Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 22, 2010

Ms. LaDonna Castanuela, Chief Clerk
Office of the Chief Clerk
Texas Commission on Environmental Quality
P.O. Box 13087, MC-105
Austin, Texas 78711-3087

Re: TCEQ Docket No. 2009-1934-UCR; Consideration of a request for a Commission Order approving contracts designating service areas between the City of Gunter and Marilee Special Utility District (SUD).

Dear Ms. Castanuela:

Transmitted herewith for filing with the Texas Commission on Environmental Quality (Commission or TCEQ) are the following items to be filed as backup materials for a Commission agenda, on a date to be determined, on a request for an order approving a contract designating water service areas between the City of Gunter and Marilee SUD:

1. Agenda Executive Summary;
2. Staff memo detailing financial, managerial and technical capabilities of the City of Gunter to provide continuous and adequate service to the affected area;
3. Caption;
4. Request for Commission order approving Texas Water Code §13.248 agreement filed by the City of Gunter on September 20, 2007, and accepted for filing on September 27, 2007;
5. Application Maps
6. Proposed Order;
7. Texas Water Code §13.248 Agreement between the City of Gunter and Marilee SUD (formerly known as Gunter SUD) executed on September 24, 2004;
8. City of Gunter Ordinance Annexing area to be transferred from Marilee SUD to the City of Gunter executed on June 29, 2006, received by TCEQ on October 6, 2009.
9. Proposed Map of the service area covered by the Agreement;
10. Map Consent Forms signed by the parties; and
11. Certificates of Convenience and Necessity (CCN) Nos. 13105 and 10150.

Please do not hesitate to contact me at (512)239-6033 if you have any questions. Thank you for your attention to this matter.

Respectfully submitted,

Erin Selvera

Erin Selvera, Staff Attorney
Environmental Law Division

Enclosures
cc: mailing list

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

TO: Texas Commission on Environmental Quality DATE: January 22, 2010

THRU: LaDonna Castañuela, Chief Clerk

FROM: Environmental Law Division

SUBJECT: Consideration of a request for a Commission order approving contracts designating service areas between City of Gunter and Marilee Special Utility District (SUD).

DESCRIPTION OF APPLICATION

Applicant: City of Gunter

Regulated Activity: Retail water utility service

Type of Application: Request for a Commission Order approving a contract

Commission Action: Hearing regarding approval of the contract

Authority: Texas Water Code §13.248 and 30 Texas Administrative Code § 291.117

FACTUAL BACKGROUND

The City of Gunter, water CCN No. 13105, and Marilee SUD (formerly known as Gunter SUD), water CCN No.10150, executed a 13.248 agreement, evidenced by Application No. 35817-C which was filed on September 20, 2007 and included a signed Tex. Water Code Section 13.248 agreement titled " Agreement By and Between the City of Gunter and Gunter Special Utility District. Under the agreement executed on September 24, 2004, the Gunter SUD (now Marilee SUD) will transfer "any territory that [the City of] Gunter may annex subsequent to the effective date." On June 29, 2006, the City passed an annexation ordinance in which 1,579.82 acres was annexed. The annexed area includes the 382.477 acres that is the subject of the City's 13.248 application.

LEGAL AUTHORITY

The Texas Water Code prohibits a utility, a utility operated by an affected county, or a water supply corporation from rendering retail water or sewer utility service directly or indirectly to the public without first having obtained from the Commission a CCN.[1] A municipality is not required to obtain a CCN to provide retail water service.[2] However, a municipality may not provide service to

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[1] TEX. [WATER] CODE ANN. § 13.242(a) (Vernon 2006).

[2] A municipality is a "retail public utility" under TWC § 13.002(19), but is not a "utility" under § 13.002(23). Therefore, the TWC § 13.242(a) requirement that a "utility" must obtain a CCN before providing retail water

areas that are outside of its corporate boundaries, but that are within the CCN of another retail public utility, without first obtaining written consent from that retail public utility.[3]

The TWC and TCEQ rules allow retail public utilities to enter into service area agreements and have the Commission affirm the agreements by amending the entities' respective CCNs.[4] A transfer of a water or sewer system that also includes the transfer of customers and/or facilities may, in some cases, also require separate Commission approval for the transfer of customers and/or facilities.[5]

The request to approve a 13.248 agreement is not subject to the notice provisions of 30 Texas Administrative Code § 291.106, which apply to applications for new and amended CCNs. The Commission may approve the service area agreement pursuant to TWC § 13.248 with the appropriate notice under the Open Meetings Act. The Executive Director will mail notice of the hearing upon the setting of an Agenda date.

BASIS FOR STAFF RECOMMENDATION

The following items were considered in developing the Staff's recommendation:

1. Request for a Commission order approving the following agreement: Texas Water Code 13.248 agreement filed by the City of Gunter on September 20, 2007, (Application No. 35817-C);
2. Agreement between the City of Gunter and Marilee SUD (formerly known as Gunter SUD) executed by written correspondence on September 24, 2004.
3. Annexation Ordinance passed by the City of Gunter on June 29, 2006.
3. Maps of the service areas subject to the 13.248 agreement submitted by the City of Gunter.
4. Financial, Managerial, and Technical analyses of the City of Gunter to operate in the affected area.

STAFF RECOMMENDATION

Based on the facts stated in the applications and the supporting documentation submitted by the City of Gunter, Staff supports the request for a Commission order approving contracts designating service areas between the City of Gunter and Marilee SUD. Staff has confirmed that parties are retail public utilities with active water CCNs and that the areas the parties are seeking to transfer is either certificated or dually certificated to one or both parties receiving the CCN. Further, staff is satisfied

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utility service does not apply to a municipality.

[3] § 13.242(b).

[4] § 13.248; *see also* 30 TEX. ADMIN. CODE § 291.117 (West 2006). TWC § 13.248 states that, "[c]ontracts between retail public utilities designating areas to be served and customers to be served by those retail public utilities, when approved by the commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity."

[5] § 13.301. The section requires that some applicants also demonstrate "adequate financial, managerial, and technical capability for providing continuous and adequate service to the service area being acquired and to any areas currently certificated to the person" for the separate transaction relating to the transfer of facilities and/or customers.

that the City of Gunter possesses the adequate financial, managerial, and technical capability to provide continuous and adequate service to the area being transferred.

STAFF CONTACTS

Erin Selvera, Environmental Law Division (239-6033)
Heidi Graham, Water Supply Division (239-0844)

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Environmental Law Division **Date:** January 22, 2010

Thru: Heidi Graham/Tammy Benter

From: Dan Smith

Subject: Contract Service Agreement Pursuant to Texas Water Code, Section 13.248, from the City of Gunter, Certificate of Convenience and Necessity (CCN) No. 13105, to Transfer a Portion of CCN No. 10150 from Marilee Special Utility District (SUD) in Grayson County; Application No. 35817-C

CN: 600641690; RN: 101196178 (Transferee)
CN: 603138702; RN: 104209580 (Transferor)

In my opinion, the City of Gunter has demonstrated adequate financial, managerial and technical capability to provide service to the area contracted for dual certification.

Signed: Dan Smith Date: January 22, 2010

The City of Gunter has annexed 1,580 acres in an ordinance dated June 29, 2006, and 382 acres of it is within the area of Marilee SUD. Gunter provides service to 438 connections on 1,382 acres. Marilee provides service to about 1,600 connections on 84,774 acres.

I have reviewed an unqualified opinion audit for Gunter for the fiscal year ended

September 30, 2008. The balance sheet shows total city assets on that date of $9,622,906, long-term debt of $3082165 and net assets (equity) of $6,306,359, for a ratio of debt to equity of 0.49:1 Water utility total assets were $5,507,739, long-term revenue bonds payable are $2,526,000, and net assets (equity) is $2,788,087, for a ratio of debt to equity of 0.91:1.

(continued)

The statement of revenues and expenses for the water utility shows a change in net assets (net income) of $46,485 after covering depreciation expense of $121,342 and interest expense of $59,611. Those three items would make cash available for debt service of $227,438, not quite adequate to show coverage of required debt service for 2009 of $303,146. The largest bond issue is the new one issued June 12, 2008 of $1,650,000, which increases substantially the annual debt service requirement. User rates should probably be increased soon.

However, taxes are more than adequate for now, with governmental activities, meaning those covered by tax revenues, generated an increase in net assets (net profit) of $2,872,431 in addition to the $46,485 mentioned above. This makes the overall cash available to service all general obligation and utility debt, $3,240,648, with overall debt service required just $371,473, for a ratio of debt service coverage of 8.72:1.

This information supports a finding of adequate financial and managerial capability to provide service to the area contracted for transfer.

CAPTION
City of Gunter and Marilee SUD
Application No. 35825-C

TCEQ Docket No. 2009-1934-UCR. Consideration of a request for a Commission order approving a contract designating service areas between the City of Gunter, water certificate of convenience and necessity ("CCN") No.13105, and Marilee Special Utility District (SUD) (formerly known as Gunter SUD), water CCN No.10150, in Grayson County, Texas pursuant to Texas Water Code Section 13.248. Under the agreement, Marilee SUD will transfer approximately 382.477 acres of its water CCN to the City of Gunter. (Erin Selvera, Heidi Graham)

A-137-7
35817-C-otha
HC mapping-KS

R&R
RUSSELL & RODRIGUEZ, L.L.P.
ATTORNEYS AT LAW

TEXAS HERITAGE PLAZA
102 W. MORROW STREET, SUITE 103
GEORGETOWN, TEXAS 78626

PHONE (512) 930-1317
FAX (512) 930-7742
WWW.TXADMINLAW.COM

Email: arodriguez@txadminlaw.com

September 20, 2007

Via hand delivery

RECEIVED
SEP 21 2007
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Ms. Tammy Holguin-Benter
Texas Commission on Environmental Quality
Utilities & Districts Section
P.O. Box 13087, MC-153
Austin, Texas 78711-3087

RE: Application of City of Gunter
CCN No. 13105
RN: 101196178

Dear Ms. Benter,

This firm represents the City of Gunter ("City"). The City and Marilee Special Utility District (formerly known as Gunter Special Utility District), water CCN No. 10150, executed an agreement ("Agreement") on September 24, 2004, that complies with Texas Water Code § 13.248. The Agreement provided that the City could purchase CCN area from the SUD in the future. A copy of the Agreement is attached hereto as Attachment A.

On April 18, 2007, the City transmitted a check in the amount of $161,047.50 to transfer 214.73 acres of CCN territory from the SUD to the City. A copy of the transmittal letter is attached hereto as Attachment B. On May 1, 2007, the City transmitted a check in the amount of $125,810.25 to transfer 167.747 acres of CCN territory from the SUD to the City. A copy of the transmittal letter is attached hereto as Attachment C.

