the aggregate principal amount of \$[ ] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of July 1, 2026 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying all or a portion of the Actual Costs of the Public Improvements, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Public Improvements, and other costs related to the issuance of the Bonds.

The Bonds are special, limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective Sinking Fund Installment as set forth in the following schedule:

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20*	

\* maturity

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20*	

\* maturity

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20	
September 15, 20*	

\* maturity

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption, pursuant to the provisions of the Indenture, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

The City reserves the right and option to redeem the Bonds maturing on and after September 15, 20\_\_ before their scheduled maturity dates, in whole or in part, on any date on or after September 15, 20\_\_, such redemption date or dates to be fixed by the City, at the Redemption Price.

The Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, in an amount and on any date specified in a City Certificate, at the Redemption Price, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the redemption price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, in Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond redeemed in part.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

The City has reserved the right to issue Additional Obligations on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF GUNTER, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

---

Mayor, City of Gunter, Texas

\_\_\_\_\_  
City Secretary, City of Gunter, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER  
OF PUBLIC ACCOUNTS

§  
§  
§  
§

REGISTER NO. \_\_\_\_\_

THE STATE OF TEXAS

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_

\_\_\_\_\_  
Acting Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Trustee

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto  
(print or typewrite name, address and zip code of transferee):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Social Security or other identifying number: \_\_\_\_\_) the within Bond and  
all rights hereunder and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Bond on the books kept for  
registration hereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_  
\_\_\_\_\_

NOTICE: The signature on this Assignment  
must correspond with the name of the  
registered owner as it appears on the face of  
the within Bond in every particular and must  
be guaranteed in a manner acceptable to the  
Trustee.

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this  
Exhibit A, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE"  
and "MATURITY DATE" shall both be completed with the expression "As Shown Below,"  
and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as  
specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the  
following will be inserted: "on September 15 in each of the years, in the principal  
installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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(Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Bond shall be numbered T-1.

**[/PAR AMOUNT]  
CITY OF GUNTER, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026  
(BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT)**

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**BOND PURCHASE AGREEMENT**

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June 18, 2026

City of Gunter, Texas  
105 N. 4th Street  
Gunter, Texas 75058

Ladies and Gentlemen:

The undersigned, FMSbonds, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (this "Agreement") with the City of Gunter, Texas (the "City"), which will be binding upon the City and the Underwriter upon the acceptance of this Agreement by the City. This offer is made subject to its acceptance by the City by execution of this Agreement and its delivery to the Underwriter on or before 10:00 p.m., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to the acceptance hereof by the City. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture (defined herein) between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), authorizing the issuance of the Bonds (defined herein), and in the Limited Offering Memorandum (defined herein).

1. Purchase and Sale of Bonds. Upon the terms and conditions and upon the basis of representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[/PAR AMOUNT] aggregate principal amount of the "City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project)" (the "Bonds"), at a purchase price of \$ \_\_\_\_\_ (representing the aggregate principal amount of the Bonds less an original issue discount of \$ \_\_\_\_\_ and less an Underwriter's discount of \$ \_\_\_\_\_).

Inasmuch as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriter is not acting as a municipal advisor or fiduciary of the City (including, without limitation, a "municipal advisor" (as such term is defined in Section 975(e) of the Dodd Frank Wall Street Reform and Consumer Protection Act)), but rather is acting solely in its capacity as Underwriter for its own account. The City acknowledges and

agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's length commercial transaction between the City and the Underwriter, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the City with respect to the offering described herein except the obligations expressly set forth in this Agreement, (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, (v) the Underwriter has financial and other interests that differ from those of the City, and (vi) the Underwriter has provided to the City prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board ("MSRB"), which have been received by the City. The City further acknowledges and agrees that following the issuance and delivery of the Bonds, the Underwriter has indicated that it may have periodic discussions with the City regarding the expenditure of Bond proceeds and the construction of the Public Improvements financed with the Bonds and, in connection with such discussions, the Underwriter shall be acting solely as a principal and will not be acting as the agent or fiduciary of, and will not be assuming an advisory or fiduciary responsibility in favor of, the City.

The Bonds shall be dated July 15, 2026, and shall have the maturities and redemption features, if any, and bear interest at the rates per annum shown on Schedule I hereto. Payment for and delivery of the Bonds, and the other actions described herein, shall take place on July 15, 2026 (or such other date as may be agreed to by the City and the Underwriter) (the "Closing Date").

2. Authorization Instruments and Law. The Bonds were authorized by an Ordinance enacted by the City Council of the City (the "City Council") on June 18, 2026 (the "Bond Ordinance") and shall be issued pursuant to the provisions of Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "Act"), and the Indenture of Trust, dated as of July 1, 2026, between the City and the Trustee, authorizing the issuance of the Bonds (the "Indenture"). The Bonds shall be substantially in the form described in, and shall be secured under the provisions of, the Indenture.

The Bonds and interest thereon shall be secured by the proceeds of special assessments (the "Assessments") levied on the assessable parcels within the Bridges Phase 1B Public Improvement District (the "District"). The District was established by a resolution enacted by the City Council on April 2, 2026 (the "Creation Resolution") in accordance with the Act.

A Service and Assessment Plan (the "Service and Assessment Plan") which sets forth the costs of the Authorized Improvements and the method of payment of the Assessments levied against assessable property located within the District, was approved pursuant to an assessment ordinance adopted by the City Council on June 18, 2026 (the "Assessment Ordinance" and, together with the Creation Resolution, the Indenture and the Bond Ordinance, the "Authorizing Documents"). The Bonds shall be further secured by certain applicable funds and accounts created under the Indenture.

The Bonds shall be as described in Schedule I, the Indenture, and the Limited Offering Memorandum. The proceeds of the Bonds shall be used for (i) paying all or a portion of the Actual Costs of the Public Improvements, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Public Improvements, and other costs related to the issuance of the Bonds.

3. Limited Public Offering. The Underwriter agrees to make a bona fide limited public offering of all of the Bonds in accordance with Section 11 hereof to no more than thirty-five (35) persons that qualify as "Accredited Investors" (as defined in Rule 501 of Regulation D under the Securities Act (as defined herein)) or "Qualified Institutional Buyers" (as defined in Rule 144A under the Securities Act). On or before the third (3rd) business day prior to the Closing Date, the Underwriter shall execute and deliver to Bond Counsel (as defined herein) the Issue Price Certificate (as defined herein), in substantially the form attached hereto as Appendix B.

4. Limited Offering Memorandum.

(a) Delivery of Limited Offering Memorandum. The City previously has delivered, or caused to be delivered, to the Underwriter the Preliminary Limited Offering Memorandum for the Bonds dated [PLOM DATE], 2026 (the "Preliminary Limited Offering Memorandum"), in a "designated electronic format," as defined in MSRB Rule G-32 ("Rule G-32"). The City will prepare, or cause to be prepared, a final Limited Offering Memorandum relating to the Bonds (as more particularly defined below, the "Limited Offering Memorandum") which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended ("Rule 15c2-12"), (iii) in a "designated electronic format," and (iv) substantially in the form of the most recent version of the Preliminary Limited Offering Memorandum provided to the Underwriter before the execution hereof, except for the inclusion of the information permitted to be excluded from the Preliminary Limited Offering Memorandum by Section (b)(1) of Rule 15c2-12. The Limited Offering Memorandum, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds are collectively referred to herein as the "Limited Offering Memorandum." Until the Limited Offering Memorandum has been prepared and is available for distribution, the City shall provide to the Underwriter, upon request, sufficient quantities (which may be in electronic format) of the Preliminary Limited Offering Memorandum as the Underwriter reasonably deems necessary to satisfy the obligation of the Underwriter under Rule 15c2-12 with respect to distribution to each potential customer.

(b) Preliminary Limited Offering Memorandum Deemed Final. The Preliminary Limited Offering Memorandum has been prepared for use by the Underwriter in connection with the offering, sale, and distribution of the Bonds. The City hereby represents and warrants that the Preliminary Limited Offering Memorandum has been deemed "final" by the City as of its date, except for the omission of such information which

is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12.

(c) Use of Limited Offering Memorandum in Offering and Sale. The City hereby authorizes the Limited Offering Memorandum and the information therein contained to be used by the Underwriter in connection with the offering and the sale of the Bonds. The City consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the offering of the Bonds. The City shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the City's acceptance of this Agreement (but, in any event, not later than the earlier of the Closing Date or seven (7) business days after the City's acceptance of this Agreement) copies of the Limited Offering Memorandum which is complete as of the date of its delivery to the Underwriter. The City shall provide the Limited Offering Memorandum, or cause the Limited Offering Memorandum to be provided, (i) in a "designated electronic format" consistent with the requirements of Rule G-32, and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

(d) Updating of Limited Offering Memorandum. If, after the date of this Agreement, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in Rule 15c2-12), and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than the 25th day after the "end of the underwriting period" for the Bonds), the City becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the City will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the City will forthwith prepare and furnish, at no expense to the Underwriter (in a form and manner approved by the Underwriter), either an amendment or a supplement to the Limited Offering Memorandum so that the statements therein as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or so that the Limited Offering Memorandum will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the City in accordance herewith, (i) the City makes no representations with respect to the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system, and (ii) the City makes no representation with respect to the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum in any of the maps included therein or under the captions

and subcaptions “PLAN OF FINANCE — Development Plan, Status of Development and Plan of Finance,” “OVERLAPPING TAXES AND DEBT – Homeowner’s Association,” “BOOK-ENTRY ONLY SYSTEM,” “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS,” “THE PUBLIC IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Public Improvements and the Development, as defined in the Limited Offering Memorandum), “THE ADMINISTRATOR,” “APPRAISAL,” “LEGAL MATTERS — Litigation — The Developer,” “CONTINUING DISCLOSURE – The Developer,” “– The Developer’s Compliance with Prior Undertakings,” “SOURCES OF INFORMATION – Sources of Certain Information,” “INFORMATION RELATING TO THE TRUSTEE,” “APPENDIX D-2,” “APPENDIX E” and “APPENDIX G” (collectively, the “Non-City Disclosures”). If such notification shall be subsequent to the Closing Date, the City, at no expense to the Underwriter, shall furnish such legal opinions, certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum. The City shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32, and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

(e) Filing with MSRB. The Underwriter hereby agrees to timely file the Limited Offering Memorandum with the MSRB through its Electronic Municipal Market Access (“EMMA”) system within one business day after receipt but no later than the Closing Date. Unless otherwise notified in writing by the Underwriter, the City can assume that the “end of the underwriting period” for purposes of Rule 15c2-12 is the Closing Date.

(f) Limited Offering. The Underwriter hereby represents, warrants and covenants that the Bonds were initially sold pursuant to a limited offering. The Bonds were sold to not more than thirty-five persons that qualify as “Accredited Investors” (as defined in Rule 501 of Regulation D under the Securities Act) or “Qualified Institutional Buyers” (within the meaning of Rule 144A under the Securities Act).

5. City Representations, Warranties and Covenants. The City represents, warrants and covenants that:

(a) Due Organization, Existence and Authority. The City is a political subdivision of the State of Texas (the “State”), and has, and at the Closing Date will have, full legal right, power and authority:

(i) to enter into:

(1) this Agreement;

(2) the Indenture;

(3) the “Second Amended and Restated Development Agreement – The Bridges” between the City, The Bridges Land Holdings,

LLC, and The Bridges Phase 2B, LLC, a Texas limited liability company (the "Developer"), effective as of March 5, 2026 (the "Development Agreement");

(4) the Continuing Disclosure Agreement of Issuer with respect to the Bonds, dated as of July 1, 2026 (the "City Continuing Disclosure Agreement"), executed and delivered by the City, P3Works, LLC, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent; and

(5) the Bridges Phase 1B Public Improvement District Construction, Funding, and Acquisition Agreement, dated as of June 18, 2026, executed by the City and the Developer (the "CFA Agreement")

(ii) to issue, sell, and deliver the Bonds to the Underwriter as provided herein; and

(iii) to carry out and consummate the transactions on its part described in (1) the Authorizing Documents, (2) this Agreement, (3) the Development Agreement, (4) the City Continuing Disclosure Agreement, (5) the CFA Agreement, (6) the Limited Offering Memorandum, and (7) any other documents and certificates described in any of the foregoing (the documents described by subclauses (1) through (7) being referred to collectively herein as the "City Documents").

(b) Due Authorization and Approval of City. By all necessary official action of the City, the City has duly authorized and approved the adoption or execution and delivery by the City of, and the performance by the City of the obligations on its part, contained in, the City Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded, except as may have been approved by the Underwriter. When validly executed and delivered by the other parties thereto, the City Documents will constitute the legally valid and binding obligations of the City enforceable upon the City in accordance with their respective terms, except insofar as enforcement may be limited by principles of governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or affecting creditors' rights generally. The City has complied, and will at the Closing (as defined herein) be in compliance, in all material respects, with the obligations on its part to be performed on or prior to the Closing Date under the City Documents.

(c) Due Authorization for Issuance of the Bonds. The City has duly authorized the issuance and sale of the Bonds pursuant to the Bond Ordinance, the Indenture, and the Act. The City has, and at the Closing Date will have, full legal right, power and authority (i) to enter into, execute, deliver, and perform its obligations under this Agreement and the other City Documents, (ii) to issue, sell and, deliver the Bonds to the Underwriter pursuant to the Indenture, the Bond Ordinance, the Act, and as provided herein, and (iii) to carry out, give effect to and consummate the transactions on the part of the City described by the City Documents and the Bond Ordinance.

(d) No Breach or Default. As of the time of acceptance hereof, and to the best of its knowledge, the City is not, and as of the Closing Date the City will not be, in breach of or in default in any material respect under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument related to the Bonds and to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument which breach, default or event could have a material adverse effect on the City's ability to perform its obligations under the Bonds or the City Documents; and, as of such times, the authorization, execution and delivery of the Bonds and the City Documents and compliance by the City with obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a material breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties are bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any portion of the Trust Estate or under the terms of any such law, regulation or instrument, except as may be permitted by the City Documents.

(e) No Litigation. At the time of acceptance hereof there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending against the City with respect to which the City has been served with process, nor to the knowledge of the City is any Action threatened against the City, in which any such Action (i) in any way questions the existence of the City or the rights of the members of the City Council to hold their respective positions, (ii) in any way questions the formation or existence of the District, (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the City Documents or the consummation of the transactions on the part of the City described therein, or contests the exclusion of the interest on the Bonds from federal income taxation, or (iv) which may adversely affect in a material manner the financial condition of the City to pay the principal of and interest on the Bonds; and, as of the time of acceptance hereof, to the City's knowledge, there is no basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of this sentence.

(f) Bonds Issued Pursuant to Indenture. The City represents that the Bonds, when issued, executed, and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the City subject to the terms of the Indenture, entitled to the benefits of the Indenture and the security of the pledge of the proceeds of the levy of the Assessments received by the City, all to the extent provided for in the Indenture. The Indenture creates a valid pledge of the

monies in certain funds and accounts established pursuant to the Indenture to the extent provided for in the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(g) Assessments. The Assessments constituting the security for the Bonds have been levied by the City in accordance with the Act on those parcels of land identified in the Assessment Roll for the District (as defined in the Service and Assessment Plan). According to the Act, such Assessments constitute a valid and legally binding first and prior lien against the properties assessed, superior to all other liens and claims, except liens or claims for State, county, school district, or municipality ad valorem taxes.

(h) Consents and Approvals. All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency, or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the City of, its obligations in connection with the City Documents have been duly obtained or made and are in full force and effect, except the approval of the Bonds by the Attorney General of the State, registration of the Bonds by the Comptroller of Public Accounts of the State, and the approvals, consents and orders as may be required under Blue Sky or securities laws of any jurisdiction.

(i) Public Debt. Prior to the Closing, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Assessments which secure the Bonds without the prior approval of the Underwriter.

(j) Preliminary Limited Offering Memorandum. The information contained in the Preliminary Limited Offering Memorandum is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to (i) the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of DTC, or its book-entry-only system, and (ii) the City makes no representation with respect to the Non-City Disclosures.

(k) Limited Offering Memorandum. At the time of the City's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including the 25<sup>th</sup> day subsequent to the "end of the underwriting period," the information contained in the Limited Offering Memorandum does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to (i) the descriptions in the

Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of DTC, or its book-entry-only system, and (ii) the City makes no representation with respect to the Non-City Disclosures; and further provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 4(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(l) Supplements or Amendments to Limited Offering Memorandum. If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (d) of Section 4 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the 25th day subsequent to the "end of the underwriting period," the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 4(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

(m) Compliance with Rule 15c2-12. During the past five years, the City has complied in all material respects with its previous continuing disclosure undertakings made by it in accordance with Rule 15c2-12, except as described in the Limited Offering Memorandum.

(n) Use of Bond Proceeds. The City will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Indenture and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(o) Blue Sky and Securities Laws and Regulations. The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, at no expense to the City, (i) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the initial distribution of the Bonds by the Underwriter (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the City of any notification with

respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(p) Certificates of the City. Any certificate signed by any official of the City authorized to do so in connection with the transactions described in this Agreement shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein and can be relied upon by the Underwriter as to the statements made therein.

(q) Intentional Actions Regarding Representations and Warranties. The City covenants that between the date hereof and the Closing it will not intentionally take actions which will cause the representations and warranties made in this Section to be untrue as of the Closing.

(r) Municipal Advisor. The City has engaged Hilltop Securities Inc., as its Municipal Advisor in connection with its offering and issuance of the Bonds.

By delivering the Limited Offering Memorandum to the Underwriter, the City shall be deemed to have reaffirmed, with respect to the Limited Offering Memorandum, the representations, warranties and covenants set forth above.

6. Developer Letter of Representations. At the signing of this Agreement, the City and Underwriter shall receive from the Developer, an executed Developer Letter of Representations (the "Developer Letter of Representations") in the form of Appendix A hereto, and at the Closing, a certificate signed by the Developer as set forth in Section 9(e) hereof.

7. The Closing. At 10:00 a.m., Central time, on the Closing Date, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter, (i) the City will deliver or cause to be delivered to DTC through its "FAST" System, the Bonds in the form of one fully registered Bond for each maturity, registered in the name of Cede & Co., as nominee for DTC, duly executed by the City and authenticated by the Trustee as provided in the Indenture, and (ii) the City will deliver the closing documents hereinafter mentioned to Norton Rose Fulbright US LLP ("Bond Counsel"), or a place to be mutually agreed upon by the City and the Underwriter. Settlement will be through the facilities of DTC. The Underwriter will accept delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in federal funds payable to the order of the City or its designee. These payments and deliveries, together with the delivery of the aforementioned documents, are herein called the "Closing." The Bonds will be made available to the Underwriter for inspection not less than twenty-four (24) hours prior to the Closing.

8. Underwriter's Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations and covenants herein and in the Developer Letter of Representations and the performance by the City of its obligations under this Agreement, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, accept delivery of, and pay for the Bonds shall be conditioned upon the performance by the City of its obligations to be performed hereunder at or prior to Closing and shall also be subject to the following additional conditions:

(a) Bring-Down Representations of the City. The representations and covenants of the City contained in this Agreement shall be true and correct in all material respects as of the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the City Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented except with the written consent of the Underwriter; (ii) the Authorizing Documents shall be in full force and effect; (iii) there shall be in full force and effect such other resolutions or actions of the City as, in the opinion of Bond Counsel and counsel to the Underwriter (“Underwriter’s Counsel”), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the City described in this Agreement and the City Documents; (iv) there shall be in full force and effect such other resolutions or actions of the Developer as, in the opinion of Boghetich Law, PLLC (“Developer’s Counsel”), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Developer described in the Developer Letter of Representations, the Development Agreement, the CFA Agreement, the Bridges Phase 1B Public Improvement District Landowner Consent dated June 18, 2026 executed by the Developer and The Bridges Golf Club, LLC (the “Landowner Consent”), and the Continuing Disclosure Agreement of Developer with respect to the Bonds, dated as of July 1, 2026, executed and delivered by the Developer, P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. as dissemination agent (the “Continuing Disclosure Agreement of the Developer,” and together with the Developer Letter of Representations, the Development Agreement, the Landowner Consent, and the CFA Agreement (collectively, the “Developer Documents”); and (v) the City shall perform or have performed its obligations required or specified in the City Documents to be performed at or prior to Closing.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing and no circumstances or occurrences that, with the passage of time or giving of notice, shall constitute an event of default under this Agreement, the Indenture, the City Documents, the Developer Documents or other documents relating to the financing and construction of the Public Improvements and the Development, and the Developer shall not be in default in the payment of principal or interest on any of its indebtedness which default shall materially adversely impact the ability of the Developer to pay the Assessments when due.

(d) Closing Documents. At or prior to the Closing, the Underwriter or Underwriter’s Counsel shall have received each of the documents required under Section 9 below.

(e) Termination Events. The Underwriter shall have the right to cancel its obligation to purchase the Bonds and to terminate this Agreement without liability therefor by written notification to the City if, between the date of this Agreement and the Closing, in the Underwriter’s sole and reasonable judgment, any of the following shall have occurred:

(i) the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by the occurrence of any of the following:

(1) legislation shall have been introduced in or enacted by the Congress of the United States or adopted by either chamber thereof, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice, or otherwise) by the President of the United States, the Treasury Department of the United States, or the Internal Revenue Service or legislation shall have been proposed for consideration by either the U.S. Senate Committee on Finance or the U.S. House of Representatives Committee on Ways and Means or legislation shall have been favorably reported for passage to either chamber of the Congress of the United States by a Committee of such chamber to which such legislation has been referred for consideration, or a decision by a court of the United States or the Tax Court of the United States shall be rendered or a ruling, regulation, or order (final, temporary, or proposed) by or on behalf of the Treasury Department of the United States, the Internal Revenue Service, or other federal agency shall be made, which would result in federal taxation of revenues or other income of the general character expected to be derived by the City or upon interest on securities of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the federal income tax consequences of receipt of interest on securities of the general character of the Bonds in the hands of the holders thereof, and which in either case, makes it, in the reasonable judgment of the Underwriter, impracticable or inadvisable to proceed with the offer, sale, or delivery of the Bonds on the terms and in the manner described in the Limited Offering Memorandum; or

(2) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or action letter by, or on behalf of, the Securities and Exchange Commission ("SEC") or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as described herein or by the Limited Offering Memorandum, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect (the "Securities Act"), or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the "Trust Indenture Act"); or

(3) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so; or

(4) there shall have occurred (whether or not foreseeable) (i) any outbreak of hostilities (including, without limitation, an act of terrorism) including, but not limited to, an escalation of hostilities that existed prior to the date hereof, (ii) national or international calamity or crisis, including, but not limited to, an escalation in the scope or magnitude of any pandemic or natural disaster, or (iii) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States, and the effect of any such event on the financial markets of the United States shall be such as would make it impracticable, in the reasonable judgment of the Underwriter, for it to sell the Bonds on the terms and in the manner described in the Limited Offering Memorandum; or

(5) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City, except as disclosed in or contemplated by the Limited Offering Memorandum; or

(6) any state blue sky or securities commission or other governmental agency or body in any state in which more than 10% of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(7) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the City, its property, income, securities (or interest thereon), or the validity or enforceability of the Assessments pledged to pay principal of and interest on the Bonds; or

(ii) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(iii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any

statement or information contained in the Limited Offering Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which change shall occur subsequent to the date of this Agreement and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriter; or

(iv) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Limited Offering Memorandum; or

(v) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and shall be in force; or

(vi) a material disruption in securities settlement, payment or clearance services shall have occurred; or

(vii) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Limited Offering Memorandum, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws on the date of Closing, including the Securities Act, the Securities Exchange Act of 1934 (the "Securities Exchange Act") and the Trust Indenture Act; or

(viii) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, which prohibition shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance, or nonfeasance of the Underwriter.

With respect to the conditions described in subparagraphs (ii), (vii) and (viii) above, the Underwriter is not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Underwriter to invoke its termination rights hereunder.

9. Closing Documents. At or prior to the Closing, the Underwriter or Underwriter's Counsel shall receive the following documents:

(a) Bond Opinion. The opinion of Bond Counsel, dated the Closing Date and substantially in the form included as APPENDIX C to the Limited Offering Memorandum, together with a reliance letter from Bond Counsel, dated the date of the Closing and addressed to the Underwriter, which may be included in the supplemental opinion required by Section 9(b), to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(b) Supplemental Opinion. A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the City and the Underwriter, in form and substance acceptable to counsel for the Underwriter, to the following effect:

(i) Except to the extent noted therein, Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Limited Offering Memorandum but that such firm has reviewed the statements and information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS" (except for the last paragraph under the subcaption "General"), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (first paragraph only), "LEGAL MATTERS — Legal Opinions," "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "APPENDIX A" and "APPENDIX C" and Bond Counsel is of the opinion that the information relating to the Bonds and legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture;

(ii) The Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(iii) The City has or at the time of adoption had full power and authority to adopt the Creation Resolution, the Assessment Ordinance, and the Bond Ordinance (collectively, the foregoing documents are referred to herein as the "City Actions") and perform its obligations thereunder and the City Actions have been duly adopted, are in full force and effect and have not been modified, amended or rescinded; and

(iv) The Indenture, the Development Agreement, the CFA Agreement, the City Continuing Disclosure Agreement, and this Agreement have been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of such instruments, documents, and agreements by the other parties thereto, constitute the legal, valid, and binding agreements of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditors' rights, or by the application of equitable principles if equitable remedies are sought and to the application of State law relating to governmental immunity applicable to governmental entities.

(c) City Legal Opinion. An opinion of an attorney for the City, dated the Closing Date and addressed to the Underwriter, Underwriter's Counsel, Bond Counsel, the City and the Trustee, with respect to matters relating to the City, substantially in the form of Appendix C hereto or in form otherwise agreed upon by the Underwriter.

(d) Opinion of Developer's Counsel. An opinion of Developer's Counsel, substantially in the form of Appendix D hereto, dated the Closing Date and addressed to the City, Bond Counsel, the Attorney for the City, the Underwriter, Underwriter's Counsel and the Trustee.

(e) Developer Certificate. The certificate of the Developer dated as of the Closing Date (the "Developer Closing Certificate"), signed by an authorized officer of the Developer in substantially the form of Appendix E hereto.

(f) City Certificate. A certificate of the City, dated the Closing Date, to the effect that, to an authorized City official's knowledge:

(i) the representations and warranties of the City contained herein and in the City Documents are true and correct in all material respects on and as of the Closing Date as if made on the date thereof;

(ii) the Authorizing Documents and City Documents are in full force and effect and have not been amended, modified, or supplemented;

(iii) except as disclosed in the Limited Offering Memorandum, no litigation or proceeding against the City is pending or, to the knowledge of such person, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the City to hold and exercise their respective positions, (b) contest the due organization and valid existence of the City or the establishment of the District, (c) contest the validity, due authorization and execution of the Bonds or the City Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the City from levying and collecting the Assessments pledged to pay the principal of and interest on the Bonds, or the pledge thereof;

(iv) the City has, to such person's knowledge, complied with all agreements and covenants and satisfied all conditions set forth in the City Documents, on its part to be complied with or satisfied hereunder at or prior to the Closing;

(v) all official action of the City relating to the Limited Offering Memorandum, the Bonds and the City Documents have been duly taken by the City, are in full force and effect and have not been modified, amended, supplemented or repealed; and

(vi) to his or her knowledge, no event affecting the City has occurred since the date of the Limited Offering Memorandum which should be disclosed therein for the purpose for which it is to be used or which is necessary to be disclosed

therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any respect.

(g) Trustee's Closing Certificate. A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to counsel for the Underwriter to the following effect:

(i) The Trustee is duly organized and validly existing as a national banking association organized under the laws of the United States of America, having the full power and authority, including trust powers, to accept and perform its duties under the Indenture; and

(ii) No consent, approval, authorization or other action by any governmental authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture.

(h) Trustee's Certificate. A customary authorization and incumbency certificate dated prior to the Closing Date, signed by authorized officers of the Trustee in form and substance acceptable to the Underwriter, Underwriter's Counsel, and Bond Counsel, which certificate may be included the Trustee closing certificate set forth in (g) above.

(i) Underwriter Counsel's Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, of Greenberg Traurig, LLP, Underwriter's Counsel, to the effect that:

(i) based on (A) such counsel's review of the Bond Ordinance, the Indenture, and the Limited Offering Memorandum; (B) its discussions with Bond Counsel and with the Underwriter; (C) its review of the documents, certificates, opinions and other instruments delivered at the closing of the sale of the Bonds on the date hereof; and (D) such other matters as it deems relevant, such counsel is of the opinion that the Bonds are exempt securities under the Securities Act, and the Trust Indenture Act, and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the Securities Act and the Indenture is not required to be qualified under the Trust Indenture Act;

(ii) based upon (A) such counsel's review of Rule 15c2-12 and interpretive guidance published by the SEC relating thereto; (B) its review of the continuing disclosure undertaking of the City contained in the City Continuing Disclosure Agreement; and (C) the inclusion in the Limited Offering Memorandum of a description of the specifics of such undertaking, and assuming that the Bond Ordinance, the Indenture, and the City Continuing Disclosure Agreement have been duly adopted by the City and are in full force and effect, such undertaking provides

a suitable basis for the Underwriter, to make a reasonable determination that the City has met the qualifications of paragraph (b)(5)(i) of Rule 15c2-12; and

(iii) although such counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the information contained in the Limited Offering Memorandum, it has participated in the preparation of the Limited Offering Memorandum and without independent verification, no facts came to its attention that caused it to believe that the Limited Offering Memorandum (except for the Appendices as well as any other financial, engineering and statistical data contained therein or included therein by reference or any litigation disclosed therein, as to which it expresses no view) as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) Limited Offering Memorandum. The Limited Offering Memorandum and each supplement or amendment, if any, thereto.

(k) Delivery of City Documents and Developer Documents. The City Documents and Developer Documents shall have been executed and delivered in form and content satisfactory to the Underwriter.

(l) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

(m) Federal Tax Certificate. A certificate of the City in form and substance satisfactory to Bond Counsel and Underwriter's Counsel setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code.

(n) Attorney General Opinion and Comptroller Registration. The approving opinion of the Attorney General of the State regarding the Bonds and the Comptroller of the State's Certificate of Registration for the Initial Bond.

(o) Continuing Disclosure Agreements. The City Continuing Disclosure Agreement and the Continuing Disclosure Agreement of the Developer, shall have been executed by the parties thereto in substantially the forms attached to the Limited Offering Memorandum as APPENDIX D-1 and APPENDIX D-2.

(p) Letter of Representation of the Appraiser. (i) Letter of Representation of the Appraiser, substantially in the form of Appendix F hereto, addressed to the City, Bond Counsel, the Underwriter, Underwriter's Counsel, and the Trustee, or in form otherwise agreed upon by the Underwriter, and (ii) a copy of the real estate appraisal of the property within the District attached to the Limited Offering Memorandum as APPENDIX E.

(q) Letter of Representation of Administrator. Letter of Representation of the Administrator, substantially in the form of Appendix G hereto, addressed to the City, Bond Counsel, the Underwriter, Underwriter's Counsel, and the Trustee, or in form otherwise agreed upon by the Underwriter.

(r) Evidence of Filing of Creation Resolution, Service and Assessment Plan and Landowner Consent. Evidence that (i) the Creation Resolution, (ii) the Service and Assessment Plan, including the Assessment Roll for the District in the version attached to the Assessment Ordinance, and (iii) the Landowner Consent have been filed of record in the real property records of Grayson County, Texas.

(s) Rule 15c2-12 Certification. A resolution or certificate of the City (which may be included in the Bond Ordinance) whereby the City has deemed the Preliminary Limited Offering Memorandum final as of its date, except for permitted omissions, as contemplated by Rule 15c2-12 in connection with the offering of the Bonds.

(t) Dissemination Agent. Evidence acceptable to the Underwriter in its sole discretion that the City has engaged a dissemination agent acceptable to the Underwriter for the Bonds, with the execution of the City Continuing Disclosure Agreement and the Continuing Disclosure Agreement of the Developer by other parties thereto being conclusive evidence of such acceptance by the Underwriter.