The City requests that the attached Agreement be deemed valid and enforceable under Texas Water Code § 13.248 and that the area shown on Attachment D be transferred from the SUD's water CCN to the City's water CCN No. 13105. Maps that depict the area being requested for transfer under this § 13.248 application are attached hereto as Attachment D. The City has included the filing fee of $100.00 to be applied towards this 13.248 review.

Thank you for your attention to this matter.

Sincerely,

Arturo D. Rodriguez, Jr.

RECEIVED
2007 SEP 20
TCEQ
WATER SUPPLY

cc: (w/out enclosure)
Mr. Mark Millar
Mr. John Rapier

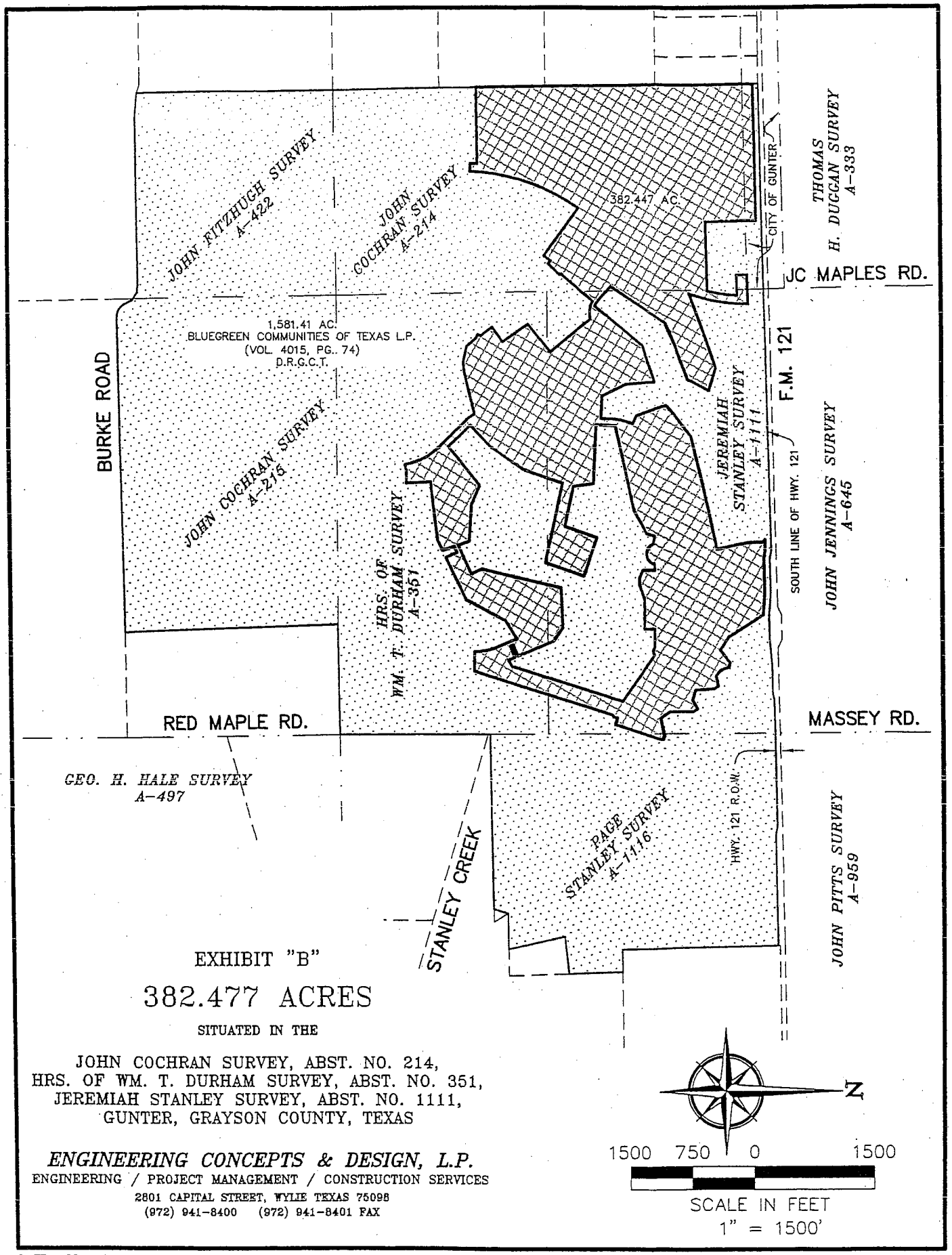


EXHIBIT "B"

382.477 ACRES

SITUATED IN THE

JOHN COCHRAN SURVEY, ABST. NO. 214,
HRS. OF WM. T. DURHAM SURVEY, ABST. NO. 351,
JEREMIAH STANLEY SURVEY, ABST. NO. 1111,
GUNTER, GRAYSON COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN, L.P.
ENGINEERING / PROJECT MANAGEMENT / CONSTRUCTION SERVICES
2801 CAPITAL STREET, WYLIE TEXAS 75098
(972) 941-8400 (972) 941-8401 FAX

DATE: APRIL 12, 2007

9105\DWG\9105 Exhibit - GSUD Sec 1 & 2.dwg

AN ORDER approving contracts designating service areas between the City of Gunter and Merilee Special Utility District (SUD) in Grayson County, Texas pursuant to Texas Water Code Section 13.248; TCEQ Docket No. 2009-1934-UCR.

A request for a Commission order approving contracts designating service areas between the City of Gunter water certificate of convenience and necessity ("CCN") No. 13105 and Merilee SUD (formerly known as Gunter SUD) CCN No. 10150 in Grayson County, Texas, was presented to the Texas Commission on Environmental Quality ("Commission") for approval pursuant to Section 13.248 of the Texas Water Code ("TWC") and Title 30, § 291.117 of the Texas Administrative Code.

The City of Gunter, water CCN No. 13105, and Gunter SUD (now known as Merilee SUD), water CCN No. 10150, executed an agreement, ("the Agreement") evidenced by Application No. 35817-C, which was filed on September 24, 2004 titled "Agreement By and Between The City of Gunter and Gunter Special Utility District" Under the Agreement, Gunter SUD will transfer any territory that the city of Gunter may annex subsequent to the Effective Date. The Agreement is attached to this Order and labeled Exhibit A. On September 20, 2007, the City of Gunter submitted a request to the Commission to deem the Agreement valid and enforceable under TWC § 13.248 and to transfer a 382.477 acre tract of land from Merilee SUD to the City of Gunter. The metes and bounds description of this tract is attached to this Order and labeled Exhibit B. On October 6, 2009, the TCEQ received a copy of the June 29, 2006, annexation ordinance passed by the City of Gunter

extending the boundary of the city limits which includes the 382.477 acres that is the subject of this application. The annexation ordinance is attached to this Order and labeled Exhibit C.

Under TWC §13.248, contracts between retail public utilities that designate areas and customers to be served by those retail public utilities, when approved by the Commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity.

The Commission held a hearing regarding approval of the City of Gunter and Merilee SUD's agreement at the February 10, 2010 agenda and found that the request had merit.

The City of Gunter is capable of rendering continuous and adequate water service to the customers in the area covered by the Agreement. The CCN transfer contemplated in the aforementioned Agreement is necessary for the service, accommodation, convenience, or safety of the public.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

1. The Agreement transferring the portion of Merilee SUD's CCN No. 10150 as described in Exhibit B to the City of Gunter, CCN No. 13105, is hereby approved.
2. CCN No. 10150 held by Merilee SUD in Grayson County, is hereby amended in accordance with the Agreement with respect to the transfer area described in Exhibit B.
3. CCN No. 13105 held by the City of Gunter in Grayson County, is hereby amended in accordance with the Agreement with respect to the transfer area described in Exhibit B.
4. The Executive Director is directed to redraw the maps of the respective CCNs as provided in the Agreement and as set forth on the map attached to this Order, and to amend the Commission's official water service area map for Grayson County, Texas.

5. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to the parties.

6. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date:

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

_____

For the Commission

AN ORDER approving contracts designating service areas between the City of Gunter and Merilee Special Utility District (SUD) in Grayson County, Texas pursuant to Texas Water Code Section 13.248; TCEQ Docket No. 2009-1934-UCR.

A request for a Commission order approving contracts designating service areas between the City of Gunter water certificate of convenience and necessity ("CCN") No. 13105 and Merilee SUD (formerly known as Gunter SUD) CCN No. 10150 in Grayson County, Texas, was presented to the Texas Commission on Environmental Quality ("Commission") for approval pursuant to Section 13.248 of the Texas Water Code ("TWC") and Title 30, § 291.117 of the Texas Administrative Code.

The City of Gunter, water CCN No. 13105, and Gunter SUD (now known as Merilee SUD), water CCN No. 10150, executed an agreement, ("the Agreement") evidenced by Application No. 35817-C, which was filed on September 24, 2004 titled "Agreement By and Between The City of Gunter and Gunter Special Utility District" Under the Agreement, Gunter SUD will transfer any territory that the city of Gunter may annex subsequent to the Effective Date. The Agreement is attached to this Order and labeled Exhibit A. On September 20, 2007, the City of Gunter submitted a request to the Commission to deem the Agreement valid and enforceable under TWC § 13.248 and to transfer a 382.477 acre tract of land from Merilee SUD to the City of Gunter. The metes and bounds description of this tract is attached to this Order and labeled Exhibit B. On October 6, 2009, the TCEQ received a copy of the June 29, 2006, annexation ordinance passed by the City of Gunter

extending the boundary of the city limits which includes the 382.477 acres that is the subject of this application. The annexation ordinance is attached to this Order and labeled Exhibit C.

Under TWC §13.248, contracts between retail public utilities that designate areas and customers to be served by those retail public utilities, when approved by the Commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity.

The Commission held a hearing regarding approval of the City of Gunter and Merilee SUD's agreement at the February 10, 2010 agenda and found that the request had merit.

The City of Gunter is capable of rendering continuous and adequate water service to the customers in the area covered by the Agreement. The CCN transfer contemplated in the aforementioned Agreement is necessary for the service, accommodation, convenience, or safety of the public.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

1. The Agreement transferring the portion of Merilee SUD's CCN No. 10150 as described in Exhibit B to the City of Gunter, CCN No. 13105, is hereby approved.
2. CCN No. 10150 held by Merilee SUD in Grayson County, is hereby amended in accordance with the Agreement with respect to the transfer area described in Exhibit B.
3. CCN No. 13105 held by the City of Gunter in Grayson County, is hereby amended in accordance with the Agreement with respect to the transfer area described in Exhibit B.
4. The Executive Director is directed to redraw the maps of the respective CCNs as provided in the Agreement and as set forth on the map attached to this Order, and to amend the Commission's official water service area map for Grayson County, Texas.