(u) Lender Consent Certificate. Lender Consent Certificate of Chambers Bank consenting to and acknowledging the creation of the District, the adoption of the Assessment Ordinance, the levy of the Assessments and the subordination of its lien to the lien created by the Assessments in a form acceptable to the Underwriter.

(v) BLOR. A copy of the Blanket Letter of Representation to DTC relating to the Bonds and signed by the City.

(w) Additional Documents. Such additional legal opinions, certificates, instruments, and other documents as the Underwriter or its counsel may reasonably deem necessary.

10. City's Closing Conditions. The obligation of the City hereunder to deliver the Bonds shall be subject to receipt on or before the date of the Closing of the purchase price set forth in Section 1 hereof, the Attorney General Opinion, the opinion of Bond Counsel described in Section 9(a) hereof, and any documents required to be provided by the Developer.

11. Establishment of Issue Price.

(a) The Underwriter agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on or before Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B (the "Issue Price Certificate"), with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the

Bonds. All actions to be taken by the City under this Section to establish the issue price of the Bonds may be taken on behalf of the City by the City's Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the City's Municipal Advisor or Bond Counsel.

(b) The Underwriter confirms that it has offered all the Bonds of each maturity to the public on or before the date of this Agreement at the respective offering price (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. At or promptly after the execution of this Agreement, the Underwriter shall report to the City as of the sale date the first price at which the Underwriter has sold to the public at least 10% of each maturity of Bonds (the "10% test"), and shall identify to the City as of the sale date those maturities of the Bonds for which the 10% test has not been satisfied. If different interest coupons apply within a maturity, each separate CUSIP number within that maturity will be treated as a separate maturity for this purpose.

(c) The City and the Underwriter agree that the restrictions set forth in the next sentence shall apply to those maturities of the Bonds for which the 10% test has not been met as of the sale date, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the City when the Underwriter has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if such sale occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that any selling group agreement and each third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires, (B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public. The City acknowledges that,

in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that the Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail or other third party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party to an underwriter" if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Agreement by all parties.

12. Consequences of Termination. If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement (unless waived by the Underwriter in its sole discretion), or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and the Underwriter and the City shall have no further obligation hereunder, except as further set forth in Sections 13, 15, 16, 21 and 23 hereof.

13. Costs and Expenses.

(a) The Underwriter shall be under no obligation to pay, and the City shall cause to be paid from proceeds of the Bonds the following expenses incident to the issuance of the Bonds and performance of the City's obligations hereunder: (i) the costs of the preparation and printing of the Bonds; (ii) the cost of preparation, printing, and mailing of the Preliminary Limited Offering Memorandum, the final Limited Offering Memorandum and any supplements and amendments thereto; (iii) the fees and disbursements of the City's Municipal Advisor and legal counsel, the Trustee's counsel, Bond Counsel, Developer's Counsel, and the Trustee relating to the issuance of the Bonds; (iv) the Attorney General's review fees; (v) the fees and disbursements of accountants, advisers and any other experts or consultants retained by the City or the Developer, including but not limited to the fees and expenses of the Appraiser and the Administrator; and (vi) the expenses incurred by or on behalf of City employees and representatives that are incidental to the issuance of the Bonds and the performance by the City of its obligations under this Agreement.

(b) The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the offering of the Bonds; (ii) fees of Underwriter's Counsel; and (iii) all other expenses, including CUSIP fees (including out-of-pocket expenses and related regulatory expenses), incurred by it in connection with its offering and distribution of the Bonds, except as noted in Subsection 13(a) above.

(c) The City acknowledges that the Underwriter will pay from the Underwriter's expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a nonprofit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

14. Notice. Any notice or other communication to be given to the City under this Agreement may be given by delivering the same in writing to: City of Gunter, Texas, 105 N. 4th Street, Gunter, Texas 75058, Attention: Mayor. Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Attention: Tripp Davenport, Director.

15. Entire Agreement. This Agreement is made solely for the benefit of the City and the Underwriter (including their respective successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties, and agreements contained in this Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Underwriter, provided

the City shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Bonds; or (ii) delivery of any payment for the Bonds pursuant to this Agreement. The agreements contained in this Section and in Sections 16 and 18 shall survive any termination of this Agreement.

16. Survival of Representations and Warranties. All representations and warranties of the parties made in, pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigation by the parties. All statements contained in any certificate, instrument, or other writing delivered by a party to this Agreement or in connection with the transactions described in or by this Agreement constitute representations and warranties by such party under this Agreement to the extent such statement is set forth as a representation and warranty in the instrument in question.

17. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The City and the Underwriter agree that electronic signatures to this Agreement may be regarded as original signatures.

18. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

19. State Law Governs. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State of Texas.

20. No Assignment. The rights and obligations created by this Agreement shall not be subject to assignment by the Underwriter or the City without the prior written consent of the other parties hereto.

21. No Personal Liability. None of the members of the City Council, nor any officer, representative, agent, or employee of the City, shall be charged personally by the Underwriter with any liability, or be held liable to the Underwriter under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Agreement.

22. Form 1295. Submitted herewith or on a date prior hereto is a completed Form 1295 in connection with the Underwriter's participation in the execution of this Agreement generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Underwriter. The Underwriter and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Underwriter; and, neither the City nor its consultants have verified such information.

23. Statutory Verifications. The Underwriter makes the following representation and verifications pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

(a) Not a Sanctioned Company. The Underwriter represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Underwriter and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

24. Term of this Agreement. Except for the representations and warranties designated as surviving the term of the Agreement, the term of this Agreement shall end on the 25th day after the end of the underwriting period.

25. Attorney General Standing Letter. The Underwriter represents that it has, or will have prior to the date of Closing, on file with the Texas Attorney General a standing letter addressing the representation and verifications contained in Section 23 of this Agreement in a form accepted by the Texas Attorney General. In addition, if the Underwriter or the parent company, a

wholly- or majority-owned subsidiary or another affiliate of the Underwriter receives or has received a letter from the Texas Comptroller of Public Accounts pursuant to Chapter 809, Texas Government Code seeking written verification that it does not boycott energy companies (a "Comptroller Request Letter"), the Underwriter shall promptly notify the City and Bond Counsel (if it has not already done so) and provide to the City or Bond Counsel, two business days prior to Closing and additionally upon request by the City or Bond Counsel, written verification to the effect that its standing letter described in the preceding sentence remains in effect and may be relied upon by the City and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the Underwriter (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the Underwriter that received the Comptroller Request Letter) intends to timely respond or has timely responded to the Comptroller Request Letter. The Bringdown Verification may be in the form of an e-mail.

*[Signatures to follow]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

**FMSbonds, Inc.,**  
as Underwriter

By: \_\_\_\_\_  
Name: Theodore A. Swinarski  
Title: Senior Vice President - Trading

**SCHEDULE I**

\$[PAR AMOUNT]  
 CITY OF GUNTER, TEXAS  
 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026  
 (BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT)

Interest Accrues From: Closing Date

- \$ \_\_\_\_\_ % Term Bonds, Due September 15, 20\_\_\_, Priced to Yield \_\_\_\_\_ % (a) (c)
- \$ \_\_\_\_\_ % Term Bonds, Due September 15, 20\_\_\_, Priced to Yield \_\_\_\_\_ %; (a) (c)
- \$ \_\_\_\_\_ % Term Bonds, Due September 15, 20\_\_\_, Priced to Yield \_\_\_\_\_ % (a) (b) (c)
- \$ \_\_\_\_\_ % Term Bonds, Due September 15, 20\_\_\_, Priced to Yield \_\_\_\_\_ %; (a) (b) (c)

- (a) The initial prices or yields of the Bonds are furnished by the Underwriter, have been determined in accordance with the "10% test", and represent the initial offering prices or yields to the public, which may be changed by the Underwriter at any time.
- (b) The Bonds maturing on or after September 15, 20\_\_\_ are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20\_\_\_, at the price of par plus accrued interest to the date of redemption, as set forth in the Limited Offering Memorandum under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Bonds are also subject to extraordinary optional redemption as described in the Limited Offering Memorandum under "DESCRIPTION OF THE BONDS — Redemption Provisions."

The Bonds are subject to mandatory sinking fund redemption on the dates and in the respective Sinking Fund Installments as set forth in the following schedule.

**\$ \_\_\_\_\_ Term Bonds Maturing September 15, 20\_\_\_**

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20___	\$
September 15, 20___†	

**\$ \_\_\_\_\_ Term Bonds Maturing September 15, 20\_\_\_**

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20___	\$
September 15, 20___†	

† Stated Maturity

**APPENDIX A**

**FORM OF DEVELOPER LETTER OF REPRESENTATIONS**

**\$(PAR AMOUNT)  
CITY OF GUNTER, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026  
(BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT)**

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**DEVELOPER LETTER OF REPRESENTATIONS**

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June 18, 2026

City of Gunter, Texas  
105 N. 4th Street  
Gunter, Texas 75058

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

Greenberg Traurig, LLP  
2200 Ross Avenue, Suite 5200  
Dallas, Texas 75201

Ladies and Gentlemen:

This letter is being delivered to the City of Gunter, Texas (the "City") and FMSbonds, Inc. (the "Underwriter") and its counsel, in consideration for your entering into the Bond Purchase Agreement dated the date hereof (the "Bond Purchase Agreement") for the sale and purchase of the \$(PAR AMOUNT) "City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project)" (the "Bonds"). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase from the City, and the City has agreed to sell to the Underwriter, the Bonds. In order to induce the City to enter into the Bond Purchase Agreement and as consideration for the execution, delivery, and sale of the Bonds by the City and the purchase of them by the Underwriter, the undersigned, The Bridges Phase 2B, LLC, a Texas limited liability company (the "Developer"), makes the representations, warranties, and covenants contained in this Developer Letter of Representations. Unless the context clearly

indicates otherwise, each capitalized term used in this Developer Letter of Representations will have the meaning set forth in the Bond Purchase Agreement.

1. Purchase and Sale of Bonds. Inasmuch as the purchase and sale of the Bonds represents a negotiated transaction, the Developer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Developer, but rather is acting solely in its capacity as Underwriter of the Bonds for its own account.

2. Updating of the Limited Offering Memorandum. If, after the date of this Developer Letter of Representations, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the Developer becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Developer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request); however, that for the purposes of this Developer Letter of Representations and any certificate delivered by the Developer in accordance with the Bond Purchase Agreement, the Developer makes no representations with respect to (i) the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of The Depository Trust Company, New York, New York, or its book-entry-only system, and (ii) the information in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the captions "THE CITY," "THE DISTRICT," "BONDHOLDERS' RISKS" (except as it pertains to the Developer, the Public Improvements and the Development, as defined in the Limited Offering Memorandum), "TAX MATTERS," "LEGAL MATTERS — Litigation — The City," "CONTINUING DISCLOSURE — The City" and "— The City's Compliance with Prior Undertakings," and "INFORMATION RELATING TO THE TRUSTEE."

3. Developer Documents. The Developer represents and warrants that it has executed or caused the execution of and delivered each of the below listed documents (individually, a "Developer Document" and collectively, the "Developer Documents") in the capacity provided for in each such Developer Document, and each such Developer Document constitutes a valid and binding obligation of Developer, enforceable against the Developer in accordance with its terms:

- (a) this Developer Letter of Representations;
- (b) the Development Agreement;
- (c) the Landowner Consent;
- (d) the CFA Agreement; and
- (e) the Continuing Disclosure Agreement of the Developer.

The Developer has complied in all material respects with all of the Developer's agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Developer under the Developer Documents on or prior to the date hereof.

The representations and warranties of the Developer contained in the Developer Documents are true and correct in all material respects on and as of the date hereof.

4. Developer Representations, Warranties and Covenants. The Developer represents, warrants, and covenants to the City and the Underwriter that:

(a) Due Organization and Existence. The Developer is duly formed and validly existing as a limited liability company under the laws of the State of Texas.

(b) Organizational Documents. The copies of the organizational documents of the Developer provided by the Developer (the "Developer Organizational Documents") to the City and the Underwriter are fully executed, true, correct, and complete copies of such documents and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

(c) Due Authorization and Approval. By all necessary action, the Developer has duly authorized and approved its execution and delivery of the Developer Documents and the performance by the Developer of its obligations contained in the Developer Documents as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded.

(d) No Breach. The execution and delivery of the Developer Documents by the Developer does not violate any judgment, order, writ, injunction or decree binding on the Developer or any indenture, agreement, or other instrument to which the Developer is a party.

(e) No Litigation. Other than as described in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, there are no proceedings pending or threatened in writing before any court or administrative agency against the Developer that are either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Developer to perform its obligations under the Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the Development in accordance with the description thereof in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

(f) Information. The information prepared and submitted by the Developer to the City or the Underwriter in connection with the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum was, and is, as of this date, true and correct in all material respects.

(g) Preliminary Limited Offering Memorandum. The Developer represents and warrants that the information set forth in the Preliminary Limited Offering Memorandum in the maps included therein and under the captions "PLAN OF FINANCE" (except for

the subcaption “— The Bonds”), “OVERLAPPING TAXES AND DEBT – Homeowner’s Association,” “THE PUBLIC IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Public Improvements and the Development), “LEGAL MATTERS — Litigation — The Developer,” “CONTINUING DISCLOSURE — The Developer” and “ — The Developer’s Compliance with Prior Undertakings,” “SOURCES OF INFORMATION – Source of Certain Information,” “APPENDIX D-2,” “APPENDIX F” and “APPENDIX G” (collectively, the “Developer Disclosures”) is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Developer agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this subsection (g) with respect to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

(h) Agreement. The Developer covenants that, while the Bonds are outstanding, the Developer will not bring any action, suit proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body which in any way seeks to challenge or overturn the District, the validity of the Developer Documents, the levy or collection of the Assessments or the validity of the Bonds or the proceedings relating to their issuance.

(i) Permits, Licenses, and Approvals. The Developer has obtained and there are currently in force and effect, or the Developer is not aware of any fact that will prevent the Developer from receiving at or prior to the Closing Date or by the date required or necessary therefor, all consents, permits, licenses, certificates and other approvals (governmental or otherwise) required of it that:

- a. are necessary to conduct the Developer’s business as it is currently being conducted;
- b. would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance of its obligations under this Agreement, the Developer Documents and any other material agreement or instrument to which they are a party and which is to be used or contemplated for use in the consummation of the transactions described herein or by the Limited Offering Memorandum relating to the financing and construction of the Public Improvements (as such term is defined in the Limited Offering Memorandum); or
- c. are necessary for the acquisition, construction and operation of the Public Improvements.

(i) Events of Default. No “Event of Default” or “event of default” by the Developer under any of the Developer Documents, any documents to which Developer is a party described in the Preliminary Limited Offering Memorandum, or under any material documents relating to the financing and construction of the Public Improvements to which

the Developer is a party, or event that, with the passage of time or the giving of notice or both, would constitute such "Event of Default" or "event of default," by the Developer has occurred and is continuing.

(j) Financing. Other than the Assessments, no debt will be issued nor will any additional liens be placed on the property within the District in order to complete the construction of the Public Improvements unless such debt or additional liens are subordinate to the liens created by the levy of the Assessments, and the Developer provides written notice of such subordination to the lender of such subordinate debt and the City.

(k) Taxes and Assessments. All ad valorem taxes and assessments are current on the property owned by the Developer within the District.

(l) Intentional Actions Regarding Representations and Warranties. The Developer covenants that between the date hereof and the Closing it will not intentionally take actions which will cause the representations and warranties made in this Section or Section 3 to be untrue as of the Closing.

5. Indemnification.

(a) The Developer will indemnify and hold harmless the City and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Developer Disclosures in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum or any amendment or supplement to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum amending or supplementing the information set forth in the Developer Disclosures, or arise out of or are based upon the omission, untrue statement, or alleged untrue statement or omission to state therein a material fact necessary to make the statements set forth in the Developer Disclosures not misleading under the circumstances under which they were made and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

(b) Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof,

with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity herein shall survive delivery of the Bonds and shall survive any investigation made by or on behalf of the City, the Developer or the Underwriter.

6. Survival of Representations, Warranties and Covenants. All representations, warranties, and agreements in this Developer Letter of Representations will survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of any payment by the Underwriter for the Bonds hereunder, and (c) any termination of the Bond Purchase Agreement.

7. Binding on Successors and Assigns. This Developer Letter of Representations will be binding upon the Developer and its successors and assigns and inure solely to the benefit of the Underwriter and the City, and no other person or firm or entity will acquire or have any right under or by virtue of this Developer Letter of Representations.

*[Signature page to follow]*

**DEVELOPER:**

**THE BRIDGES PHASE 2B, LLC,**  
a Texas limited liability company

By: CADG Holdings, LLC,  
a Texas limited liability company  
Its Manager

By: MMM Ventures, LLC,  
a Texas limited liability company  
Its Manager

By: 2M Ventures, LLC,  
a Delaware limited liability company  
Its Manager

By: \_\_\_\_\_  
Name: Mehrdad Moayedi  
Its Manager

APPENDIX B

\$[PAR AMOUNT]  
CITY OF GUNTER, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES  
2026  
(BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of FMSbonds, Inc. ("FMS"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the City of Gunter, Texas (the "Issuer").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) FMS offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, FMS agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail or other third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail or other third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which FMS sold at least 10% of such Hold-the-Offering-

Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 18, 2026.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail or other third party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents FMS’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Tax Exemption with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

EXECUTED and DELIVERED this \_\_\_\_\_, 2026.

FMSbonds, Inc.

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

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

Title: \_\_\_\_\_

**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

*(Attached)*

APPENDIX C

[LETTERHEAD OF NICHOLS JACKSON DILLARD HAGER & SMITH LLP]

July 15, 2026

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

U.S. Bank Trust Company, National Association  
Attention: Bond Operations  
111 Fillmore Avenue East  
St. Paul, Minnesota 55107-1402

Greenberg Traurig, LLP  
2200 Ross Avenue  
Suite 5200  
Dallas, Texas 75201

City of Gunter  
105 N. 4th Street  
Gunter, Texas 75058

Norton Rose Fullbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201

\$[PAR AMOUNT]  
CITY OF GUNTER, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026  
(BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT)

Ladies and Gentlemen:

This firm has acted as special counsel to the City of Gunter, Texas (the "City") and is rendering this opinion for limited purposes in connection with the issuance and sale of \$[PAR AMOUNT] "City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project)" (the "Bonds"), by the City, a political subdivision of the State of Texas.

The Bonds are authorized pursuant to Ordinance No. [ ] and enacted by the City Council of the City (the "City Council") on June 18, 2026 (the "Bond Ordinance") and shall be issued pursuant to the provisions of Subchapter A of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "Act"), and the Indenture of Trust dated as of July 1, 2026 (the "Indenture") by and between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds are being sold to FMSbonds, Inc. pursuant to the Bond Purchase Agreement dated June 18, 2026, between the City and FMSbonds, Inc. (the "Bond Purchase Agreement"). This opinion is being delivered pursuant to Section 9(c) of the Bond Purchase Agreement. Capitalized terms not defined herein shall have the same meanings as in the Bond Purchase Agreement, unless otherwise stated herein.

In connection with rendering this opinion, we have reviewed the following:

(a) Resolution No. \_\_\_\_\_ (the "Creation Resolution"), enacted by the City Council on April 2, 2026;

(b) The Assessment Ordinance;

(c) The Bond Ordinance;

(d) The Indenture;

(e) The Development Agreement;

(f) The City Continuing Disclosure Agreement; and

(g) The CFA Agreement.

The Creation Resolution, the Assessment Ordinance, and the Bond Ordinance shall hereinafter be referred to as the "Authorizing Documents" and the remaining documents shall hereinafter be collectively referred to as the "Reviewed Documents."

In rendering the opinions expressed below, we have, with your concurrence and without any inquiry or other investigation, made and relied upon the following assumptions: (a) the due authorization, execution and delivery of each of the Reviewed Documents by all parties thereto other than the City; (b) the genuineness of all signatures to the Reviewed Documents; (c) the correctness and truthfulness of all the statements of fact contained in the Reviewed Documents; (d) the authenticity of the Reviewed Documents; (e) the conformity to original documents of the Reviewed Documents submitted to us as copies; and (f) the additional assumptions set forth on Exhibit A attached to this letter and the exclusions set forth on Exhibit B attached to this letter. Our opinions are limited to matters expressly stated herein and no opinion is to be inferred or may be implied beyond the matters expressly stated.

In rendering the opinions set forth below, we have also relied upon: (a) the representations and warranties contained in the Reviewed Documents; (b) the resolutions and other documents of the parties to the Reviewed Documents authorizing or approving the Reviewed Documents; (c) the Closing Certificate of the Developer delivered pursuant to the Bond Purchase Agreement; (d) the Developer Letter of Representations delivered pursuant to the Bond Purchase Agreement; (e) the legal opinion delivered pursuant to the Bond Purchase Agreement by Boghetich Law, PLLC, counsel to the Developer; (f) the Administrator's Letter of Representations delivered pursuant to the Bond Purchase Agreement; and (g) the Appraiser's Letter of Representations delivered pursuant to the Bond Purchase Agreement (collectively, the "Reliance Materials"). We have not made any independent or other investigation, review, analysis, or inquiry as to any of the facts, matters, circumstances or legal opinions or conclusions contained in the Reviewed Documents or Reliance Materials or the accuracy or completeness thereof. Additionally, we have assumed that none of the Reviewed Documents or Reliance Materials contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made, in light of the circumstances in which they are made, not misleading. We have not made any examination of any accounting or financial matters, and we express no opinion with respect thereto.

The opinions expressed herein are subject to the correctness in understanding that no beneficiary to this opinion letter may rely on this opinion letter to the extent that such beneficiary

or its counsel has actual knowledge of any: (a) applicable laws, facts, or circumstances which would make any opinion expressed herein incorrect, subject to question, or require further investigation of any laws, facts or circumstances; and (b) judicial decision which would make the opinions set forth herein incorrect.

Whenever our opinion or advice with respect to the existence or absence of facts is indicated to be based on our knowledge, we are referring to the actual knowledge of the Nichols Jackson Dillard Hager & Smith LLP attorneys who have given attention to matters concerning the City during the course of our representation of the City in connection with the Reviewed Documents, which knowledge has been obtained by such attorneys in their capacity as such. In particular, our response does not include matters known to any attorney of our firm in a capacity other than as special counsel to the City. In basing the opinions and other matters set forth herein on "our knowledge," the words "our knowledge," "our actual knowledge" and similar expressions signify that, in the course of our representation of the City the principal attorneys in this firm involved in the current actual transaction do not have actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the documents, certificates, reports and information on which we have relied are not accurate and complete. Further, the words "our knowledge," "our actual knowledge" and similar expressions used in this opinion letter are intended to be limited to the actual knowledge of the attorneys within our firm who have been directly involved in preparation of the Reviewed Documents in representation of the City. We have not undertaken any independent investigation to determine the existence or absence of such facts, and no inference as to our knowledge concerning such facts should be drawn from the fact that such limited representation has been undertaken by us.

Based upon and subject to the foregoing and the additional qualifications and assumptions set forth herein, we are of the opinion that:

1. The City is a Texas political subdivision and has all necessary power and authority to enter into and perform its obligations under the Authorizing Documents and the Reviewed Documents. The City has taken or obtained all actions, approvals, consents and authorizations required of it by applicable laws in connection with the execution of the Authorizing Documents and the Reviewed Documents and the performance of its obligations thereunder.

2. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending, or threatened against the City: (a) affecting the existence of the City or the titles of its officers to their respective offices, (b) in any way questioning the formation or existence of the District, (c) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of any of the Bonds, or the payment, collection or application of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, including the Assessments in the District pursuant to the provisions of the Assessment Ordinance and the Service and Assessment Plan referenced therein, (d) contesting or affecting the validity or enforceability or the City's performance of the Reviewed Documents, (e) contesting the exclusion of the interest on the Bonds from federal income taxation, or (f) which may adversely affect in a material manner the financial condition of the City to pay the principal of and interest on the Bonds.

3. The Authorizing Documents and the Reviewed Documents have been duly authorized, executed and delivered by the City and remain legal, valid and binding obligations of

the City enforceable against the City in accordance with their terms. However, the enforceability of the obligations of the City under such Reviewed Documents may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, or (c) the application of Texas law relating to action by future councils and relating to governmental immunity applicable to governmental entities.

4. The performance by the City of the obligations under the Authorizing Documents and the Reviewed Documents will not violate any provision of any Federal or Texas constitutional or statutory provision.

5. No further consent, approval, authorization, or order of any court or governmental agency or body or official is required to be obtained by the City as a condition precedent to the performance by the City of its obligations under the Authorizing Documents and the Reviewed Documents.

6. The City has duly authorized and delivered the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

7. Based upon our limited participation in the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum (collectively, the "Limited Offering Memorandum"), the statements and information contained in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum with respect to the City under the captions and subcaptions "ASSESSMENT PROCEDURES — Assessment Methodology" and "— Assessment Amounts," "THE CITY — Background," "— City Government," and "— City Utility Lawsuit," "THE DISTRICT," "LEGAL MATTERS — Litigation — The City," "CONTINUING DISCLOSURE — The City" and "CONTINUING DISCLOSURE — The City's Compliance with Prior Undertakings" are a fair and accurate summary of the laws and the documents and facts summarized therein.

8. The adoption of the Authorized Documents and the execution and delivery of the Reviewed Documents and the compliance with the provisions of the Authorizing Documents and the Reviewed Documents under the circumstances contemplated thereby, to the best of our knowledge: (a) do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement to which the City is a party or by which it is bound, and (b) do not and will not in any material respect conflict with or constitute on the part of the City a violation, breach of or default under any existing law, regulation, court order or consent decree to which the City is subject.

The foregoing opinions are, with your concurrence, predicated on, limited by and qualified in their entirety by the following:

(a) The foregoing opinions are based on and limited to the laws of the State of Texas, and we render no opinion with respect to the federal laws of the United States or to the laws of any other jurisdiction.

(b) We express no opinion with respect to the enforceability of provisions of the Reviewed Documents that relate to (i) mediation or arbitration; (ii) limitations or restrictions on,

or waiver of, legal or equitable remedies; (iii) indemnity or release; (iv) limitations or restrictions on assignment or transfer of rights, interests or property; (v) the rights or obligations of third parties; (vi) evidentiary standards; (vii) waiver of rights to notice or the obligations of good faith, fair, dealing, diligence or reasonableness; (viii) self-help, subrogation, delay or omission to enforce rights or remedies, contribution or severability; (ix) the availability of specific performance, injunctive relief or any other equitable remedy (regardless of whether such question is considered in a proceeding in equity or at law); (x) fixed, stipulated or liquidated damages; (xi) the making of determinations in the sole and absolute (or similarly described) discretion of a party to the Reviewed Documents; (xii) authorizing any party to exercise any rights other than in accordance with applicable law; (xiii) liability of any party for payment of any amount payable under the Reviewed Documents to the extent such amounts (A) accrue, or are attributable to any period of time, after the termination of any of the Reviewed Documents, (B) allow any other party to recover more than the "benefit of its bargain" or (C) exceed the amount of any party's actual damages; (xiv) rendering inapplicable any otherwise applicable law (other than those laws which by their terms may be rendered inapplicable); (xv) requiring all amendments, waivers and terminations be in writing or requiring disregard of any course of dealing between the parties; (xvi) establishing any obligation of the parties as absolute or unconditional regardless of the occurrence or non-occurrence or existence or non-existence of any event or other state of facts; (xvii) obligations of the parties by reference to and/or incorporation of any provision of any agreement other than the Reviewed Documents, or that consist of or employ provisions (whether operative or definitional) contained in any such other agreement; (xviii) obligating any party to take action it has no legal right to take, or to take or not take an action if taking or failing to take the same would constitute, or aid or abet, a violation of applicable law; (xix) certain agreements of non-signatories, or obligations of signatories with respect to non-signatories or other persons or entities, whether or not signatories, not under the control of such signatories; (xx) selection of venue; (xxi) modifying the time at which any applicable statute of limitation begins to run or at which any cause of action begins to accrue; (xxii) an exemption from any sales or other taxes; (xxiii) disclaiming or limiting warranties implied by or required pursuant to law; (xxiv) waiving the defense that an adequate remedy at law exists; and (xxv) waiving any suretyship defenses.

(c) The validity, binding effect, and enforceability of the Reviewed Documents may be limited by (i) applicable bankruptcy, insolvency, reorganization, receivership, moratorium, liquidation, redemption, conservatorship, rearrangement, fraudulent conveyance, or other similar statutes, regulations or laws affecting creditor's rights and remedies generally; (ii) general principles of equity; (iii) judicial discretion; (iv) the exercise by political subdivisions or governmental authorities or corporations acting on their behalf of sovereign or governmental immunity, legislative or governmental powers, police powers, taxing powers, or rights of appropriation; and (v) applicable court decisions relating to a duty or obligation to mitigate damages.

(d) We express no opinion regarding the effect of the laws of usury or similar laws regarding interest rate limitations on the provisions of the Reviewed Documents.

(e) We express no opinion with respect to the matters described on Exhibit B attached to this letter.

(f) The opinions set forth herein are also subject to the qualification that enforceability of the Reviewed Documents may be limited by (i) the provisions of Section 130.002 of the Texas Civil Practice and Remedies Code regarding limitations on indemnifications; (ii) Section 28 of the

Texas Property Code regarding prompt payment to contractors and subcontractors; (iii) Section 16.071 of the Texas Civil Practice and Remedies Code regarding the time period for a claimant to give notice of a claim for damages as a condition precedent to the right to sue on a contract; (iv) Section 16.070 of the Texas Civil Practice and Remedies Code regarding permitted contractual limitations on when a claimant may bring suit on a contract; (v) Section 38.02 of the Texas Civil Practice and Remedies Code providing for the notice time period in order for a claimant to recover attorneys' fees; (vi) the "express negligence" and "clear and conspicuous" rules adopted by the Texas Supreme Court, as applied to any indemnity or release provisions in the Reviewed Documents; (vii) Section 35.52 of the Texas Business and Commerce Code; (viii) Section 162.001 et seq. of the Texas Property Code; (ix) Section 302.002 of the Texas Finance Code; (x) Section 28.009 of the Texas Property Code; and (xi) claims of sovereign or governmental immunity by political subdivisions or governmental authorities or corporations acting on their behalf.

We express no opinion as to the laws of any jurisdiction other than the laws of Texas and the laws of the United States of America. The opinions expressed above concern only the effect of the laws (excluding the principles of conflict of laws) of Texas and the United States of America as currently in effect.

We assume there are no material misstatements in the legal opinions delivered by the other parties and entities to this transaction; and further specifically rely upon Bond Counsel to the City with regard to the Bond Ordinance, Indenture, City Continuing Disclosure Agreement, Bond Purchase Agreement or other documents prepared, delivered or executed in connection with the Bonds and Bond documents, and the Attorney General's review and approval of the transaction.

This opinion letter has been rendered solely for the benefit of the addressees named above in connection with the transactions described therein, and may not be used, circulated, quoted, relied upon or otherwise referred to for any other purpose or by any other person without our prior written consent. This opinion letter does not constitute a warranty or guarantee or an opinion as to matters of fact and should not be construed or relied upon as such. This opinion letter is as of the date hereof only, and we undertake no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein.