5. The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to the parties.

6. If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date:

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

_____

For the Commission

AGREEMENT BY AND BETWEEN THE CITY OF GUNTER AND GUNTER SPECIAL UTILITY DISTRICT

THIS AGREEMENT is by and between the City of Gunter ("Gunter"), a Texas Municipal Corporation and Gunter Special Utility District (hereinafter "Gunter SUD"), a Texas political subdivision. Gunter and Gunter SUD may be collectively referred to herein as the "Parties."

RECITALS

WHEREAS, Gunter SUD is a special utility district, organized and operating pursuant to Chapter 65 of the Texas Water Code, which holds Certificate of Convenience and Necessity ("CCN") No. 10150 and owns water facilities, transmission lines and distribution lines in Collin and Grayson Counties in and around Gunter, and provides retail water utility service to customers within its certificated service area, Chapter 791, Texas Government Code;

WHEREAS, Gunter SUD desires to transfer certain CCN areas to Gunter, and Gunter desires to certificate said CCN service area as more precisely defined later in this Agreement; pursuant to Texas Water Code § 13,242, and other applicable statutes and regulations.

NOW, THEREFORE, for and in consideration of the foregoing mutual benefits, covenants, and agreements herein expressed and other good and valuable consideration, the receipt of which is hereby acknowledged, Gunter SUD and Gunter agree as follows:

TERMS OF AGREEMENT

(1) Transfer Area. Gunter and Gunter SUD specifically agree that certain areas within Gunter SUD's certificated water service area will be transferred to Gunter under the terms of this Agreement. The water utility service area that may be transferred to Gunter in whole or in part is specifically identified as follows: (1) the Woods Development, located on the east side of Highway 289 and consisting of approximately 110 lots (hereinafter referred to "Woods Development"); (2) Reed Lane, located on the west side of Highway 289 and consisting of approximately245.5 acres (hereinafter referred to "Reed Lane"); (3) the property located on the east and west sides of Highway 121 which consists of approximately 386 acres(hereinafter referred to "121 Development"); (4) the downtown area of Gunter including Gunter's strip annexations as shown in green in Exhibit "A" attached hereto; and (5) any territory that Gunter may annex subsequent to the Effective Date. Locations (1) through (4) are shown in blue on the attached Exhibit A. Each parcel of property described in item (1), (2) and (3) are likewise described by metes and bounds in Exhibit "B", attached hereto and incorporated herein for all purposes. The parcels of property are hereinafter designated as the "Transfer Areas."

(2) Ability to Transfer. Subject to the terms and conditions of this Agreement, Gunter may request and receive all or a portion of the Transfer Areas after the delivery of written notice to Gunter SUD ("Notice of Intent to Transfer"). The transfer of the Transfer Areas to Gunter is effective and enforceable upon notice to the customers, if any, in the portion of the Transfer Areas to be transferred of the intended date of transfer of the retail water service to Gunter and payment in full of the consideration provided herein (hereinafter, the "Transfer Effective Date").

(3) Transfer to Gunter. Gunter and Gunter SUD agree that, after the Transfer Effective Date, Gunter shall have the sole right to provide retail water service within the Transfer Areas transferred to Gunter, and Gunter SUD will have no further obligation or right to provide water service to any existing or future customers in the Transfer Areas transferred to Gunter, except as may

Attachment A

be agreed by the Parties in writing.

(4) Current Customers in Transfer Area. Except as stated below, all current retail water customers of Gunter SUD and any customers added between the Effective Date of this Agreement and the Transfer Effective Date whose place of use of water is located within the Transfer Areas, after the Transfer Effective Date, become customers of Gunter. Attached hereto and incorporated herein for all purposes as Exhibit C is a list of the current customers of Gunter located in the Transfer Areas. Within twenty (20) business days of providing Notice of Intent to Transfer all or portion of an area within the Transfer Areas, Gunter SUD shall provide Gunter with a list, including address and telephone numbers, of the customers within the area identified in the Notice of Intent to Transfer.

(5) Compensation to Gunter SUD. It is understood and agreed that Gunter SUD, in order to be compensated for the loss of revenue and service rights in the Transfer Areas, will be compensated by Gunter for Gunter SUD's agreement to transfer the Transfer Areas. Gunter SUD shall be compensated by Gunter in the following manner:

(a) For the area referred to as the Downtown Area and strip annexations shown in green on the attached map incorporated herein for all purposes as Exhibit A, Gunter SUD will transfer the CCN for the area at no charge to Gunter provided that any customers that Gunter SUD currently serves in this area will continue to be serviced by Gunter SUD in accordance with Section 14 of this Agreement.

(b) For all other areas, Gunter may purchase CCN area from Gunter SUD pursuant the following formula:

i. From the Effective Date until December 31, 2009, Gunter will pay Gunter SUD either $750.00 per acre for the area being transferred or $1,500.00 per meter for each meter in the transfer area, whichever is the greatest.

ii. From January 1, 2010, until December 31, 2019, Gunter will pay Gunter SUD either $1,250.00 per acre for the area being transferred or $2,000.00 per meter for each meter in the transfer area, whichever is the greatest.

iii. From January 1, 2020, until the end of the contract, Gunter will pay Gunter SUD either $1,750.00 per acre for the area being transferred or $2,500.00 per meter for each meter in the transfer area, whichever is the greatest.

iv. Notwithstanding the foregoing, Gunter agrees to pay, and Gunter SUD agrees to accept $1,500.00 per plated lot within the Woods Development as compensation for Gunter SUD's CCN that encompasses the Woods Development until December 31, 2009. From January 1, 2010 until December 31, 2019, Gunter will pay, and Gunter SUD agrees to accept $2,000.00 per plated lot within the Woods Development.

The compensation shall be calculated as of the Transfer Effective Date.

(6) Facilities and Waterlines. To the extent that Gunter SUD determines in its sole discretion that certain facilities are not required to operate Gunter SUD's water distribution system following any transfer of CCN to Gunter pursuant to this Agreement, then upon payment of the compensation for a Transfer Areas, Gunter SUD will deliver to Gunter a Bill of Sale listing the facilities, waterlines and equipment (excluding water meters), if any, to be transferred and will transfer all rights, title, and interest in such facilities, waterlines and equipment to Gunter without

encumbrances, unless otherwise specifically agreed. Gunter shall have the right to inspect any lines and facilities, at Gunter's sole cost and expense, and Gunter may reject or decline to acquire any such facilities. Gunter SUD will grant to Gunter, by assignment, any easements owned by Gunter SUD which are located entirely within the Transfer Areas to be transferred to Gunter and which solely relate to those lines to be transferred to Gunter.

(7) Transfer and Amendment of Gunter's CCN. After the establishment of the Transfer Effective Date, Gunter will file a TCEQ Form 10516 (STM Form) or other appropriate application with the Texas Commission on Environmental Quality ("TCEQ") to formally transfer the Transfer Areas from Gunter SUD's CCN to Gunter's CCN. Gunter will endeavor to obtain TCEQ approval in an expeditious manner and Gunter SUD will cooperate with Gunter and the TCEQ to accomplish this goal. All costs associated with preparing and filing the CCN application and the pursuit of regulatory approvals shall be borne by Gunter. This Agreement shall be included in any application by Gunter or Gunter SUD for a CCN or amended CCN.

(8) Transfer of Customers. Gunter and Gunter SUD shall cooperate in providing notice of the transfer to customers, if any, located within the Transfer Areas. Gunter SUD shall be entitled to receive all water utility service revenues and fees for water utility services rendered by Gunter SUD prior to the Transfer Effective Date, unless otherwise agreed in writing.

(9) Federal Debt. If Gunter SUD files an application for any federal loan or grant during the term of this Agreement that would cause the provisions of 7 USC § 1926(b) to become applicable to Gunter SUD's CCN service area, a copy of this Agreement shall be included by Gunter SUD as part of any such loan application. In addition, Gunter SUD shall, concurrent with its publication, deliver to Gunter a copy of the notice published by Gunter SUD regarding such application and shall also deliver to Gunter, prior to any public hearing, a copy of the agenda of any public hearing held related to such application.

(10) Effective Date. This Agreement is effective and enforceable as between Gunter and Gunter SUD from and after September 1, 2004.

(11) Term. This Agreement shall be in full force and effect from the Effective Date as defined in Section (9) above through September 30, 2024.

(12) Line Installation. Prior to installation of any water line or facility within Gunter's corporate limits or Gunter's extraterritorial jurisdiction, Gunter SUD shall submit the plans and specifications for the water line or facility to Gunter for review. The water line or facility shall be designed in accordance with the reasonable standards of Gunter and other applicable authorities or agencies with jurisdiction. All plans and specifications for construction, including construction materials, shall be submitted to Gunter for its review and approval which approval shall not be unreasonably withheld, delayed or Transfer of Retail Water Utility Service Area City of Gunter and Gunter Special Utility District conditioned. Gunter will have thirty (30) days from Gunter's receipt of the plans and specifications to deliver written comments to Gunter SUD relating to such plans and specifications. Gunter SUD will in good faith accommodate Gunter's reasonable comments. In the event that Gunter fails to deliver comments within thirty (30) days, then Gunter shall have waived its right to comment on such plans and specifications. Gunter's approval for any construction plans, either expressly or impliedly given, shall be limited to six months. If construction of the approved water line or facility has not begun after six months from the date of approval by Gunter, Gunter's approval is hereby withdrawn. After construction of each water line or facility, Gunter SUD shall provide Gunter as-built drawings of the applicable facility.

(13) Upsize Facilities. Upon receipt of the construction plans as described in section (12) above, Gunter may require that any water lines to be installed in Gunter or Gunter's extraterritorial

jurisdiction by Gunter SUD be installed with larger water lines than the plans state. If such a requirement is made by Gunter, Gunter shall contribute to Gunter SUD the cost differential between the construction documents and the cost of the larger water line. Gunter SUD will not be required to provide an upgrade unless and until Gunter has timely prepaid the cost of such upgrade.

(14) Customers Outside Certificated Areas. Any customers located outside of the original provider's certificated area shall continue to be serviced by the incumbent provider. Should either entity choose to purchase the service rights to these customers or a portions thereof, that entity will pay the other entity the per meter charge defined in Section 5 of this Agreement and will provide lines and new meter installations at no cost to the existing customer. If there is more than one meter on the line purchased then all meters must be purchased at the same time. Notwithstanding the foregoing, Gunter and Gunter SUD acknowledges the correspondence of August, 1991 attached hereto as Exhibit "C".

(15) Notice. Any notice provided for under the terms of this Agreement by either party to the other shall be in writing and may be effected by registered or certified mail, return receipt requested addressed and delivered to the following:

to Gunter:	Mayor City of Gunter P.O. Box 349 Gunter, Texas 75058
With a copy to:	Kerry E. Russell Russell, Moorman, and Rodriguez, L.L.P. 102 W. Morrow St., Suite 103 Georgetown, Texas 78626
to Gunter SUD:	General Manager Gunter SUD P.O. Box 1017 230 West Pecan Street Celina, Texas 75009-1017
With a copy to:	John Rapier Rapier & Wilson, P.C. 103 W. McDermott Allen, TX 75013

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

MISCELLANEOUS

(16) Applicable Texas Law. This Agreement shall be governed by and construed and enforced under the laws of the State of Texas.

(17) Performance. The obligations and undertakings of each of the parties to this Agreement shall be performed in Grayson County, Texas. Except for matters within the jurisdiction of the TCEQ (or its successor), the parties expressly agree that all judicial proceedings to enforce any of the provisions of this Agreement shall take place in Grayson County, Texas.

(18) Entire Agreement. This Agreement contains the entire agreement of Gunter and Gunter SUD with respect to the subject matter of the Agreement. No Agreement, statement, or promise made by any party or to any employee, agent, or officer of any party, that is not contained in this Agreement shall be valid, binding, or of any force or effect. Any amendments to this Agreement must be in writing.

(19) Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors, heirs, representatives, and assigns.

(20) Agreement Drafted Equally. This Agreement shall be deemed drafted equally by the Parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against either Party shall not apply.

(21) Severability. Should any provision of this Agreement be declared void by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.

(22) Attorney's Fees. In the event that the terms and conditions of this Agreement are breached by either party, and the parties participate in a proceeding before any state or federal tribunal because the terms and conditions of this Agreement are not being complied with by one of the parties, the prevailing party shall recover its fees, damages, costs, attorneys' fees, and such other and further relief from the non-prevailing party, general or special, at law or in equity, to which the prevailing party may show itself justly entitled.

(23) Covenant of Authority. The respective signatories to this Agreement covenant that they are fully authorized to sign this Agreement on behalf of their respective party.

(24) Filing of Agreement. After Execution of the Agreement by the Parties, a copy of this Agreement shall be filed with the TCEQ pursuant to section 13.248 of the Texas Water Code.

(25) Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

IN WITNESS HEREOF, EXECUTED by Gunter Special Utility District and the City of Gunter under the authority of their respective governing bodies in Duplicate Originals on the dates indicated below.

CITY OF GUNTER

By: Mark A Millar
Mark Millar, Mayor

Date: 9-24-4

ATTEST:

Carla Jordan
Gunter City Secretary

GUNTER SPECIAL UTILITY DISTRICT

By: _____
Denny Brackeen, President

Date: 9.23.04

GUNTER SPECIAL UTILITY DISTRICT

ATTEST: _____

Gunter Special Utility District Secretary

F:\Water Districts\Gunter SUD\City of Gunter\CCN Matters\City of Gunter CCN Transfer Agreement - Final.wpd

R&R
RUSSELL & RODRIGUEZ, L.L.P.
ATTORNEYS AT LAW

Email: krussell@txadminlaw.com

April 18, 2007

Via Federal Express

Mr. John Rapier
Rapier & Wilson
103 W. McDermott
Allen, TX 75013-2782

RE: City of Gunter payment to Gunter Special Utility District for Transfer of Certificate of Convenience and Necessity

Dear John,

As we discussed by phone yesterday, pursuant to the *Agreement By and Between the City of Gunter and Gunter Special Utility District* ("Transfer Agreement"), the City of Gunter ("City") hereby transmits to Gunter Special Utility District ("Gunter SUD"), through you as its attorney, the $161,047.50 required by the Transfer Agreement for the City to provide retail water service to Phase 1 of the Bridges at Preston Crossings development, which is being developed by Bluegreen Communities of Texas, L.P. ("Bluegreen"). The funds contained herein are payment for the transfer of Gunter SUD's Certificate of Convenience and Necessity ("CCN") for the land covering Phase 1 of the Bridges at Preston Crossings to the City. Phase 1 consists of approximately 214.73 acres as indicated on the enclosed boundary description. Thus, the total payment to Gunter SUD pursuant to the Transfer Agreement is $161,047.50 (214.73 acres x $750.00 per acre).

The payment being transmitted herein satisfies the requirements under section 5(b)(i) of the Transfer Agreement. This letter also constitutes notice of the City's intent to provide retail water service to Phase 1 of the Bridges at Preston Crossings and, thereby, satisfies section 2 of the Transfer Agreement.

It is our understanding from Plaintiff's Original Petition, Cause No. 06-1792-59, in Grayson County, and the judge's comments and questions at the related court hearing last year, that this notice and payment satisfies all issues raised in that lawsuit. Therefore, as I mentioned during our phone conversation, the City will be filing a motion this week to quash the currently scheduled depositions and dismiss the lawsuit. The City of Gunter will not be in attendance at the scheduled depositions pursuant to its Motion to Quash. I understand you do not know at this time if Gunter SUD will oppose the City's motion.

If you have any questions, please feel free to call me or Art.

Sincerely,

Kerry E. Russell

Cc: Honorable Mark Millar, Mayor
Ms. Donna Loiselle, Gunter SUD
Leonard Dougal, Attorney for BlueGreen Communities of Texas, L.P.

EXHIBIT "A"

214.730 ACRE TRACT

BEING a 214.730 acre tract of land situated in the John Cochran Survey, Abstract 214, Hrs. of WM. T. Durham Survey, Abstract 351 and the Jeremiah Stanley Survey, Abstract 1111, Grayson County, Texas and being part of a 1579.82 acre tract described in deed to Bluegreen Communities of Texas, L.P. as recorded in Volume 4015, Page 74, Deed Records Grayson County, Texas, said 214.730 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2 inch iron rod with cap found for the Northwest corner of said 1579.82 acre tract and the northeast corner of the John Autry, et al tract as recorded in Volume 3888, Page 37 of said deed records and being in the south right-of-way line of Farm to Market Highway 121, a 60 ft. right-of-way;

THENCE North 89°02'26" East, with a north line of said 1579.82 acre tract and a south line of said Farm Highway 121, a distance of 887.96 feet to a point for corner;

THENCE South 00°57'34" East, a distance of 70.00 feet to a 1/2-inch iron rod with cap stamped "GRIFFITH 4846" (hereinafter referred to as "with cap" set for the POINT OF BEGINNING;

THENCE North 89°02'26" East, 70 feet from and parallel to a north line of said 1579.82 acrc tract and a south line of said Farm Highway 121, a distance of 521.30 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 88°35'22" East, 70 feet from and parallel to a north line of said 1579.82 acre tract and a south line of said Farm Highway 121, a distance of 293.23 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 00°57'34" East, a distance of 630.02 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 88°35'22" East, a distance of 858.50 feet to a 1/2-inch iron rod with cap set for the beginning of a non-tangent circular curve to the left having a radius of 1950.00 feet, a chord bearing of North 09°04'09" East and a chord distance of 376.28 feet;

THENCE Northeasterly, with said curve to the left, through a central angle of 11°04'23", an arc distance of 376.86 feet to the end of said curve;

THENCE South 88°35'22" West, a distance of 252.75 feet to a point for corner;

THENCE North 01°24'38" West, a distance of 130.00 feet to a point for corner;

THENCE North 88°35'22" East, a distance of 359.65 feet to the beginning of a non-tangent circular curve to the right having a radius of 2050.00 feet, a chord bearing of South 09°57'24" West and a chord distance of 733.39 feet;

THENCE Southwesterly, with said curve to the right, through a central angle of 20°36'30", an arc distance of 737.35 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE North 70°45'00" East, a distance of 966.24 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 73°21'23" East, a distance of 298.49 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 28°49'54" West, a distance of 291.89 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 70°45'00" West, a distance of 734.09 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 33°17'46' West, a distance of 813.38 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 49°05'15" East, a distance of 223.73 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the left having a radius of 250.00 feet, a chord bearing of South 59°02'39" East and a chord distance of 86.49 feet;

THENCE Southeasterly, with said curve to the left, through a central angle of 19°55'23", an arc distance of 86.93 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE North 39°39'26' East, a distance of 765.20 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 70°45'00' East, a distance of 476.94 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 04°47'08' East, a distance of 366.66 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 25°46'50' East, a distance of 325.18 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 87°03'19' East, a distance of 275.42 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 02°56'41' East, a distance of 153.82 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the right having a radius of 640.00 feet, a chord bearing of North 13°59'49" East and a chord distance of 245.49 feet;

THENCE Northeasterly, with said curve to the right, through a central angle of 22°06'52", an arc distance of 247.02 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE North 64°56'45' West, a distance of 106.53 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 19°43'57' West, a distance of 393.03 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 54°07'46' East, a distance of 466.79 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 77°31'25' East, a distance of 894.42 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 78°02'21' East, a distance of 289.25 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 77°39'10' East, a distance of 240.27 feet the beginning of a non-tangent circular curve to the right having a radius of 960.00 feet, a chord bearing of South 05°51'15" East and a chord distance of 195.84 feet;

THENCE Southeasterly, with said curve to the right, through a central angle of 11°42'30", an arc distance of 196.18 feet to a 1/2-inch iron rod with cap set for the point of tangency of said curve;

THENCE South, a distance of 359.47 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the right having a radius of 20.00 feet;

THENCE Southwesterly, with said curve to the right, through a central angle of 66°25'37", an arc distance of 23.19 feet to a 1/2-inch iron rod with cap set for the point of reverse curvature of a circular curve to the left having a radius of 130.00 feet;

THENCE Southwesterly, with said curve to the left, through a central angle of 42°47'45", an arc distance of 97.10 feet to a 1/2-inch iron rod with cap set for the point of reverse curvature of a circular curve to the right having a radius of 20.00 feet;

THENCE Southwesterly, with said curve to the right, through a central angle of 68°08'50", an arc distance of 23.79 feet to a 1/2-inch iron rod with cap set for the point of compound curvature of a circular curve to

the right having a radius of 260.00 feet, a chord bearing of North 81°27'39" West, and a chord distance of 61.26 feet;

THENCE Northwesterly, with said curve to the right, through a central angle of 13°31'54", an arc distance of 61.40 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE South 15°18'18" West, a distance of 186.63 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 60°31'16" West, a distance of 322.56 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 77°31'25" West, a distance of 1074.60 feet to a 1/2-inch iron rod with cap set for the beginning of a non-tangent circular curve to the left having a radius of 560.01 feet, a chord bearing of South 04°04'03" West, and a chord distance of 22.05 feet;

THENCE Southwesterly, with said curve to the left, through a central angle of 02°15'24", an arc distance of 22.06 feet to a 1/2-inch iron rod with cap set for the point of tangency of said curve;