Very truly yours,

---

**Nichols Jackson Dillard Hager & Smith LLP**  
ATTORNEY FOR THE CITY

## EXHIBIT A TO OPINION LETTER

### ADDITIONAL ASSUMPTIONS

In addition to the assumptions contained in the letter to which this Exhibit A is attached, we have, with your concurrence and without any inquiry or other investigation, made and relied upon the following additional assumptions:

1. The legal capacity of all natural persons executing the Authorizing Documents and the Reviewed Documents;
2. No undue influence, duress, fraud, or deceit exists with respect to the transactions described in the Authorizing Documents and the Reviewed Documents, and there has not been any mutual mistake of fact or misunderstanding with respect to the same;
3. The conduct of the parties to the Reviewed Documents has complied, and will comply, with any requirement of good faith, fair dealing, and conscionability;
4. There are no agreements or understandings, written or oral, among the parties to the Reviewed Documents, and there is no usage or trade or course of prior dealing among the parties to the Reviewed Documents that would, in either case, define, supplement, or qualify the terms of the Reviewed Documents;
5. All statutes and ordinances enacted by an official legislative body were validly enacted and are constitutional, and all rules and regulations promulgated or issued by an official administrative body and not adjudicated invalid or unenforceable are valid and enforceable;
6. All parties to the Reviewed Documents have complied with all legal requirements that are applicable to them to the extent necessary to authorize such parties to enter into the Reviewed Documents and, except as to the Developer, the Reviewed Documents are enforceable against the other parties thereto;
7. There has been no modification of any provision of the Authorizing Documents and the Reviewed Documents, and no waiver or release of any right or remedy thereunder;
8. All parties to the Authorizing Documents and the Reviewed Documents will act in accordance with, and will refrain from taking any action that is forbidden by, the terms and conditions of the Authorizing Documents and the Reviewed Documents; and
9. All parties to the Reviewed Documents will obtain all permits and governmental approvals required in the future, and take all actions similarly required, relevant to subsequent consummation of the transactions evidenced by the Reviewed Documents or performance of the Reviewed Documents.
10. There are no material misstatements in the legal opinions delivered pursuant to the Bond Purchase Agreement by: (i) Norton Rose Fulbright US LLP Bond Counsel to the City; (ii) Boghetich Law, PLLC; and (iii) Greenberg Traurig, LLP counsel to the Underwriter;

11. There are no material misstatements in the Letters of Representations delivered pursuant to the Bond Purchase Agreement by: (i) Peyco Southwest Realty, Inc., Appraiser; and (ii) P3Works, LLC, Administrator; and

12. None of the parties to the Reviewed Documents (other than the City) is a party to any court or regulatory proceeding relating to or otherwise affecting the Reviewed Documents or is subject to any order, writ, injunction, or decree of any court or federal, state, or local governmental agency or commission that would prohibit the execution and delivery of the Reviewed Documents, or the consummation of the transactions therein contemplated in the manner therein provided, or impair the validity or enforceability thereof.

APPENDIX D

[LETTERHEAD OF BOGHETICH LAW]

July 15, 2026

City of Gunter, Texas  
105 N. 4th Street  
Gunter, Texas 75058

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

U.S. Bank Trust Company, National Association  
Attention: Bond Operations  
111 Fillmore Avenue East  
St. Paul, Minnesota 55107-1402

Nichols Jackson Dillard Hager & Smith  
LLP  
500 N. Akard St.  
Dallas, Texas 75201

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201

Greenberg Traurig, LLP  
2200 Ross Avenue, Suite 5200  
Dallas, Texas 75201

§[PAR AMOUNT]  
CITY OF GUNTER, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026  
(BRIDGES PHASE 1B PUBLIC IMPROVEMENT DISTRICT PROJECT)

Ladies & Gentlemen:

We have acted as special counsel to The Bridges Phase 2B, LLC, a Texas limited liability company (the "*Developer*") in connection with the issuance and sale by the City of Gunter, Texas (the "*City*"), of §[PAR AMOUNT] City of Gunter, Texas, Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project) (the "*Bonds*"), pursuant to the Indenture of Trust dated as of July 1, 2026 (the "*Indenture*"), by and between the City and U.S. Bank Trust Company, National Association, as trustee (the "*Trustee*"). Proceeds from the sale of the Bonds will be used, in part, to fund certain public infrastructure improvements in the development known as "The Bridges at Preston Crossing" (the "*Development*") located in the City.

The Bonds are being sold by FMSbonds, Inc. (the "*Underwriter*"), pursuant to that certain Bond Purchase Agreement dated June 18, 2026 (the "*Bond Purchase Agreement*"), between the City and the Underwriter.

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Purchase Agreement.

In our capacity as special counsel to the Developer, and for purposes of rendering the opinions set forth herein, we have examined originals or copies, certified or otherwise identified to our satisfaction, of:

(a) The following documents (collectively, the "*Material Documents*"):

- (1) the *Development Agreement*;
- (2) the *Landowner Consent*;
- (3) the *CFA Agreement*;
- (4) the *Continuing Disclosure Agreement of Developer*; and
- (5) the *Developer Letter of Representations*;

(b) General Certificate of the Developer and the Closing Certificate of the Developer, each dated as of the date hereof (together, the "*Developer Certificate*");

(c) The Preliminary Limited Offering Memorandum, dated [PLOM DATE], 2026 relating to the issuance of the Bonds (the "*Preliminary Limited Offering Memorandum*");

(d) The final Limited Offering Memorandum, dated June 18, 2026, relating to the issuance of the Bonds (collectively with the Preliminary Limited Offering Memorandum, the "*Limited Offering Memorandum*"); and

(e) Such other documents, records, agreements, and certificates of the Developer as we have deemed necessary or appropriate to render the opinions expressed below.

In basing the opinions and other matters set forth herein on "our knowledge," the words "our knowledge" signify that, in the course of our representation of the Developer, the principal attorneys in this firm involved in the current actual transaction do not have actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the documents, certificates, reports and information on which we have relied are not accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or certification of such matters. The words "our knowledge" and similar language used herein are intended to be limited to the knowledge of the attorneys within our firm who have worked on the matters contemplated by our representation as special counsel.

In rendering the opinions set forth herein, we have assumed, without independent investigation (other than the Developer), that: (i) the due authorization, execution, and delivery of each of the documents referred to in this opinion letter by all parties thereto and that each such document constitutes a valid, binding, and enforceable obligation of each party thereto, (ii) all of the parties to the documents referred to in this opinion letter are duly organized, validly existing, in good standing and have the requisite power, authority (corporate, limited liability company, partnership or other) and legal right to execute, deliver, and perform its obligations under such documents (except to the extent set forth in our opinions set forth herein regarding valid existence and power and authority of the Developer to execute, deliver, and perform its obligations under the Material Documents), (iii) each certificate from governmental officials reviewed by us is accurate, complete, and authentic, and all official public records are accurate and complete, (iv)

the legal capacity of all natural persons, (v) the genuineness of all signatures (other than those of the Developer in respect of the Material Documents), (vi) the authenticity and accuracy of all documents submitted to us as originals, (vii) the conformity to original documents of all documents submitted to us as photostatic or certified copies, (viii) that no laws or judicial, administrative, or other action of any governmental authority of any jurisdiction not expressly opined to herein would adversely affect the opinions set forth herein, and (ix) that the execution and delivery by each party of, and performance of its agreements in, the Material Documents do not breach or result in a default under any existing obligation of such party under any agreements, contracts or instruments to which such party is a party to or otherwise subject to or any order, writ, injunction or decree of any court applicable to such party.

In addition, we have assumed that the Material Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder. We have also assumed that the terms and conditions of the transaction as reflected in the Material Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Material Documents.

We assume that none of the parties to the Material Documents (other than the Developer) is a party to any court or regulatory proceeding relating to or otherwise affecting the Material Documents or is subject to any order, writ, injunction or decree of any court or federal, state or local governmental agency or commission that would prohibit the execution and delivery of the Material Documents, or the consummation of the transactions therein contemplated in the manner therein provided, or impair the validity or enforceability thereof. We assume that each of the parties to the Material Documents (other than Developer) has full authority to close this transaction in accordance with the terms and provisions of the Material Documents.

We assume that neither the Underwriter nor the City nor their respective counsel has any current actual knowledge of any facts not known to us or any law or judicial decision which would make the opinions set forth herein incorrect, and that no party upon whom we have relied for purposes of this opinion letter has perpetrated a fraud.

We have only been engaged by our clients in connection with the Material Documents (and the transactions contemplated in the Material Documents) and do not represent these clients generally.

### **Opinions and Assurances**

Based solely upon the foregoing, and subject to the assumptions and limitations set forth herein, we are of the opinion that:

1. The Developer is (a) a Texas limited liability company duly formed, validly existing under the laws of the State of Texas and qualified to transact business as a Texas limited liability company, and (b) in good standing under the laws of the State of Texas.
2. The Developer has the limited liability company power and authority under the Texas Business Organizations Code and its organizational documents to execute, deliver and perform its obligations under the Material Documents to which it is a party. The execution and

delivery by the Developer of each Material Document to which it is a party, and the performance by the Developer of its agreements set forth therein, have been duly authorized by all necessary limited liability company action under the laws of the State of Texas, the Texas Business Organizations Code and the Developer's organizational documents.

3. The execution and delivery by the Developer of the Material Documents and the performance by the Developer of its obligations under the Material Documents will not (i) violate any applicable law; or (ii) conflict with or result in the breach of any court decree or order of any governmental body identified in the Developer Certificate or otherwise actually known to the lawyers who have provided substantive attention to the representation reflected in this opinion binding upon or affecting the Developer, the conflict with which or breach of which would have a material, adverse effect on the ability of the Developer to perform its obligations under the Material Documents to which it is a party.

4. To our knowledge, no governmental approval which has not been obtained or taken is required to be obtained or taken by the Developer on or before the date hereof as a condition to the performance by the Developer of its obligations under the Material Documents to which it is a party, except for governmental approvals that may be required to comply with certain covenants contained in the Material Documents (including, without limitation, covenants to comply with applicable laws).

5. The Developer has duly executed and delivered each of the Material Documents to which it is a party, and each of the Material Documents constitute the legal, valid, and binding obligations of the Developer, enforceable against the Developer in accordance with their respective terms, subject to the following qualifications: (i) the effect of applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, (ii) the effect of the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of equity), and (iii) the effect that enforceability of the indemnification provisions therein may be limited, in whole or in part. The execution, delivery, and performance by the Developer of its obligations under the Material Documents do not violate any existing laws of the State of Texas applicable to the Developer.

6. To our knowledge after reasonable inquiry, there are no actions, suits or proceedings pending or threatened against the Developer identified in the Developer Certificate or otherwise actually known to the lawyers who have provided substantive attention to the representation reflected in this opinion in any court of law or equity, or before or by any governmental instrumentality with respect to (i) its organization or existence or qualification to do business in the State of Texas; (ii) its authority to execute or deliver the Material Documents; (iii) the titles of the parties executing the Material Documents; (iv) the execution, delivery, validity or enforceability of the Material Documents on behalf of the Developer; (v) the operations or financial condition of the Developer that would materially adversely affect those operations or the financial condition of the Developer; or (vi) the acquisition and construction of the property and improvements identified in the Limited Offering Memorandum the cost of which is to be funded or reimbursed, in whole or in part, by the proceeds of the Bonds.

7. The execution and delivery of the Material Documents do not, and the transactions described therein may be consummated and the terms and conditions thereof may be observed and

performed in a manner that does not, conflict with or constitute a breach of or default under any loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Developer is a party or is otherwise subject and which have been identified in the Developer Certificate which violation, breach or default would materially adversely affect the Developer or its performance of its obligations under the transactions described in the Material Documents; nor will any such execution, delivery, adoption, fulfillment, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Developer, except as expressly described in the Material Documents (a) under applicable law or (b) under any such loan agreement, indenture, bond note, resolution, agreement, or other instrument.

8. The information set forth in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the captions "*PLAN OF FINANCE*" (except for the subcaption "*— The Bonds*"), "*OVERLAPPING TAXES AND DEBT – Homeowner’s Association*," "*THE PUBLIC IMPROVEMENTS*," "*THE DEVELOPMENT*," "*THE DEVELOPER*," "*BONDHOLDERS’ RISKS*" (only as it pertains to the Developer, the Public Improvements and the Development (as such terms are defined in the Limited Offering Memorandum)), "*LEGAL MATTERS – Litigation – The Developer*," "*CONTINUING DISCLOSURE – The Developer*" and "*— The Developer’s Compliance with Prior Undertakings*," "*SOURCES OF INFORMATION – Source of Certain Information*," "*APPENDIX D-2*," "*APPENDIX F*" and "*APPENDIX G*" adequately and fairly describe the information summarized under such captions and are correct as to matters of law.

9. Subject to the below qualifications and based upon our participation in the preparation of the Limited Offering Memorandum and our participation at conferences with representatives of the Underwriter and its counsel, of the City and its counsel, and with representatives of the Developer and its lawyers, at which the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and related matters were discussed, and although we have not independently verified the information in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and any amendment or supplement thereto, no facts have come to our attention that lead us to believe that the information set forth under the captions referenced in the preceding paragraph with respect to the Preliminary Limited Offering Memorandum, as of the date of the Preliminary Limited Offering Memorandum and as of June 18, 2026, and with respect to the Limited Offering Memorandum, as of the date of the Limited Offering Memorandum and the date hereof, contained or contains any untrue statement of a material fact, or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

#### **Qualifications**

In addition to any assumptions, qualifications and other matters set forth elsewhere herein, the opinions set forth above are subject to the following assumptions and qualifications:

(a) We have not examined any court dockets, agency files or other public records regarding the entry of any judgments, writs, decrees or orders or the pendency of any actions, proceedings, investigations or litigation.

(b) We have relied upon the Developer Certificate, as well as the representations of the Developer contained in the Material Documents, with respect to certain facts material to our opinion. Except as otherwise specifically indicated herein, we have made no independent investigation regarding any of the foregoing documents or the representations contained therein.

(c) Our opinion delivered pursuant to Section 5 above is subject to the effect of any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws affecting creditors' rights generally and to the effect of general principles of equity, including (without limitation) remedies of specific performance and injunctive relief and concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(d) Except for the Material Documents, we have not reviewed, and express no opinion as to, any other contracts or agreements to which the Developer is a party or by which the Developer is or may be bound.

(e) The opinions expressed herein are based upon and limited to the applicable laws of the State of Texas and the laws of the United States of America, excluding the principles of conflicts of laws thereof, as in effect as of the date hereof, and our knowledge of the facts relevant to such opinions on such date. In this regard, we note that we are members of the Bar of the State of Texas, we do not express any opinion herein as to matters governed by the laws of any other jurisdiction, except the United States of America, we do not purport to be experts in any other laws and we can accept no responsibility for the applicability or effect of any such laws. In addition, we assume no obligation to supplement the opinions expressed herein if any applicable laws change after the date hereof, or if we become aware of any facts or circumstances that affect the opinions expressed herein.

(f) This letter is strictly limited to the matters expressly set forth herein and no statements or opinions should be inferred beyond such matters.

(g) Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property.

(h) The opinions expressed herein regarding the enforceability of the Material Documents are subject to the qualification that certain of the remedial, waiver or other provisions thereof may not be enforceable; but such unenforceability will not, in our judgment, render the Material Documents invalid as a whole or substantially interfere with the practical realization of the principal legal benefits provided in the Material Documents, except to the extent of any economic consequences of any procedural delays which may result therefrom.

(i) The opinion expressed herein as to the enforceability of the Material Documents is specifically subject to the qualification that enforceability of the Material Documents is limited by the following: (i) the rights of the United States under the Federal Tax Lien Act of 1966, as amended; (ii) principles of equity, public policy and unconscionability which may limit the

availability of certain remedies; (iii) bankruptcy, insolvency, reorganization, fraudulent conveyance, liquidation, probate, conservatorship and other laws applicable to creditors' rights or the collection of debtors' obligations generally; and (iv) requirements of due process under the United States Constitution, the Constitution of the State of Texas and other laws or court decisions limiting the rights of creditors to repossess, foreclose or otherwise realize upon the property of a debtor without appropriate notice or hearing or both.

(j) We express no opinion as to whether a court would grant specific performance or any other equitable remedy with respect to the enforcement of the Material Documents.

(k) We express no opinion as to the validity, binding effect, or enforceability of: (i) provisions which purport to waive rights or notices, including rights to trial by jury, counterclaims or defenses, jurisdiction or venue; (ii) provisions relating to consent judgments, waivers of defenses or the benefits of statutes of limitations, marshaling of assets, the transferability of any assets which by their nature are nontransferable, sales in inverse order of alienation, or severance; (iii) provisions purporting to waive the benefits of present or of future laws relating to exemptions, appraisal, valuation, stay of execution, redemption, extension of time for payment, setoff and similar debtor protection laws; or (iv) provisions requiring a party to pay fees and expenses regardless of the circumstances giving rise to such fees or expenses or the reasonableness thereof.

(l) The opinions expressed herein are subject to the effect of generally applicable rules of law that provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected.

(m) We express no opinion as to the enforceability of any provisions in the Material Documents purporting to entitle a party to indemnification in respect of any matters arising in whole or in part by reason of any negligent, illegal or wrongful act or omission of such party.

This opinion is furnished to those parties addressed in this letter solely in connection with the transactions, for the purposes and on the terms described above and may not be relied upon for any other purpose or by any other person in any manner or for any purpose.

Very truly yours,  
Boghetich Law, PLLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## APPENDIX E

### CLOSING CERTIFICATE OF DEVELOPER

The Bridges Phase 2B, LLC, a Texas limited liability company (the “Developer”) DOES HEREBY CERTIFY the following as of the date hereof. All capitalized terms not otherwise defined herein shall have the meaning given to such term in the Limited Offering Memorandum and the Bond Purchase Agreement between the City and the Underwriter (each as defined below) dated June 18, 2026.

1. The Developer is a limited liability company organized, validly existing and in good standing under the laws of the State of Texas.

2. Representatives of the Developer have provided information to the City of Gunter, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”) to be used in connection with the offering by the City of its \$[PAR AMOUNT] aggregate principal amount of Special Assessment Revenue Bonds, Series 2026 (Bridges Phase 1B Public Improvement District Project) (the “Bonds”), pursuant to the City’s Preliminary Limited Offering Memorandum, dated [PLOM DATE], 2026 and Limited Offering Memorandum dated June 18, 2026 (together, the “Limited Offering Memorandum”).

3. The Developer has delivered to the Underwriter and the City true, correct, complete and fully executed copies of the Developer’s organizational documents, and such documents have not been amended or supplemented and are in full force and effect as of the date hereof.

4. The Developer has delivered to the Underwriter and the City a (i) Certificate of Status from the Texas Secretary of State, and (ii) verification of franchise tax account status from the Texas Comptroller of Public Accounts for the Developer.

5. The Developer has executed or caused the execution of, and delivered each of the below listed documents (individually, a “Developer Document” and collectively, the “Developer Documents”) in the capacity provided for in each such Developer Document, and each such Developer Document constitutes a valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms:

- (a) the Developer Letter of Representations;
- (b) the Development Agreement;
- (c) the Landowner Consent;
- (d) the CFA Agreement; and
- (e) the Continuing Disclosure Agreement of the Developer.

6. The Developer has complied in all material respects with all of the Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Developer under the Developer Documents on or prior to the date hereof.

7. The representations and warranties of the Developer contained in the Developer Documents are true and correct in all material respects on and as of the date hereof.

8. The execution and delivery of the Developer Documents by the Developer does not violate any judgment, order, writ, injunction or decree binding on the Developer or any indenture, agreement, or other instrument to which the Developer is a party. There are no proceedings pending or threatened in writing before any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer or any of its affiliates wherein an unfavorable decision, ruling or finding would (i) have a material adverse effect on (A) the ability of the Developer to perform its obligations under the Developer Documents in all material respects, (B) the financial condition or operations of the Developer or its managing member, (ii) adversely affect (A) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Service and Assessment Plan, the Development Agreement, the CFA Agreement, the Continuing Disclosure Agreement of the Developer, or the Landowner Consent, or otherwise described in the Limited Offering Memorandum; or (B) the tax-exempt status of interest on the Bonds or (iii) that would reasonably be expected to prevent or prohibit the development of the District in accordance with the description thereof in the Limited Offering Memorandum.

9. The Developer has reviewed and approved the information contained in the Limited Offering Memorandum in the maps included therein and under the captions "PLAN OF FINANCE" (except for the subcaption "— The Bonds"), "OVERLAPPING TAXES AND DEBT — Homeowner's Association," "THE PUBLIC IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "CONTINUING DISCLOSURE — The Developer" and " — The Developer's Compliance with Prior Undertakings," "SOURCES OF INFORMATION — Source of Certain Information," "APPENDIX D-2," "APPENDIX F" and "APPENDIX G" and, to the best of the Developer's knowledge after due inquiry under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Public Improvements and the Development (as such terms are defined in the Limited Offering Memorandum)), and "LEGAL MATTERS — Litigation — The Developer," and certifies that the information contained therein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Limited Offering Memorandum.

10. The Developer is in compliance in all material respects with all provisions of applicable law in all material respects relating to the Developer in connection with the Development. Except as otherwise described in the Limited Offering Memorandum: (a) there is no default of any zoning condition, land use permit or development agreement binding upon the Developer or any portion of the Development that would materially and adversely affect the Developer's ability to complete or cause to be completed the development of such portion of the Development as described in the Limited Offering Memorandum; and (b) the Developer has no reason to believe that any additional permits, consents and licenses required to complete the Development as and in the manner described in the Limited Offering Memorandum will not be reasonably obtainable in due course.

11. The Developer is not insolvent and has not made an assignment for the benefit of creditors, filed or consented to a petition in bankruptcy, petitioned or applied (or consented to any third party petition or application) to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction.

12. The levy of the Assessments (as defined in the Limited Offering Memorandum) on property in the District owned by the Developer will not conflict with or constitute a breach of or default under any agreement, indenture or other instrument to which the Developer is a party or to which the Developer or any of its property or assets is subject.

13. The Developer is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets is subject, which default would have a material and adverse effect on the Bonds or the development of the Development.

14. The Developer has no knowledge of any physical condition of the Development owned or to be developed by the Developer that currently requires, or currently is reasonably expected to require in the process of development investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment in any material and adverse respect.

Dated: July 15, 2026

*[Signature page to follow]*

**DEVELOPER:**

**THE BRIDGES PHASE 2B, LLC,**  
a Texas limited liability company

By: CADG Holdings, LLC,  
a Texas limited liability company  
Its Manager

By: MMM Ventures, LLC,  
a Texas limited liability company  
Its Manager

By: 2M Ventures, LLC,  
a Delaware limited liability company  
Its Manager

By: \_\_\_\_\_  
Name: Mehrdad Moayed  
Its Manager

*[Signature page of Closing Certificate of Developer]*



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #9**

Discuss, consider, and act upon reappointing the following boards for FY 2026-2028.

- ***Planning & Zoning***  
Place 2 Davida Miorin  
Place 4 Carey Frazier  
Place 6 Bradley Smith
- ***Gunter Municipal Development District***  
Place 2 Eric Bunner  
Place 4 vacant  
Place 6 Paul Valker

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

Eric Wilhite, Director of Planning & Development

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #10**

Discuss, consider, and act upon accepting the Letter of Resignation from Alan Richins, City Council Place 2, and appointing the vacancy for the remaining term.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**

RECEIVED

JUN 11 2026

10:57AM  


**Citizens, City Staff, Mayor, and Council Members,**

It is with deep sadness that I submit my resignation from the Gunter City Council Place 2, effective immediately.

As I stated during the last Council meeting, I can no longer remain part of an environment that has fallen into lawlessness and a troubling disregard for proper procedure and transparency.

An Executive Session was properly noticed, yet we failed to convene. A brief, professional discussion in that session could have addressed concerns, de-escalated tensions, and allowed us to move forward with dignity. Instead, that opportunity was ignored.

What unfolded was a pre-orchestrated effort aimed at a predetermined outcome. I recognized the mistake that was about to be made, and I could not, in good conscience, be part of it so I abstained from the vote. Council's decision to force an action without legal advice was reckless and presents significant public safety challenges and serious financial consequences for our city, including poor health and safety outcomes and potentially hundreds of thousands of dollars. More importantly, it undermines the public's trust in our institutions. The outcome of backing a member of the governing body into a corner for social media likes was achieved.

I have chosen to step away rather than continue in this direction. I pray that you will find a path forward that restores civility, transparency, and respect for the citizens we serve. I sincerely hope positivity and effective governance will prevail in the days ahead.

Fellow Council members, I urge you to truly listen to all the residents who stand at the podium. Every citizen who takes the time to speak deserves to be heard with respect and openness. Important concerns are too easily missed when we fail to listen. To the citizens who have supported me throughout my service, thank you. I remain hopeful that our community will move forward once again with integrity and unity.

**Respectfully submitted,**

**Alan Richins**



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #11**

Discussion regarding city Purchasing Policy.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



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# Procurement Policies

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## TABLE OF CONTENTS

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Chapter 1 INTRODUCTION.....	3
Section 1. Background.....	3
Section 2. Mission and Goals of Public Purchasing.....	3
Section 3. Purchasing Policy Statement.....	4
Section 4. Other Resources.....	5
Chapter 2 PURCHASING ETHICS.....	6
Section 1. Ethics Policy Statement.....	6
Section 2. Accountability of City Employees.....	6
Section 3. Ethical Standards.....	7
Chapter 3 PURCHASING PROCEDURES.....	9
Section 1. Conflict of Interest.....	9
Section 2. Department Responsibilities.....	9
Section 3. Purchasing Parameters.....	10
A. Petty Cash (0 to \$50).....	10
B. Purchases less than \$3,000 (0 to \$2,999.99).....	10
C. Purchases \$3,000 but less than \$50,000.....	11
D. Purchases \$50,000 and Over.....	11
Section 4. Tax Exempt Certificate.....	11
Section 5. Purchasing Procedure Violations.....	11
Section 6. Exceptions to Competitive Bidding.....	12
A. Emergency Purchases.....	12
B. Sole Source Purchases.....	13
C. Other Exceptions.....	13
Section 7. Professional Services.....	14
Section 8. Lease Purchases.....	14
Section 9. Purchasing Card Program (P-Card).....	15
Section 10. Purchase Order Processing.....	15
Section 11. Receiving and Inspection.....	15
Section 12. Prompt Payment Act.....	16
Chapter 4 COMPETITIVE BID PROCESS.....	17
Section 1. Request for Quote (Purchases \$3,000 and less than \$50,000.....	17
Section 2. Bid/Request for Proposal Process (Purchases \$50,000 and Over)..	17
A. Procedure Requirements for Bids/Request for Proposals (RFP)..	18
B. Establishing Bid Specifications.....	18
C. Awarding the Bid.....	19
D. Contested Bids.....	20
E. Awarding the Request for Proposal (RFP).....	20
F. Verification of Insurance.....	21
G. Bonding Requirements.....	22
H. Change Orders to Contracts.....	22
Section 3. State Contracts and Cooperatives.....	22
Chapter 5 DISPOSAL OF SURPLUS PROPERTY.....	23

## **CHAPTER 1: INTRODUCTION**

### **Section 1. Background**

The Purchasing Policy and Procedure Manual provides the City departments information to assist in making decisions regarding the purchase of goods and services necessary to perform the functions of their offices and/or departments effectively.

City staff must ensure that purchasing responsibilities are accomplished in compliance with Texas Local Government Code, including Chapters 252 and 271, Purchasing and Contracting Authority of Municipalities, other relevant federal, state, and local statutes, and City of Gunter policies. This is accomplished primarily through competitive bids/proposals with the City's best interests always paramount. The City of Gunter embodies best practices, promotes transparency, fairness, and competitiveness in state and local government.

This policy is provided to protect employees and the use of public funds. Employees will be held accountable for the proper use and administration of the purchasing process. This policy/manual has been prepared for the use of City personnel and other interested parties to serve as policy for all procurement related activities. It is the responsibility of each employee involved in the procurement process to understand the policies, the meaning, and the intent. Individuals making purchases in a manner that does not adhere to the City's Purchasing Policy or enters into a private transaction with the vendor, assumes responsibility for payment and may be subject to disciplinary action.

### **Section 2. Mission and Goals of Public Purchasing**

The mission of the Purchasing Policy of the City of Gunter is to:

- Foster an understanding and appreciation of sound purchasing practices throughout all departments of the City;
- Acquaint all persons (internally and externally) in respect to the City's purchasing policies and procedures;
- Ensure compliance with local, state, and federal laws applicable to city purchasing;
- Attempt to gain the most value in every purchase;
- Eliminate high cost, convenience buying;
- Provide an ongoing supply of quality goods and services to all City offices; and

- Protect the interests of City of Gunter neighbors.

The goals of public purchasing are to:

- Purchase the proper goods and services;
- Obtain the best possible price for goods or services, without sacrificing the quality needed;
- Ensure a continuing supply of goods and services are available where and when needed;
- Ensure responsible bidders are given a fair opportunity to compete for the City's business;
- Ensure the proper disposition of surplus property through internet auctions or sealed bids;
- Ensure public funds are safeguarded;
- Ensure public funds are not used to enrich elected officials or City employees or to confer favors; and
- Provide all vendors, including Historically Underutilized Businesses (HUBS), equal access to the City's competitive processes for the acquisition of goods and services.
- Provide the public with transparency in the spending of public funds.

### **Section 3. Purchasing Policy Statement**

Purchasing is a function of all departments. Department Directors, Assistant Directors, and Managers are responsible for ensuring that departmental purchases are in compliance with the approved budget and the City's Purchasing Policy. Purchasing procedures are guided by several established policies. These consist of the following:

- All purchasing shall adhere to sound purchasing policies to ensure that Gunter neighbors receive the best value for city purchases.
- Regardless of the expenditure, it is the policy of the City of Gunter to garner competition that produces the highest quality goods and services at the lowest possible price whether the item or service is subject to quotes or bids.
- It is the policy of the City to allow the City Council to make final award on any expenditure of \$50,000 or greater in accordance with Texas Statutes.
- All purchasing shall be in accordance with the laws of the State of Texas including, but not limited to, Chapters 252 and 271 of the Texas Local Government code.  
<http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.252.htm>  
<http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.271.htm>
- Purchasing activities shall be managed with proper controls.

- When required or preferred, a competitive bidding process will be utilized to obtain purchases at the lowest possible cost and to provide for an open and fair process for all interested vendors.
- No City Council member or employee shall have a financial interest, direct or indirect, in any contract with the City, nor shall be financially interested, directly or indirectly, in the sale to the City of any land, or rights in any land, materials, supplies or service except on behalf of the City as a Council member or employee. Any knowing violation of this section shall constitute malfeasance in office, and any member or employee found guilty thereof shall be subject to removal from such office or position. Any violation of this section shall render the contract voidable at the discretion of the City Council.

#### **Section 4. Other Resources**

An additional resource is provided through the link below from the Texas State Comptroller's Office. The State of Texas Procurement and Contract Management Guide was written to provide a holistic approach to government procurement. (Reference: Comptroller.Texas.Gov)

<https://comptroller.texas.gov/purchasing/publications/procurement-contract.php>

## **CHAPTER 2: PURCHASING ETHICS**

### **Section 1. Ethics Policy Statement**

The Ethics Policy is cumulative of any provisions governing ethics or conflicts of interest under state law and the City of Gunter's Home-Rule Charter all as amended. In the event of any conflict between any such provisions, the most restrictive provision shall govern. This section will promote the objectives of protecting government integrity and facilitating the recruitment and retention of qualified ethical personnel needed by the City of Gunter.

The City also requires ethical conduct from those who do business with the City. City representatives and vendors/entities are required to adhere to all federal, state, and municipal laws and ordinances.

### **Section 2. Accountability of City Employees**

The City wants to promote and protect its governmental integrity. As a public entity, the City is expected to be able to demonstrate to the neighbors that it has spent their tax dollars wisely. All participants in the City are responsible for ensuring that money is spent in accordance with the terms and conditions of all the policies of the City of Gunter. Public employees must discharge their duties impartially so as to assure fair competitive access to government procurement by responsible contractors. Public officials and employees must take precautions to avoid even the appearance of impropriety, self-dealing, favoritism, or undue influence.

It is essential for employees to take ownership of, and be responsible for, their actions to preserve the public trust and protect the public interest. All City staff engaged in procurement for the City shall comply with the ethical standards set forth in the following criteria:

- Plan purchases to minimize the use of emergency or expedited purchases;
- Ensure that purchasing policies and procedures are understood prior to ordering;
- Apply sound business judgement;
- Purchase the proper goods or services to suit the City's needs;
- Get the best possible price for the goods or services using City policies;
- Purchases shall have appropriate and adequate supporting documentation including a clear explanation of the reason for the purchase
- Guard against misappropriation of City funds;

- Facilitate competition from responsible bidders;
- Safeguard public funds and receive the best value for the public dollar;
- Never use public spending to enrich elected officials or City employees; and
- Never make purchases for personal use in the City's name.
- Stay apprised of federal and state purchasing laws.