THENCE South 02°56'41" West, a distance of 209.20 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 87°03'19" East, a distance of 729.35 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 07°59'56" East, a distance of 252.07 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 77°40'37" East, a distance of 502.47 feet to a point for corner;

THENCE North 19°08'23" East, a distance of 417.50 feet to a point for corner;

THENCE South 70°51'37" East, a distance of 500.00 feet to a point for corner;

THENCE South 19°08'23" West, a distance of 500.00 feet to a point for corner;

THENCE North 77°36'09" West, a distance of 1000.08 feet to a 1/2-inch iron rod with cap for corner;

THENCE South 19°08'23" West, a distance of 506.80 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 34°33'29" West, a distance of 508.20 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 46°41'19" West, a distance of 434.46 feet to a 1/2-inch iron rod with cap set for the beginning of a non-tangent circular curve to the right having a radius of 740.00 feet, a chord bearing of North 38°10'28" West, and a chord distance of 132.51 feet;

THENCE Northwesterly, with said curve to the right, through a central angle of 10°16'26", an arc distance of 132.69 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 76°11'52" West, a distance of 524.06 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 82°44'57" West, a distance of 124.72 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 77°40'51" West, a distance of 200.48 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 41°06'35" West, a distance of 164.10 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 65°02'05" West, a distance of 50.00 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 24°57'55" East, a distance of 18.59 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the right having a radius of 325.00 feet, a chord bearing of North 26°54'21" East, and a chord distance of 22.01 feet;

THENCE Northeasterly, with said curve to the right, through a central angle of 03°52'52", an arc distance of 22.01 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 35°16'10" West, a distance of 182.60 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 54°43'50" East, a distance of 223.68 feet to a point for corner;

THENCE North 35°16'10" West, a distance of 380.00 feet to a point for corner;

THENCE North 50°27'42" East, a distance of 439.32 feet to a point for corner;

THENCE North 39°32'18" West, a distance of 634.06 feet to a 1/2-inch iron rod with cap set for the beginning a non-tangent circular curve to the right having a radius of 300.00 feet, a chord bearing of North 81°59'25" West, and a chord distance of 224.91 feet;

THENCE Northwesterly, with said curve to the right, through a central angle of 44°01'48", an arc distance of 230.54 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE South 40°54'45" West, a distance of 515.70 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 45°09'35" East, a distance of 20.35 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 44°50'25" West, a distance of 200.00 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 45°09'35" West, a distance of 47.07 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 36°24'35" West, a distance of 105.99 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 54°30'11" West, a distance of 726.32 feet to a 1/2-inch iron rod with cap set for the beginning a non-tangent circular curve to the left having a radius of 2450.00 feet, a chord bearing of South 33°27'02" West, and a chord distance of 174.98 feet;

THENCE Southwesterly, with said curve to the left, through a central angle of 04°05'35", an arc distance of 175.02 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 58°35'46" West, a distance of 405.00 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 42°32'19" West, a distance of 512.40 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 89°06'39" West, a distance of 300.98 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 00°53'21" West, a distance of 1098.94 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 89°02'26" East, a distance of 59.80 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 00°57'34" West, a distance of 185.00 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 89°02'26" East, a distance of 360.00 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 00°57'34" West, a distance of 235.00 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 89°02'26" East, a distance of 28.98 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 00°57'34" West, a distance of 185.00 feet to the POINT OF BEGINNING and containing 214.730 acres or 9,353,642 square feet of land.

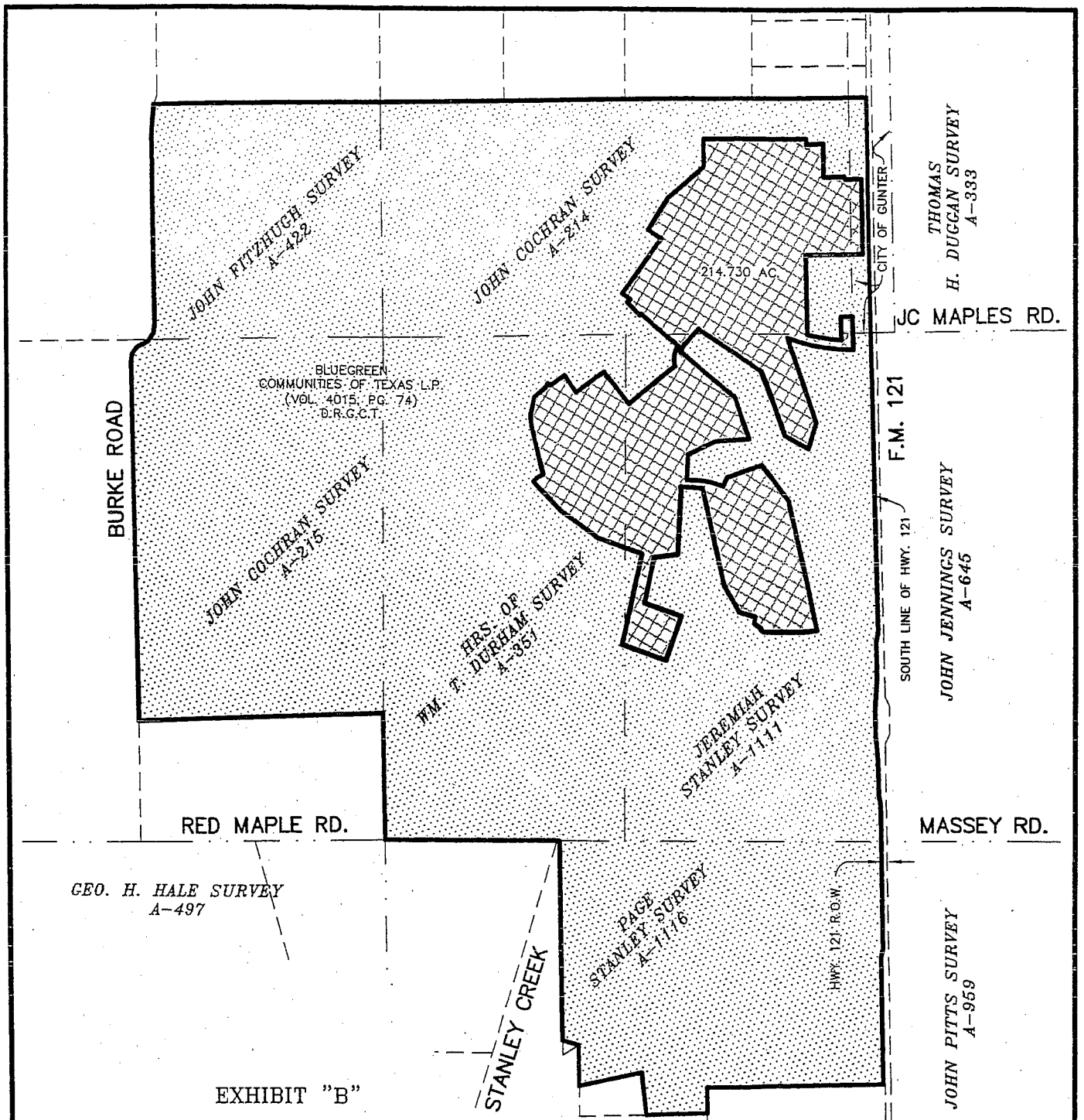


EXHIBIT "B"

214.730 ACRES

SITUATED IN THE

JOHN COCHRAN SURVEY, ABST. NO. 214,
HRS. OF WM. T. DURHAM SURVEY, ABST. NO. 351,
JEREMIAH STANLEY SURVEY, ABST. NO. 1111,
GUNTER, GRAYSON COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN, L.P.
ENGINEERING / PROJECT MANAGEMENT / CONSTRUCTION SERVICES
2801 CAPITAL STREET, WYLIE TEXAS 75098
(972) 941-8400 (972) 941-8401 FAX

N

1500 750 0 1500

SCALE IN FEET
1" = 1500'

DATE: MARCH 26, 2007

9105\DWG\9105 Exhibit – GSUD Sec 1.dwg

1551

CITY OF GUNTER
GENERAL FUND
P.O. BOX 349
GUNTER, TEXAS 75058

LANDMARK BANK
P.O. BOX 760
GUNTER, TEXAS 75058

86-238/1031

4/17/2007

PAY
TO THE
ORDER OF Gunter Special Utility District

$ **161,047.50

One Hundred Sixty-One Thousand Forty-Seven and 50/100********** DOLLARS

Gunter Special Utility District
P.O. Box 1017
Celina, Texas 75009

AUTHORIZED SIGNATURE

MEMO water

⑈015515⑈ ⑆103102384⑆ ⑈4910072⑈

CITY OF GUNTER

1551

Gunter Special Utility District	water	4/17/2007	161,047.50

General Fund Checkin water 161,047.50

RUSSELL & RODRIGUEZ, L.L.P.
Attorneys at Law
Texas Heritage Plaza, 102 West Morrow Street, Suite 103, Georgetown, Texas 78626
Phone (512) 930-1317 E-mail: fwright@txadminlaw.com Fax (512) 930-7742

FACSIMILE COVER PAGE

April 18, 2007

Please Deliver the Following page(s) to:

	Mr. John Rapier Rapier & Wilson	Fax Number:	(972) 727-4273
	Mr. Mark Millar	Fax Number:	(903) 433-8039

Client Number: 180-00

From: Kerry E. Russell

Direct Phone: (512) 930-1317

Pages: 9 (Including Cover Sheet)

Re:

Comments: Letter being sent via Federal Express that you will receive original of tomorrow with all attachments.

NOTICE: The following material is intended for the use of the individual or entity to which it is addressed. The material may contain information that is attorney-client privileged, or otherwise confidential and exempt from disclosure under law. If you are not the specified recipient, do not read this material. Any use, dissemination or copying of this material is strictly prohibited. If you have received this material in error, please notify us by telephone at the above number and return to us by U.S. Mail.

Transaction Report

Broadcast
Transaction(s) completed

No.	TX Date/Time	Destination	Duration	P.#	Result	Mode
588	APR-18 12:58	9727274273	0°01'54"	009	OK	N ECM
	13:00	9034338039	0°04'17"	009	OK	N ECM

RUSSELL & RODRIGUEZ, L.L.P.
Attorneys at Law
Texas Heritage Plaza, 102 West Morrow Street, Suite 103, Georgetown, Texas 78626
Phone (512) 930-1317 E-mail: fwright@txadminlaw.com Fax (512) 930-7742

FACSIMILE COVER PAGE

April 18, 2007

Please Deliver the Following page(s) to:

	Mr. John Rapier Rapier & Wilson	Fax Number:	(972) 727-4273
	Mr. Mark Millar	Fax Number:	(903) 433-8039

Client Number: 180-00

From: Kerry E. Russell

Direct Phone: (512) 930-1317

Pages: 9 (Including Cover Sheet)

Re:

Comments: Letter being sent via Federal Express that you will receive original of tomorrow with all attachments.