### **Section 3. Ethical Standards**

1. It shall be a breach of ethics to attempt to realize personal gain through public employment with the City of Gunter by any conduct inconsistent with the proper discharge of the employee's duties.
2. It shall be a breach of ethics to attempt to influence any public employee of the City of Gunter to breach the standards of ethical conduct set forth in this code.
3. It shall be a breach of ethics for any employee of the City of Gunter to participate directly or indirectly in a procurement when the employee knows that:
  - a. The employee or any member of the employee's immediate family has a financial interest in the procurement;
  - b. A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement;
  - c. Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
4. It shall be a breach of ethics for any employee of the City of Gunter to accept, receive, or arrange for any gratuity or any offer of employment in connection with any decision, approval, denial, recommendation, preparation of any part of a program requirement or purchase request, influencing the content or any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement of a contract or subcontract, or to any solicitation or proposal thereof, pending before this government.
5. It shall be a breach of ethics for any employee of the City of Gunter to approve or allow any purchase, transaction or contract for expenditure regardless of the amount unless said employee has been expressly authorized to do so in advance by the City Council during a duly noticed public meeting if—with respect to such purchase, transaction or contract for expenditure—any City Official (as defined in the Gunter Code of Ethics) is: (1) required to file a Conflicts Disclosure Statement under Chapter 176 of the Texas Local Gov't Code or the Gunter Code of Ethics, as amended; or (2) is a Vendor as that term is described under Section 176.002 of the

Texas Local Gov't Code, which includes acting as an agent of a Vendor.

6. It shall be a breach of ethics for any employee or former employee of the City of Gunter knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.
7. No City representative may purchase City property for their own personal use unless it is purchased through the City's public auction.
8. No City representative, City Council, Boards or Commissions, or employees, may use the purchasing power of the City to make private purchases or to avoid the payment of sales tax.

## **CHAPTER 3: PURCHASING PROCEDURES**

### **Section 1. Conflict of Interest**

All purchases, transactions and contracts for expenditures regardless of amount must be expressly approved in advance by the City Council during a duly noticed public meeting if, with respect to such purchase, transaction or contract for expenditure any City Official (as defined in the Gunter Code of Ethics) is: (1) required to file a Conflicts Disclosure Statement under Chapter 176 of the Texas Local Gov't Code or the Gunter Code of Ethics, as amended; or (2) is a Vendor as that term is described under Section 176.002 of the Texas Local Gov't Code, which includes acting as an agent of a Vendor. Otherwise, the following purchasing procedure is outlined in accordance with the noted dollar thresholds of expenditures.

### **Section 2. Department Responsibilities**

It is the responsibility of the Department Director and/or Authorized Designee to ensure the following:

- The appropriate budget has been identified and is available;
- The appropriate method of purchase has been identified;
- City management and/or City Council approves of the purchase;
- City policy is being followed;
- State and Federal laws are being enforced;
- Documentation for the purchase is attached to the PO, such as quotes, emergency purchase order with the City Managers signature, invoice, and/or documentation reflecting the vendor is a sole source vendor;
- Invoices are submitted in a timely manner to adhere to the Prompt Payment Act as described Section 12; and
- When applicable, a Certificate of Interested Parties (Form 1295) is provided to the Finance Department. Chapter 2252.908 of the Texas Government Code requires a business entity entering into certain contracts with a governmental entity to file a Certificate of Interested Parties, Form 1295. Generally, all contracts requiring a vote of the City Council are included. Contractors are required to register via the Texas Ethics Commission Website where a Form 1295 is generated. The City must acknowledge receipt of the form via the same portal no later than the 30<sup>th</sup> day after the contract date.

### Section 3. Purchasing Parameters

At no time, shall purchases be broken down into smaller quantities or specialized activities so as to avoid the requirements stated below. This practice is against State law and City policy.

#### Approval Authority

The following approval levels shall be utilized in all procurement related matters.

1. All procurement card (P-Card) transactions shall be approved by the respective Department Director or Assistant Director.
2. All other Procurement Related Expenses below:

Amount	Approval Requirements				
<b>0 - \$4,999</b>	Designated Supervisors				
<b>\$5,000 - \$9,999</b>		Assistant Director or	Department Director		
<b>\$10,000 - \$49,999</b>			Department Director and	City Manager	
<b>\$50,000+</b>			Department Director and	City Manager and	Council Approval

*\*\*The purchasing thresholds below pertain to the **total purchase** from a single vendor, not per item. This also includes purchases by multiple departments. \*\**

#### **A. Petty Cash (0 to \$50.00)**

Petty Cash is deemed appropriate when it allows for more efficient procurement of minor goods and services. Petty Cash may only be used for non-routine minor purchases of goods or services up to \$50.00. An employee requesting the Petty Cash must have approval from their Department Director, Assistant Director, or Designated Supervisor. Documentation for the use of Petty Cash is required at time of reimbursement and must include an invoice or itemized receipt for the purchase. The employee requesting reimbursement will be required to sign for receipt of the cash. Employees issued P-cards should not utilize petty cash for purchases.

#### **B. Purchases less than \$3,000 (0 to \$2,999.99)**

A one-time purchase by a single department or from multiple departments under the same Department Director for supplies do not require quotes to be obtained. Quotes are recommended when possible even if they are verbal. Purchases may be made with the P-Card depending on the employee's card limit.

***C. Purchases \$3,000 but less than \$50,000***

A one-time purchase by a single department or from multiple departments under the same Department Director requires three written quotes. Two of the quotes shall be from HUB vendors as required by statute. A quote form should be completed and approved by the appropriate approval level in the above chart, prior to making the purchase. If service is performed on City property a certificate of insurance shall be obtained. Work should not begin before insurance is obtained and verified.

***D. Purchases \$50,000 and over***

A one-time purchase or cumulative purchases by a single department or from multiple departments requires a formal sealed bid. All purchases over \$50,000 must also include a contract, insurance, and bonds (if needed). City Council approval is required. See Chapter 4 on Competitive Bidding requirements.

**Section 4. Tax Exemption Certificate**

The City is exempt from payment of all local tax, state sales tax, and federal excise tax, with the exception of Hotel/Motel tax. This is solely due to being a municipality.

When practicable the City will claim and insist on all of its purchases being exempt from sales and use tax. However, an exception to this is any single purchase of food related to travel, outreach, and city-sponsored events when a single purchase is less than \$200. Purchases for these exclusions over \$200 must be approved in advance by the City Manager in writing.

At the time of purchase, vendors may request a Sales and Use Tax Exempt Certificate and/or a W-9 form be completed by the City prior to removing any sales tax from the invoice. Please contact the Finance Department to obtain a form to submit to the vendor.

**Section 5. Purchasing Procedure Violations**

Employees will be held accountable for the proper use and administration of the Purchasing Process. The Department Directors or Approving Manager is responsible for ensuring that employees comply with the policies outlined in this manual. The statutes governing local government purchasing impose criminal penalties for violating the provisions of various Acts enacted by the Legislature to oversee purchasing. Any misuse of the City's purchasing power carries various legal and/or future employment consequences.

## LOCAL GOVERNMENT CODE 252.062 – CRIMINAL PENALTIES

A municipal officer or employee commits an offense, if the officer or employee intentionally or knowingly makes or authorizes **separate, sequential, or component purchases** to avoid the competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B misdemeanor. <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.252.htm>

### Section 6. Exceptions to Competitive Bidding

In some cases, competitive bidding is not possible to procure a good or service. Below are the exceptions to utilizing a competitive bidding process. These exceptions must also accompany the *Sole Source/Emergency or Exceptions to Competitive Bidding Form* as well as a letter on company letterhead in the event the purchase is a sole source purchase. An example of the form is located in the back of the policy.

#### A. Emergency Purchases

Texas statutes generally allow the local government to make “emergency or exempted purchases” without competitive bidding as per Texas Local Government Code 255.022 “General Exemptions”. A political subdivision is generally exempted from competitive bidding or contacting Historically Underutilized Businesses (HUB) if one of the following occurs:

1. Public Calamity – In the case of a public calamity, the prompt purchase of items is required to provide for the needs of the public or to preserve the property of the political subdivision.
2. Preservation or Protection – The item is necessary to preserve or protect the health or safety of residents of the political subdivision.
3. Unforeseen Damage – The item is made necessary by unforeseen damage to public property.

Normal Working Hours – The City Manager is authorized to declare or determine if an Emergency Purchase is warranted. When the emergency occurs during normal business hours and the expenditure exceeds the department approval limit, the Department Director shall contact the City Manager or his designee to obtain authorization. The City Manager shall advise the City Council of any such emergency in excess of \$50,000. Purchase Order (PO) should be prepared and approved by both the Department Director and the City Manager or designee as soon as possible. The Emergency Purchase Order (EPO) Form shall provide which emergency situation from the above list has occurred. The PO, EPO Form, and the invoice should then be turned into Accounts Payable for processing.

After Office Hours/Weekends/Holidays – When an emergency occurs after hours and the expenditure exceeds the department approval level, the department authorized designee should contact the Department Director for authorization and take whatever steps are

necessary to make the procurement. The Department Director shall complete the EPO Form and obtain the City Manager or his designee's signature the following morning. As stated previously, the EPO Form should justify which one of the occurrences from the list above resulted in the emergency.

*Purchases made in emergency situations are more costly than routine purchases; therefore, they must be kept at a minimum. Poor planning, overlooked requirements or negligence may cause the need for expedited purchases, but are not true emergencies.*

## **B. Sole Source Purchases**

Quotes are not required if the materials, goods, or supplies can only be purchased from a sole vendor, in other words, a sole source. Reasonable efforts must be made to ensure purchases from sole sources are correctly classified as such. Materials, goods, and/or supplies cannot be requested so as to remove other suitable alternative vendors/sources. The department must attach justification to validate the sole source procurement meets one of the requirements listed below.

1. The good/service is a one of a kind or patented, copyrighted, secret process or unique item;
2. The product is only available from a regulated or natural monopoly; or
3. The product is a component of an existing system which is only available from one supplier.

Sole source purchases are approved only after the lack of alternate sources has been determined and proof of sole source is documented. The requesting department should do everything possible to strengthen the City's bargaining position. Costs related to procurement should always be considered before an order is placed, including post-purchase costs. Post-purchase costs could include multi-year maintenance contracts, replacement parts or trade-in value. Written justification should include one or more of the following:

1. Statement on company letterhead from vendor attesting to the fact that the item(s) being requested are only available from that vendor.
2. A statement from the Department Director or authorized designed providing information concerning previous attempts to obtain competitive bids on the item(s) requested including the name of the company and person contacted, in an effort to find other sources.

## **C. Other Exceptions**

Maintenance of City Fleet Vehicles – The City has contracted with Enterprise Fleet Management (EFM) for the lease purchase of new City vehicles. In addition, maintenance and repair of City vehicles shall be taken to a vendor who is contracted with EFM. EFM staff will ensure that proper repairs and/or maintenance is completed on the vehicles and

appropriate charges are incurred.

The following reasons are additional justification that an employee may not be able to utilize a competitive bidding process:

- The requested product is an integral repair part or accessory compatible with existing equipment.
- The requested product has unique design/performance specifications or quality requirements that are not available in comparable products.
- Repair/maintenance is available only from manufacturer or designated service representative.
- Upgrade to enhancement of existing software is available only from one manufacturer.
- Purchase of land, right-of-way, or buildings
- Services performed by blind or severely disabled person
- Goods purchased for the subsequent resale
- Service proposed by vendor is unique; therefore, competitive bids are not available or applicable.
- Professional Services (See Section 7 below on further requirements)

Local Government Code Chapter 252.022 Competitive Requirements for Purchases defines the general exemptions:

<https://statutes.capitol.texas.gov/SOTWDocs/LG/htm/LG.252.htm>

## **Section 7. Professional Services**

Cities are prohibited by law from awarding a contract by competitive bidding for some professional services including architects, interior designers, engineers, or certified public accountants. The Professional Services Procurement Act established a set of procedures that must be followed to contract for these services.

The selection of these providers shall be based on demonstrated competence, experience, and qualifications of the firm.

## **Section 8. Lease Purchases**

State law authorizes cities to enter into lease purchase agreements. However, normal statutory procurement requirements generally apply to these lease purchase agreements. This is the case when a lease purchase agreement for personal property will involve an expenditure of more than \$50,000 in city funds. The contract must then be competitively bid unless the type of item purchased is covered by a specific exception to the statutory procurement requirements.

All lease purchases shall be coordinated by the Finance Department due to this type of purchase and financing being unique and accounted for differently.

## **Section 9. Purchasing Card Program (P-Card)**

The P-Card is a method that allows employees to make small dollar approved City purchases quickly and efficiently by paying vendors immediately with a credit card. A purchase shall not be made with a card unless it is the most productive purchasing method. All employees issued a P-Card are expected to understand all City policies related to using City funds. At no time does the P-Card override the City's purchasing policy, which is guided by procurement law. The City bears no legal liability from inappropriate use. (See the City's Purchasing Card Policy)

## **Section 10. Purchase Order Processing**

All invoices shall be accompanied by a purchase order unless otherwise indicated below. Purchase orders shall be submitted to Accounts Payable for processing after obtaining the appropriate approval signatures with all supporting documentation attached. Purchase orders submitted without appropriate approval or required documentation will be returned to the originating department. Subject to the limits on the City Manager's authority to make purchases and enter into contracts on behalf of the City, purchases of the following items do not require the solicitation of bids or purchase order. However, if the purchase was made by a purchasing card, a PO made payable to J P Morgan will be required. Departments shall clearly place the vendor number and account number on the invoice itself.

- Insurance Premium Payments
- Retirement System Payments (TMRS) or other Payroll Expenditures
- Debt Service Payments
- Utility Service Payments
- Operating Leases/Maintenance Agreements
- City Fleet Fuel Payments
- Contracted Services
- Registration Fees
- Membership/Professional Association dues and fees
- Postage
- Subscription Services

## **Section 11. Receiving and Inspection**

When materials, equipment, or supplies are received, the department/division that placed the order is responsible for inspecting the shipment and initiating the payment process. This should be done as promptly as possible to take advantage of early payment discounts and/or give the Accounting Technician time to avoid interest penalties and comply with the

30-day payment requirements by state law.

## **Section 12. Prompt Payment Act**

Department shall ensure Purchase Orders, invoices, and the appropriate documentation is submitted to Finance in a timely manner. Invoices are to be paid no later than net 30 days.

*Texas Government Code Chapter 2251* stipulates that all local governments shall pay for goods and services within thirty (30) days of the delivery or invoice date or interest is automatically imposed.

## **CHAPTER 4: COMPETITIVE BID PROCESS**

### **Section 1. Request for Quote (Purchases \$3,000 and less than \$50,000)**

#### Disadvantaged Businesses/Historically Underutilized Businesses:

A municipality in making an expenditure of more than \$3,000 but less than \$50,000, is required by state law to contact at least two (2) disadvantaged businesses or historically underutilized businesses (HUB) on a rotating basis, in accordance with Texas Government Code, Title 10, Subtitle D, Section 2161 and the General Services Commission Rule I TAC 111.11-111.24. If the list fails to identify a HUB in the County in which the city is situated, the City is exempt from this section. HUB vendors must complete the certification process with the State of Texas Comptroller of Public Accounts. See link below to the Texas Comptroller of Public Accounts website to perform a search for HUBs.

<https://mycpa.cpa.state.tx.us/tpasscmbsearch/tpasscmbsearch.do>

Price quotes should be solicited from an adequate number of vendors on a rotating basis to ensure competition.

### **Section 2. Bid/Request for Proposal Process (RFP) (Purchases \$50,000 and Over)**

Departments must take caution when determining whether a procurement requires a competitive bid process. No specifications are to be written with the intent to exclude a possible bidder. The following circumstances need to be considered and well thought out as they are of particular concern to a city when departments are making a determination if a bid is required.

1. A city does not competitively bid an item because the total expenditure would be below the \$50,000 threshold and later purchase more items or more services are procured. The extra procurement would take the total over the threshold. If the department knows this is a possibility, even though the current procurement is under the threshold, a competitive bidding process shall be utilized.
2. Individual departments making their own purchases of commodities or services that in total take the City over the threshold. If the City in total reaches the threshold, a competitive bidding process shall be utilized.

As stated in Chapter 3, Section 5, State law provides criminal penalties if a city makes component, sequential or incremental purchases to avoid the competitive bidding

requirements. If such a charge is at issue, the prosecuting attorney would require the facts surrounding the involved transaction. It is advisable for departments to look at their purchasing practices over past budget years and consider whether certain items should be purchased through a competitive process.