Application of City of Gunter
CCN No. 13105
RN: 101196178

ATTACHMENT D

FOR SECURITY PURPOSES, THE FACE OF THIS DOCUMENT CONTAINS A COLORED BACKGROUND AND MICROPRINTING IN THE BORDER

VOID VOID VOID

7675

RUSSELL & RODRIGUEZ, L.L.P.
ATTORNEYS AT LAW
(512) 930-1317
102 WEST MORROW, SUITE 103
GEORGETOWN, TX 78626

UNION STATE BANK
1100 WILLIAMS DRIVE
GEORGETOWN, TX 78628
88-1056/1149

9/20/2007

PAY TO THE ORDER OF TCEQ $ **100.00

One Hundred and 00/100********** DOLLARS

TCEQ
P.O. Box 13087
Austin, TX 78711-3087

MEMO 13,248 Application Fee/Gunter

Tonya R Smith
AUTHORIZED SIGNATURE

SECURITY FEATURES INCLUDED. DETAILS ON BACK

⑈007675⑈ ⑆114910565⑆ 37009397⑈

R&R
RUSSELL & RODRIGUEZ, L.L.P.
ATTORNEYS AT LAW

Email: arodriguez@txadminlaw.com

May 1, 2007

Via Federal Express

Mr. John Rapier
Rapier & Wilson
103 W. McDermott
Allen, TX 75013-2782

RE: City of Gunter payment to Gunter Special Utility District for Transfer of Certificate of Convenience and Necessity

Dear John,

Pursuant to the *Agreement By and Between the City of Gunter and Gunter Special Utility District* ("Transfer Agreement"), the City of Gunter ("City") hereby transmits to Gunter Special Utility District ("Gunter SUD"), through you as its attorney, the $125,810.25 required by the Transfer Agreement for the City to provide retail water service to Phase 2 of the Bridges at Preston Crossings development, which is being developed by Bluegreen Communities of Texas, L.P. ("Bluegreen"). The funds contained herein are payment for the transfer of Gunter SUD's Certificate of Convenience and Necessity ("CCN") for the land covering Phase 2 of the Bridges at Preston Crossings to the City. Phase 2 consists of approximately 167.747 acres. Thus, the total payment to Gunter SUD pursuant to the Transfer Agreement is $125,810.25 (167.747 acres x $750.00 per acre). On April 18, 2007, the City transmitted a check in the amount of $161,047.50 for the purchase of the CCN for Phase 1. The entirety of Phases 1 and 2 of the Bridges as Preston Crossings development are approximately 382.78 acres as indicated on the enclosed boundary description.

The payment being transmitted herein satisfies the requirements under section 5(b)(i) of the Transfer Agreement. This letter also constitutes notice of the City's intent to provide retail water service to Phase 2 of the Bridges at Preston Crossings and, thereby, satisfies section 2 of the Transfer Agreement.

If you have any questions, please feel free to call me or Kerry.

Sincerely,

Arturo D. Rodriguez, Jr.

Cc: Honorable Mark Millar, Mayor
Ms. Donna Loiselle, Gunter SUD
Leonard Dougal, Attorney for BlueGreen Communities of Texas, L.P.

Attachment C

1552

CITY OF GUNTER
GENERAL FUND
P.O. BOX 349
GUNTER, TEXAS 75058

LANDMARK BANK
P.O. BOX 760
GUNTER, TEXAS 75058

86-238/1031

4/30/2007

PAY
TO THE
ORDER OF Gunter Special Utility District

$ **125,810.25

DOLLARS

One Hundred Twenty-Five Thousand Eight Hundred Ten and 25/100**********

Gunter Special Utility District
P.O. Box 1017
Celina, Texas 75009

AUTHORIZED SIGNATURE

MEMO additional acreage

⑈015528⑈ ⑆103102384⑆ ⑈49007218⑈

CITY OF GUNTER

1552

Gunter Special Utility District	4/30/2007	
additional acreage		125,810.25

General Fund Checkin additional acreage 125,810.25

EXHIBIT "A"

382.477 ACRE TRACT

FIELD NOTES

BEING a 484.306 acre tract of land situated in the John Cochran Survey, Abstract 214, Hrs. of WM. T. Durham Survey, Abstract 351 and the Jeremiah Stanley Survey, Abstract 1111, Grayson County, Texas and being part of a 1579.82 acre tract described in deed to Bluegreen Communities of Texas, L.P. as recorded in Volume 4015, Page 74, Deed Records Grayson County, Texas, said 214.730 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2 inch iron rod with cap found for the Northwest corner of said 1579.82 acre tract and the northeast corner of the John Autry, et al tract as recorded in Volume 3888, Page 37 of said deed records and being in the south right-of-way line of Farm to Market Highway 121, a 60 ft. right-of-way;

THENCE South 00°53'21" East, with a west line of said 1579.82 acre tract and the east line of said Autry tract, a distance of 70.00 feet to a 1/2-inch iron rod with cap stamped "GRIFFITH 4846" (hereinafter referred to as "with cap" set for the POINT OF BEGINNING;

THENCE North 89°02'26" East, 70 feet from and parallel to a north line of said 1579.82 acre tract and a south line of said Farm Highway 121, a distance of 1409.34 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 88°35'22" East, 70 feet from and parallel to a north line of said 1579.82 acre tract and a south line of said Farm Highway 121, a distance of 293.23 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 00°57'34" East, a distance of 630.02 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 88°35'22" East, a distance of 858.50 feet to a 1/2-inch iron rod with cap set for the beginning of a non-tangent circular curve to the left having a radius of 1950.00 feet, a chord bearing of North 09°04'09" East and a chord distance of 376.28 feet;

THENCE Northeasterly, with said curve to the left, through a central angle of 11°04'23", an arc distance of 376.86 feet to the end of said curve;

THENCE South 88°35'22" West, a distance of 252.75 feet to a point for corner;

THENCE North 01°24'38" West, a distance of 130.00 feet to a point for corner;

THENCE North 88°35'22" East, a distance of 359.65 feet to the beginning of a non-tangent circular curve to the right having a radius of 2050.00 feet, a chord bearing of South 09°57'24" West and a chord distance of 733.39 feet;

THENCE Southwesterly, with said curve to the right, through a central angle of 20°36'30", an arc distance of 737.35 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE North 70°45'00" East, a distance of 966.24 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 73°21'23" East, a distance of 298.49 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 28°49'54" West, a distance of 291.89 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 70°45'00" West, a distance of 734.09 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 33°17'46" West, a distance of 813.38 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 49°05'15" East, a distance of 223.73 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the left having a radius of 250.00 feet, a chord bearing of South 59°02'39" East and a chord distance of 86.49 feet;

THENCE Southeasterly, with said curve to the left, through a central angle of 19°55'23", an arc distance of 86.93 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE North 39°39'26" East, a distance of 765.20 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 70°45'00" East, a distance of 476.94 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 04°47'08" East, a distance of 366.66 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 25°46'50" East, a distance of 325.18 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 87°03'19" East, a distance of 275.42 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 02°56'41" East, a distance of 153.82 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the right having a radius of 640.00 feet, a chord bearing of North 13°59'49" East and a chord distance of 245.49 feet;

THENCE Northeasterly, with said curve to the right, through a central angle of 22°06'52", an arc distance of 247.02 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE North 64°56'45" West, a distance of 106.53 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 19°43'57" West, a distance of 393.03 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 54°07'46" East, a distance of 466.79 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 77°31'25" East, a distance of 894.42 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 78°02'21" East, a distance of 289.25 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 77°39'10" East, a distance of 240.27 feet to the beginning of a non-tangent circular curve to the left having a radius of 960.00 feet, a chord bearing of North 12°16'22" West and a chord distance of 18.92 feet;

THENCE Northwesterly, with said curve to the left, through a central angle of 01°07'45", an arc distance of 18.92 feet to a 1/2-inch iron rod with cap set for the point of tangency of said curve;

THENCE North 12°50'15" West, a distance of 263.51 feet to the point of curvature of a circular curve to the right having a radius of 1000.00 feet, a chord bearing of North 07°03'21" West and a chord distance of 201.47 feet;

THENCE Northwesterly, with said curve to the right, through a central angle of 11°33'47", an arc distance of 201.81 feet to a 1/2-inch iron rod with cap set for the point of tangency of said curve;

THENCE North 01°16'28" West, a distance of 90.62 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 46°16'28" West, a distance of 42.43 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 88°43'32" East, 70 feet from and parallel to a north line of the aforementioned 1579.82 acre tract and a south line of the aforementioned Farm Highway 121, a distance of 130.00 feet to a point for corner;

THENCE South 79°57'37" East, 70 feet from and parallel to a north line of said 1579.82 acre tract and a south line of said Farm Highway 121, a distance of 101.98 feet to a point for corner;

THENCE North 88°43'39" East, 70 feet from and parallel to a north line of said 1579.82 acre tract and a south line of said Farm Highway 121, a distance of 406.11 feet to a point for corner;

THENCE South 86°12'01" East, 70 feet from and parallel to a north line of said 1579.82 acre tract and a south line of said Farm Highway 121, a distance of 296.48 feet to a point for corner;

THENCE South 32°27'20" East, a distance of 506.11 feet to a point for corner;

THENCE South 55°45'22" East, a distance of 186.11 feet to a point for corner;

THENCE North 53°15'40" East, a distance of 196.78 feet to a point for corner;

THENCE South 76°53'44" East, a distance of 58.04 feet to a point for corner;

THENCE South 20°18'28" East, a distance of 109.27 feet to a point for corner;

THENCE South 49°30'00" East, a distance of 90.00 feet to a point for corner;

THENCE North 75°50'13" East, a distance of 128.75 feet to a point for corner;

THENCE South 33°06'16" East, a distance of 60.00 feet to a point for corner;

THENCE South 04°40'51" East, a distance of 228.98 feet to a point for corner;

THENCE South 74°04'55" East, a distance of 125.00 feet to a point for corner;

THENCE North 62°18'01" East, a distance of 120.00 feet to a point for corner;

THENCE South 36°22'22" East, a distance of 64.67 feet to a point for corner;

THENCE South, a distance of 262.50 feet to a point for corner;

THENCE South 41°14'27" East, a distance of 119.69 feet to a point for corner;

THENCE North 80°21'12" East, a distance of 215.74 feet to a point for corner;

THENCE South 68°04'29" East, a distance of 50.17 feet to a point for corner;

THENCE South 17°16'33" West, a distance of 622.56 feet to a point for corner;

THENCE North 72°43'27" West, a distance of 81.70 feet to a point for corner;

THENCE South 15°19'48" West, a distance of 50.03 feet to the beginning of a non-tangent circular curve to the left having a radius of 20.00 feet, a chord bearing of South 62°16'33" West and a chord distance of 28.28 feet;

THENCE Southwesterly, with said curve to the left, through a central angle of 90°00'00", an arc distance of 31.42 feet to the point of tangency of said curve;

THENCE South 17°16'33" West, a distance of 1792.26 feet to a point for corner;

THENCE North 88°58'23" West, a distance of 240.91 feet to the beginning of a non-tangent circular curve to the left having a radius of 725.00 feet, a chord bearing of North 10°42'27" West and a chord distance of 294.90 feet;

THENCE Northwesterly, with said curve to the left, through a central angle of 23°28'09", an arc distance of 296.97 feet to the point of tangency of said curve;

THENCE North 22°26'32" West, a distance of 262.02 feet to a point for corner;

THENCE South 58°23'10" West, a distance of 262.44 feet to a point for corner;

THENCE South 27°02'37" West, a distance of 564.91 feet to a point for corner;

THENCE South 64°37'11" West, a distance of 571.77 feet to a point for corner;

THENCE North 25°22'49" West, a distance of 150.00 feet to a point for corner;

THENCE South 64°37'11" West, a distance of 45.31 feet to the point of curvature of a circular curve to the right having a radius of 325.00 feet, a chord bearing of South 67°39'43" West and a chord distance of 34.50 feet;

THENCE Southwesterly, with said curve to the right, through a central angle of 06°05'04", an arc distance of 34.51 feet to the end of said curve;

THENCE South 19°17'45" East, a distance of 152.69 feet to a point for corner;

THENCE South 64°37'11" West, a distance of 145.61 feet to a point for corner;

THENCE South 83°28'13" West, a distance of 716.02 feet to a point for corner;

THENCE South 02°26'39" East, a distance of 304.94 feet to a point for corner;

THENCE North 88°54'15" West, a distance of 155.80 feet to a point for corner;

THENCE South 73°16'35" West, a distance of 70.00 feet to a point for corner;

THENCE North 16°43'25" West, a distance of 121.46 feet to the point of curvature of a circular curve to the left having a radius of 760.00 feet, a chord bearing of North 30°27'16" West and a chord distance of 360.78 feet;

THENCE Northwesterly, with said curve to the left, through a central angle of 27°27'41", an arc distance of 364.26 feet to the point of tangency of said curve;

THENCE North 44°10'26" West, a distance of 476.58 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the right having a radius of 740.00 feet, a chord bearing of North 38°10'39" West, and a chord distance of 132.59 feet;

THENCE Northwesterly, with said curve to the right, through a central angle of 10°16'47", an arc distance of 132.77 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE South 76°11'52" West, a distance of 524.06 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 82°44'57" West, a distance of 124.72 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 77°40'51" West, a distance of 200.48 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 41°06'35" West, a distance of 164.10 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 65°02'05" West, a distance of 50.00 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 24°57'55" East, a distance of 18.59 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the right having a radius of 325.00 feet, a chord bearing of North 26°54'21" East, and a chord distance of 22.01 feet;

THENCE Northeasterly, with said curve to the right, through a central angle of 03°52'52", an arc distance of 22.01 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE North 35°16'10" West, a distance of 182.60 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 54°43'50" East, a distance of 223.68 feet to a point for corner;

THENCE North 35°16'10" West, a distance of 380.00 feet to a point for corner;

THENCE North 50°27'42" East, a distance of 439.32 feet to a point for corner;

THENCE North 39°32'18" West, a distance of 634.06 feet to a 1/2-inch iron rod with cap set for the beginning a non-tangent circular curve to the right having a radius of 300.00 feet, a chord bearing of North 81°59'25" West, and a chord distance of 224.91 feet;

THENCE Northwesterly, with said curve to the right, through a central angle of 44°01'48", an arc distance of 230.54 feet to a 1/2-inch iron rod with cap set for the end of said curve;

THENCE South 40°54'45" West, a distance of 515.70 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 45°09'35" East, a distance of 20.35 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 44°50'25" West, a distance of 200.00 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 45°09'35" West, a distance of 47.07 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 36°24'35" West, a distance of 105.99 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 54°30'11" West, a distance of 726.32 feet to a 1/2-inch iron rod with cap set for the beginning a non-tangent circular curve to the left having a radius of 2450.00 feet, a chord bearing of South 18°41'23" West, and a chord distance of 1416.84 feet;

THENCE Southwesterly, with said curve to the left, through a central angle of 33°36'51", an arc distance of 1437.36 feet to the end of said curve;

THENCE North 88°07'02" West, a distance of 100.00 feet to the beginning a non-tangent circular curve to the right having a radius of 2550.00 feet, a chord bearing of North 02°50'17" East, and a chord distance of 85.03 feet;

THENCE Northeasterly, with said curve to the right, through a central angle of 01°54'38", an arc distance of 85.03 feet to the end of said curve;

THENCE South 89°06'39" West, a distance of 953.42 feet to a point for corner in a west line of the aforementioned 1579.82 acre tract and the east line of a tract of land described in deed to John Autry & Lajuana Autry, as recorded in Volume 1988, Page 586 of said deed records;

THENCE North 00°53'21" West, with a west line of said 1579.82 acre tract and the east lines of said John J. Autry & Lajuana Autry tract and the aforementioned John Autry et al tract, a distance of 3403.40 feet to the POINT OF BEGINNING AND CONTAINING 484.306 acres or 21,096,366 square feet of land.

SAVE AND EXCEPT a 101.829 acre tract of land situated in the Hrs. of WM. T. Durham Survey, Abstract 351 and the Jeremiah Stanley Survey, Abstract 1111, Grayson County, Texas and being part of a

1579.82 acre tract described in deed to Bluegreen Communities of Texas, L.P. as recorded in Volume 4015, Page 74, Deed Records Grayson County, Texas, said 101.829 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2 inch iron rod with cap found for the Northwest corner of said 1579.82 acre tract and the northeast corner of the John Autry, et al tract as recorded in Volume 3888, Page 37 of said deed records and being in the south right-of-way line of Farm to Market Highway 121, a 60 ft. right-of-way;

THENCE South 67°31'22" East, a distance of 4593.48 feet to a 1/2-inch iron rod with cap stamped "GRIFFITH 4846" (hereinafter referred to as "with cap" set for the POINT OF BEGINNING;

THENCE North 77°31'25" East, a distance of 1074.60 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 60°31'16" East, a distance of 322.56 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 15°18'18" East, a distance of 106.63 feet to a 1/2-inch iron rod with cap set for the beginning a non-tangent circular curve to the left having a radius of 340.00 feet, a chord bearing of South 81°44'59" East, and a chord distance of 83.52 feet;

THENCE Southeasterly, with said curve to the left, through a central angle of 14°06'34", an arc distance of 83.73 feet to a 1/2-inch iron rod with cap set for the point of reverse curvature of a circular curve to the right having a radius of 20.00 feet, a chord bearing of South 56°10'30" East, and a chord distance of 21.57 feet;

THENCE Southeasterly, with said curve to the right, through a central angle of 65°15'32", an arc distance of 22.78 feet to a 1/2-inch iron rod with cap set for the point of reverse curvature of a circular curve to the left having a radius of 130.00 feet, a chord bearing of North 84°23'24" East, and a chord distance of 247.36 feet;

THENCE Northeasterly, with said curve to the left, through a central angle of 144°07'44", an arc distance of 327.02 feet to the beginning of a non-tangent circular curve to the right having a radius of 30.00 feet, a chord bearing of North 77°38'10" East, and a chord distance of 12.85 feet;

THENCE Northeasterly, with said curve to the right, through a central angle of 24°43'42", an arc distance of 12.95 feet to the point of tangency of said curve;

THENCE East, a distance of 62.61 feet to a point for corner;

THENCE South, a distance of 157.97 feet to a point for corner;

THENCE South 64°57'55" East, a distance of 99.33 feet to a point for corner;

THENCE East, a distance of 90.00 feet to a point for corner;

THENCE North 69°58'08" East, a distance of 204.36 feet to a point for corner;

THENCE East, a distance of 351.00 feet to a point for corner;

THENCE North, a distance of 130.00 feet to a point for corner;

THENCE East, a distance of 228.53 feet to the beginning of a non-tangent circular curve to the left having a radius of 50.00 feet, a chord bearing of South 87°05'02" East, and a chord distance of 83.95 feet;

THENCE Southeasterly, with said curve to the left, through a central angle of 114°10'05", an arc distance of 99.63 feet to the end of said curve;

THENCE South 54°10'05" East, a distance of 702.88 feet to a point for corner;

THENCE South 17°16'33" West, a distance of 1426.11 feet to a point for corner;

THENCE South 57°19'47" West, a distance of 89.93 feet to a point for corner;

THENCE North 22°26'32" West, a distance of 86.58 feet to a point for corner;

THENCE South 67°33'28" West, a distance of 150.00 feet to a point for corner;

THENCE North 22°26'32" West, a distance of 40.00 feet to a point for corner;

THENCE North 67°33'28" East, a distance of 150.00 feet to a point for corner;

THENCE North 22°26'32" West, a distance of 480.41 feet to a point for corner;

THENCE North 56°20'16" West, a distance of 199.45 feet to a point for corner;

THENCE South 87°36'39" West, a distance of 493.51 feet to a point for corner;

THENCE South 13°11'41" West, a distance of 1006.35 feet to a point for corner;

THENCE South 25°22'49" East, a distance of 150.00 feet to a point for corner;

THENCE South 64°37'11" West, a distance of 362.08 feet to the point of curvature of a circular curve to the right having a radius of 275.00 feet, a chord bearing of South 67°39'43" West, and a chord distance of 29.19 feet;

THENCE Southwesterly, with said curve to the right, through a central angle of 06°05'04", an arc distance of 29.20 feet to the end of said curve;

THENCE North 19°17'45" West, a distance of 150.00 feet to a point for corner;

THENCE North 86°00'45" West, a distance of 450.74 feet to a point for corner;

THENCE North 65°09'03" West, a distance of 258.99 feet to a point for corner;

THENCE South 50°43'48" West, a distance of 615.25 feet to a point for corner;

THENCE North 44°11'01" West, a distance of 383.13 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 46°41'19" East, a distance of 354.54 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 34°33'29" East, a distance of 508.20 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 19°08'23" East, a distance of 506.80 feet to a 1/2-inch iron rod with cap set for corner;

THENCE South 77°36'09" East, a distance of 1000.08 feet to a point for corner;

THENCE North 19°08'23" East, a distance of 500.00 feet to a point for corner;

THENCE North 70°51'37" West, a distance of 500.00 feet to a point for corner;

THENCE South 19°08'23" West, a distance of 417.50 feet to a point for corner;

THENCE North 77°40'37" West, a distance of 502.47 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 07°59'56" West, a distance of 252.07 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 87°03'19" West, a distance of 729.35 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 02°56'41" East, a distance of 209.20 feet to a 1/2-inch iron rod with cap set for the point of curvature of a circular curve to the right having a radius of 560.00 feet, a chord bearing of North 04°04'03" East, and a chord distance of 22.05 feet;

THENCE Northeasterly, with said curve to the right, through a central angle of 02°15'24", an arc distance of 22.06 feet to the POINT OF BEGINNING AND CONTAINING 101.829 acres or 4,435,682 square feet of land.