## **A. Procedure Requirements for Bids/Request for Proposals (RFP)**

State law requires competitive bidding for expenditures over \$50,000. The City may choose the bid process or the Request for Proposal option. Both options require City Council approval and award.

The competitive bidding process has two purposes. The first one being to ensure that public monies are spent properly, legally, and for public projects, only and to ensure the best possible value is received for the money. Additionally, it is utilized to give those qualified and responsible vendors who desire to do business with the City a fair and equitable opportunity to do so. Below are the requirements for bids and proposals:

- A notice must be published establishing the time and place at which bids or proposals will be publicly opened and read aloud. The notice must be published at least once a week for two consecutive weeks. The notice must be published in a newspaper that is published in the City. The first publication must appear before the 14<sup>th</sup> day before the date that the bids or proposals are publicly read aloud.
- Specifications detailing the requirements that must be met by the goods or services or information how to obtain copies of the specifications shall be included in the publication.
- Competitive bidding can be on a lump sum or unit price basis.
- In the event other factors other than price are utilized to make the selection, such as previous performance, the specifications shall clearly state that such factors will be considered in the award.
- The department must determine prior to the advertisement and before the notice is given the method of procurement that provides the best value for the City.
- All bids shall be received at the City Hall and must be stamped with the time and date the bids were delivered.
- All bids shall be addressed and opened at the designated time and place by the City Secretary.

## **B. Establishing Bid Specifications**

A specification is a concise description of goods or services the City seeks to buy and the requirements the vendor must meet in order to be considered for the award. A specification may include requirements for testing, inspection or preparing an item for delivery, or preparing or installing use of it. The specification is the total description of the purchase.

The purpose of any specification is to provide personnel with clear guides for purchasing, and to provide vendors with firm criteria of minimum product or service acceptability. A

good specification has four characteristics:

1. *It sets a minimum acceptability of goods or services.* The term “minimum acceptability” is key since the vendor must know the minimum standard to determine what to provide. A standard too high means tax dollars will be wasted. A standard too low means the goods or services will not meet the expectations of the user.
2. *It should promote competitive bidding.* The maximum number of responsible vendors should be able to bid the specification. Restrictive specifications decrease competition.
3. *It should contain provisions for reasonable tests and inspections for acceptability of the good or service.* The methods and timing of testing and inspection must be indicated in the specification. Tests should refer to nationally recognized practices and standards, when possible.
4. *It should provide for an equitable award to the lowest responsible bidder.* The buyer obtains goods or services that will perform to expectations, and the vendor is able to provide the goods or services at an agreeable price.

### **C. Awarding the Bid**

Best Value – If best value is utilized, below are a list of items the department may utilize to make the determination of “best value” for the City.

- Purchase price;
- Reputation of the bidder;
- The bidder’s safety record;
- Warranties;
- The quality of the bidder’s goods or services;
- The extent to which the goods or services meet the City’s needs;
- The bidders’ past relationships with the City or Department;
- The impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses (HUB) and nonprofit organizations employing person with disabilities;
- The total long-term cost to the City to acquire the bidder’s good or services; and
- Any relevant criteria specifically requested in the bid or proposal.

In the event no bids are received, the Department must re-advertise or choose to not undertake a contract. If only one bid is received, the City Council may choose to accept the bid, reject the bid and re-advertise, or determine not to undertake the project.

Bids are opened and read aloud at the designated time and place. The bid/bids must then be presented to City Council. The City Council must then award the bid to the lowest responsible bidder or if previously determined, the bidder with the “best value”. The City Council does have the option to reject all bids as well.

Once a bid has been opened, it may not be changed or altered to correct minor errors in the price. However, under some circumstances, a bidder may be able to withdraw a bid if it contains a substantial mistake that would cause a great hardship if enforced against the bidder.

#### **D. Contested Bids**

If a department is made aware of, or is contacted by a vendor regarding a protest relating to advertising of bid notices, deadlines, bid opening and all other related procedures under the Local Government Code, as well as any protests relating to alleged improprieties or ambiguities in the specifications, the Department Director should first attempt to determine the reasons behind the potential protest. If the Department Director fails to satisfy the vendor, they shall instruct the vendor to prepare a written protest. At said time the Department Director shall notify the City Manager and City Attorney.

Appeals of protest of awards for \$50,000 and over shall be filed with the City Secretary with a concurrent copy to the City Manager and City Attorney.

The written protest should include the following:

- Include both the name and address of the protester, as well as the vendor they represent, if different.
- Identify the bid number and item.
- Contain a statement of the grounds for protest and any supporting documentation.
- Protest must be submitted within five (5) days of the bid opening.

#### **E. Awarding the Request for Proposal (RFP)**

If an RFP was utilized and the best value option was established prior to the solicitation, the same criteria listed above can be used to award the RFP.

When the RFPs are opened and acknowledged by public announcement, the vendor name is the only item read aloud. This is to avoid disclosure of the contents of the proposals to competing proposers until after the award of the contract. All proposals are open for public inspection after the contract is awarded, but trade secrets are confidential information in the proposal and are not open for public inspection (see Local Government Code, Chapter 252.049).

Unlike bids, once the proposals have been submitted, the City may conduct discussions with the offeror or offerors whom the City determines to be reasonably qualified for the award of the contract. However, such discussions must comply with the RFP and any guidelines established by the City Council.

To obtain the best offers, the City may allow the submission of revisions after proposals are submitted and before the award of the contract. (see Local Government Code, Chapter 252.042). All offerors must be treated equally and fairly with respect to any opportunity

for discussion and revisions to the proposals.

Some of the items that should be evaluated and considered when reviewing an RFP are as follows:

- All calculations and sums shall be double checked for accuracy.
- Unit prices shall be extended to a total price for the requested quantity;
- The proposal shall be verified that it has been signed by an authorized signer of the vendor;
- Verify all of the specifications outlined in the RFP have been met;
- List all areas where it fails to meet any condition(s) included in the specifications and whether any failure disqualifies the proposal;
- Verify all required samples are included; and
- Include results of testing of samples, if required.

Contracts awarded by proposals are awarded by City Council. The contracts must be awarded to the responsible bidder whose proposal is determined to be the most advantageous to the municipality, considering the relative importance of price and the other evaluation factors included in the RFP. (see Local Government Code, Chapter 252.043).

The evaluation and recommendation should include at least the following:

- Merits of each proposal with recommendations about which one should be selected;
- Whether the vendor has submitted a responsive proposal, meeting all criteria in the RFP;
- Give information about whether the vendor has a record of being a responsible bidder, capable of performing a contract and/or appears financially and technically capable of adequately performing the contract; and
- Details of areas to be negotiated, including desired changes in the proposal.

## **F. Verification of Insurance**

Vendors on City property or public right-of-way for the City of Gunter shall provide the City a certificate of insurance evidencing the coverage's and coverage provisions identified. Contractors shall provide the City evidence that all subcontractors performing work on the project have the same types and amounts of coverage's as required or that the subcontractors are included under the contractor's policy.

All insurance and certificate(s) of insurance shall contain the following provisions: (1) name the City, its officers, agents and employees as additional insured's as to all applicable coverage with the exception of Workers Compensation Insurance; (2) provide for at least thirty (30) days prior written notice to the City for cancellation, non-renewal, or material change of the insurance; (3) provide for a waiver of subrogation against the City for injuries, including death, property damage, or any other loss to the extent the same is covered by the proceeds of insurance.

All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least "A" by AM Best or other equivalent rating services.

The vendor shall during the term hereof maintain in full force and affect the required insurance. The City reserves the right to amend or require additional types depending on the nature of the work.

### **G. Bonding Requirements**

The Local Government Code mandates that a city contracting for public work in excess of \$50,000 shall require its contractor to execute a payment bond solely for the protection of beneficiaries who supply materials and labor to the public works project and have a direct contractual relationship with the contractor. The payment bond shall be in the amount of the contract.

The Local Government Code also mandates that a city contracting for public work in excess of \$100,000 shall require its contractor to execute a performance bond solely for the protection of the City. The performance bond protects the City in the event of a contractor default and/or termination. The performance bond must also be written for the total cost of the contract and shall be executed by a corporate surety in accordance with the Insurance Code prior to commencement of the work.

### **H. Change Orders to Contracts**

After a City has awarded a bid or contract, a city may still increase or decrease the quantity of work to be done or supplies to be furnished if it is necessary to do so. Such changes may not increase or decrease the original contract price by more than 25 percent. In the event the increase goes above 25 percent, the City shall seek bids or proposals for the work or product which would go beyond the 25 percent. If the City wants to decrease the contract amount by more than 25 percent, it shall obtain the approval of the contractor for such a change.

## **Section 3. State Contracts and Cooperatives**

Texas Government Code, Chapter 791, and Texas Local Government Code, Chapter 271, authorize the use of local cooperative purchasing programs. These chapters authorize the City to use (piggyback on) another entity's bid and likewise allows another entity to use the City's contracts. This action allows cities to obtain more advantageous volume purchases including administrative savings and other benefits. These agreements must be in the form of an Interlocal Cooperative Agreement which must be presented to Council for them to authorize the City Manager to execute the agreement.

In addition to local cooperative purchasing programs, cities may also utilize contracts competitively awarded by the State of Texas or the State of Texas Cooperative Purchasing Program. The state purchasing cooperative promotes best value procurements through state contract usage at the local level. In order to become a member of a state purchasing

program, City Council must pass a Resolution authorizing the City to participate in the program. A minimal fee is then required annually to remain an active member in the program.

## **CHAPTER 5: DISPOSAL OF SURPLUS PROPERTY**

Disposal of surplus property may be sold by public auction (private auctioneer), Internet sale, or sealed bids to the highest bidder. Employees may not directly purchase City property, unless it is through the channels listed above where they are the highest bidder.

As surplus properties become available, notice of the items shall be circulated to all departments to determine whether any items could be used in another area of the City.

If the property is deemed to have no value, or if the value is less than the cost to process for an auction, it will be disposed of by the most convenient method.

Finance shall be notified of any auction items to ensure the tracking of the fixed assets are maintained.

## CHAPTER 6: DEFINITIONS

**Advertisement** – A public notice in a newspaper or general circulation containing information about solicitation in compliance with legal requirements.

**Best Value** - A procurement method that emphasizes value over price. The best value may not be the lowest cost. Value may include a combination of reputation, quality, long-term costs, services, and time.

**Bid Types** –

- a. Request for Quote (RFQ) Procurement process for purchases \$3,000-\$49,999
- b. Request for Bid (RFB) Procurement process for \$50,000 or greater
- c. Request for Proposal (RFP) Negotiable Procurement process for \$50,000 and greater.

**Bidder** – A vendor that submits a bid including acting on behalf of the vendor that submits a bid, such as agents, employees and representatives.

**Change Orders** - Change orders may address differences in order quantity, quality, damages, or additions. The original contract price may not be increased (under section 252.048 of the Local Government Code) by more than 25% without going out for bid. The original contract price may not be decreased under this section by more than 25% without the consent of the contractor.

**Competitive Bidding** – A transparent procurement process in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, and terms and conditions of the proposed contract. The aim of competitive bidding is to obtain goods and services at the lowest price for such goods or services through competition and preventing favoritism. The City determines the lowest bidder that is responsible and awards the contract to the lowest bidder.

**Competitive Proposal Process** – A transparent procurement in which proposals from competing contractors, suppliers, or vendors are invited by openly advertising the scope, specifications, and terms and conditions of the proposed contract.

**Cooperative Procurement** – The action taken when two or more entities combine their requirements to obtain advantages of volume purchases or a variety of arrangements whereby two or more public procurement units purchase from the same vendor using a single RFP.

**Emergency Purchase Order (EPO)** – Emergencies are defined to remove hazards, to protect property and people, to alleviate financial loss and operation damage, and to expedite repairs. The Emergency Exception to Competitive Bidding Form shall be completed and signed by the City Manager by the next business day.

**Historically Underutilized Business (HUB)** – Texas Administrative Code, Chapter 2161 defines a “Historically Underutilized Business” or “HUB”, in part, as one with ownership by “a person who is economically disadvantaged because of the person’s identification as a member of a certain group, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians, who have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control”. Also referred to as a disadvantaged business, Minority/Woman-owned Disadvantaged Business Enterprise or M/W/DBE.

**Invitation to Bid (ITB)** – Specifications and formal bidding documents requesting pricing for a specified work, good, or service which has been advertised for bid in a newspaper.

**Invoice** – An itemized statement of merchandise or service provided by a vendor. It is the means for settlement of financial obligations incurred when the purchase order is issued.

**Lease** – A contract for the use of personal property or real property for a period of time in return for a specified compensation.

**Lowest Responsible Bidder** – The offer that provides the lowest price meeting all requirements of the specifications, terms, and conditions of the Invitation to Bid, including any related costs to the City in a total cost concept and which submittal, including all reported references contained therein, provides the City with sufficient evidence of the bidder’s financial and practical ability to perform the contract, references of past performance indicating the ability to comply with the Contract and satisfactorily complete the subject work, and other information provided to or obtained by the City demonstrating the subject bidder’s capabilities, competence, and success.

**Modification** – A document used to change the provisions in a contract.

**Payment Bond** – A surety bond executed in connection with a contract that secures solely for the protection and benefit of those persons or entities that have a direct contractual relationship with the Contractor to supply public work labor or material (Payment Bond Beneficiaries) and with which such Contractor the City has contracted for a particular contract the payment obligation of that Contractor to the Payment Bond Beneficiaries.

**Performance Bond** – A surety bond that provides assurance to the City that the Contractor will faithfully perform the work in accordance with the plans, specifications, and contract documents.

**Professional Services** – Services rendered by members of a recognized profession

possessing a special skill/education as defined in Local Government Code.

**Purchase** – The act of obtaining approved goods or services by an authorized City representative.

**Purchase Order (PO)** – A legal contract for the purchase of goods and services establishing the terms and conditions and incurs a financial obligation.

**Request for Proposal (RFP)** – A document requesting a proposal from vendors that specifies the relative importance of price and other evaluation factors, and which allows for negotiations after a proposal has been received and before award of the contract for the goods and services sought. (See also Competitive Proposal Process above)

**Request for Qualifications (RFQ)** – A document that requests details about the qualifications of professionals whose services must be obtained in compliance with the Professional Services Procurement Act or in conjunction with an alternative bid delivery process.

**Sealed Bids** – Offers in response to an invitation to bid that is advertised in a newspaper and submitted to the City Secretary in a manner that conceals the price.

**Separate Purchase** – Purchases made separately of items that in normal purchasing practices would be purchased in one purchase.

**Sequential Purchases** – Inappropriate separation of purchases to avoid the required process of obtaining quotes or bids.

**Sole Source Purchase** – Purchases that can be made from only one vendor as defined by State Law.

**Specifications** – Detailed description for an item or service. Specifications must be complete and sufficiently defined in order to provide the exact product or service required.

**Tax Exemption** – The City is tax exempt from paying local or state sales tax, and federal excise tax. The City is not exempt from Hotel Occupancy Tax.

**Vendor** – A business entity or individual that seeks to have or has a contract to provide goods or services to the City.



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #12**

Discuss, consider, and act upon an **Ordinance** regulating the expenditure of funds in excess of \$5,000.00, including the requirement of advance authorization and notification to the public.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



**CITY COUNCIL MEETING**  
**June 18, 2026**  
**6:00 PM**

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**AGENDA ITEM #13**

Discuss, consider, and act upon an **Ordinance** repealing ordinance no. 2023-09-21-01; The Cancellation Provisions of Section 1.03.002; of the Code of Ordinances, and replacing them with provisions governing the cancellation of City Council Meetings.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #14**

Discuss, consider, and act upon accepting the Letter of Resignation from Karen Souther, Mayor.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**



CITY COUNCIL MEETING  
June 18, 2026  
6:00 PM

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**AGENDA ITEM #15**

Discuss, consider, and act on determining agenda items to be placed on future City Council meeting agendas and direct the City Secretary as to which future agendas the item should be placed upon.

**AGENDA ITEM SUMMARY/BACKGROUND:**

**PRESENTED BY:**

Karen Souther, Mayor

**RECOMMENDATION:**

**LEGAL REVIEW:** N/A

**ATTACHMENTS:**