CITY OF GUNTER, TEXAS

ORDINANCE NO. 060629-2

AN ORDINANCE ANNEXING THE HEREINAFTER DESCRIBED TERRITORY TO THE CITY OF GUNTER, GRAYSON COUNTY, TEXAS, AND EXTENDING THE BOUNDARY LIMITS OF SAID CITY SO AS TO INCLUDE SAID HEREINAFTER DESCRIBED PROPERTY WITHIN THE CITY LIMITS AND ADOPTING A SERVICE PLAN FOR SAID TERRITORY AND ITS INHABITANTS

WHEREAS, certain property owners have petitioned the City of Gunter to have their property annexed to the City of Gunter; and

WHEREAS, said properties are adjacent to and adjoin the present boundaries of the City of Gunter; and

WHEREAS, a service plan providing for the extension of municipal services into the proposed annexed area and attached to this ordinance as Exhibit B and hereby made part of this ordinance was prepared prior to publication of notice of hearings and reviewed at said hearings; and

WHEREAS, after hearing the arguments for and against the annexation, the City Council has voted to annex said territory to the City of Gunter, Texas; now therefore

Section I. The land and territory described in Exhibit A, attached hereto and hereby made an integral part of this Ordinance, lying adjacent to and adjoining the present boundaries of the City of Gunter, Texas, is hereby added and annexed to the City of GUNTER, Texas, and said territory hereinafter described shall hereafter be included within the boundary limits of the City of Gunter, Texas, and the present boundary limits of such city are altered and amended so as to include said area within the corporate limits of the City of Gunter, Texas.

Section 2. The above described territory and the area so annexed shall be a part of the City of Gunter, Texas, and the inhabitants thereof, if any, shall be entitled to all of the rights and privileges of all citizens and shall be bounded by the acts, ordinances, resolutions, and regulations of the City of Gunter, Texas.

Section 3. The service plan providing for the extension of municipal services into the annexed area and attached to this ordinance as Exhibit B is hereby adopted.

The City Secretary is hereby directed to file with the County Clerk of Grayson County, Texas, a certified copy of this ordinance.

PASSED on this the 29th day of June, 2006, by the following vote of the members of the City Council as present:

AYES	4
NAYS	0
ABSTAIN	0

APPROVED: ATTEST:

Mark A Miller
Mayor

Carla Jordan
City Secretary

EXHIBIT A

LEGAL DESCRIPTION

BEING 1,579.82 acres of land situated in the John Cochran Survey, Abstract 214, John Cochran Survey, Abstract 215, John Fitzhugh Survey, Abstract 422, Hrs. of WM. T. Durham Survey, Abstract 351, Jeremiah Stanley Survey, Abstract 1111 and the Page Stanley Survey, Abstract 1116, Grayson County, Texas and being all of those certain tracts conveyed to Myron K. Martin in Volume 1674, Page 233, Volume 1912, Page 132, Volume 1684, Page 477 and the residue of Volume 1658, Page 670 of the Deed Records of Grayson County, Texas; said 1,579.82 acres of land to be more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with cap found for the Northwest corner of the above referenced Martin tract (Vol. 1674, Pg. 233) and the Northeast corner of the John Autry, et al tract as recorded in Volume 3888, Page 37 of said deed records and being in the South right-of-way line of Farm to Market Highway 121;

THENCE with the North boundary line of said Martin tract and the South right-of-way line of FM 121 the following courses and distances: North 89°02'26" East, 1408.98 feet to a 1/2 inch iron rod set, North 88°35'22" East, 2020.70 feet to a concrete monument found, North 88°43'32" East, 2349.52 feet to a 1/2 inch iron rod set, South 79°57'37" East, 101.98 feet to a concrete monument found, North 88°43'39" East, 399.18 feet to a concrete monument found, South 86°15'08" East, 299.91 feet to a 1/2 inch iron rod set, North 89°19'37" East, 300.00 feet to a concrete monument found, North 84°31'18" East, 302.00 feet to a concrete monument found, North 88°56'46" East, 349.54 feet to a 1/2 inch iron rod set, North 78°26'11" East, 102.89 feet to a concrete monument found, North 89°00'25" East, 1547.13 feet to a 1/2 inch iron rod set, South 79°40'01" East, 101.98 feet to a concrete monument found and North 89°01'23" East, 1347.86 feet to a 1/2 inch iron rod set for the Northeast corner of the above referenced residue tract and being in the West boundary line of the Thelma F. Rice, Trustee tract as recorded in Volume 1161, Page 701 of said deed records;

THENCE South 01°09'37" East, a distance of 1889.49 feet with a East boundary line of said residue tract and a West boundary line of said Rice tract to a 1/2 inch iron rod with cap set for a ell corner of said residue tract and a Southwest corner of said Rice tract;

THENCE North 89°26'17" East with a North boundary line of said residue tract and a South boundary line of said Rice tract, passing a Northeast corner of said residue tract and the Northwest corner of the above referenced Martin tract (Vol. 1684, Pg. 477) and continuing a total distance of 275.48 feet to a 5/8 inch iron rod found for the Northeast corner of said Martin tract and a Northwest corner of the Royal M. Hanning tract as recorded in Volume 1139, Page 562 of said deed records;

THENCE South 01°49'45" East, a distance of 664.60 feet with the East boundary line of said Martin tract and a West boundary line of said Hanning tract to a 5/8 inch iron rod found for the Southeast corner of said Martin tract and the Northeast corner of the Royal M. Hanning tract described as Tract One in Volume 1684, Page 431 of said deed records;

THENCE South 83°45'17" West with the South boundary line of said Martin tract and the North boundary line of said Tract One, passing the Southwest corner of said Martin tract (Vol. 1684, Pg. 477) and a Southeast corner of said residue tract and continuing a total distance of 455.35 feet to a pipe fence corner post for a ell corner of said residue tract and the Northwest corner of said Hanning tract;

THENCE South 12°25'32" East, a distance of 711.08 feet with a East boundary line of said residue tract and the West boundary line of said Hanning tract to a 1/2 inch iron rod with cap set for a Southeast corner of said residue tract and the Southwest corner of said Hanning tract and being in a North boundary line of the Royal M. Hanning tract as recorded in Volume 1139, Page 562 of said deed records;

THENCE South 89°12'56" West, a distance of 433.77 feet with a South boundary line of said residue tract and a North boundary line of said Hanning tract to a 1/2 inch iron rod with cap set for a ell corner of said

residue tract and the North corner of the Royal M. Hanning tract described as Tract Two in said Volume 1684, Page 431;

THENCE South 16°15'32" West, a distance of 186.80 feet with a East boundary line of said residue tract and the East boundary line of said Tract Two to a 1/2 inch iron rod with cap set for a Southeast corner of said residue tract and the Southwest corner of said Tract Two and being in a North boundary line of said Hanning tract (Vol. 1139, Pg. 562);

THENCE South 89°15'13" West, a distance of 2134.10 feet with a South boundary line of said residue tract and a North boundary line of said Hanning tract to a 1/2 inch iron rod with cap set for the Southwest corner of said residue tract and a Northwest corner of said Hanning tract and being in a East boundary line of the above mentioned Martin tract (Vol. 1674, Pg. 233);

THENCE South 00°15'37" East with a East boundary line of said Martin tract and a West boundary line of said Hanning tract, passing a Southwest corner of said Hanning tract and the Northwest corner of the Charles R. Biddle as recorded in Volume 2329, Page 887 of said deed records and continuing a total distance of 1897.02 feet to a 1/2 inch iron rod with cap set for a Southeast corner of said Martin tract and the Northeast corner of the R. W. Howell, Jr. tract as recorded in Volume 2964, Page 251 of said deed records;

THENCE South 89°15'44" West, a distance of 1349.45 feet with a South boundary line of said Martin tract and the North boundary line of said Howell tract to a 1/2 inch iron rod with cap set for a ell corner of said Martin tract and the Northwest corner of said Howell tract;

THENCE South 02°05'37" East, a distance of 2640.07 feet with a East boundary line of said Martin tract and the West boundary line of said Howell tract to a 1/2 inch iron rod set for a Southeast corner of said Martin tract and the Southwest corner of said Howell tract and being in the North boundary line of the Sparling Financial Corp. tract as recorded in Volume 2586, Page 911 of said deed records and also being in the center of Burke Road;

THENCE with a South boundary line of said Martin tract and a North boundary line of said Sparling tract and with Burke Road the following courses and distances: South 89°04'38" West, 3888.61 feet to a 1/2 inch iron rod set, North 81°50'10" West, 61.86 feet to a 1/2 inch iron rod set, North 67°00'07" West, 43.29 feet to a 1/2 inch iron rod set, North 49°31'09" West, passing a Northwest corner of said Sparling tract and a Northeast corner of the Ronald McCutchin Family tract as recorded in Volume 2767, Page 378 of said deed records and continuing a total distance of 60.31 feet to a 1/2 inch iron rod set, North 37°04'05" West, 25.56 feet to a 1/2 inch iron rod set, North 28°16'52" West, 116.96 feet to a 1/2 inch iron rod set, North 57°29'51" West, 102.75 feet to a 1/2 inch iron rod set, North 83°43'39" West, 101.43 feet to a 1/2 inch iron rod set, South 89°15'50" West, 2070.58 feet to a 1/2 inch iron rod set and North 85°15'02" West, a distance of 311.52 feet to a 1/2 inch iron rod with cap set for the Southwest corner of said Martin tract and the Southeast corner of the John E. Autry tract as recorded in Volume 3016, Page 406 of said deed records;

THENCE North 00°53'21" West, a distance of 7682.20 feet with the West boundary line of said Martin tract and the East boundary line of said Autry tract (Vol. 3016, Pg. 406) the John J. Autry & Lajuana Autry tracts as recorded in Volume 2593, Page 618 and Volume 1988, Page 586 of said deed records and the above mentioned Autry tract (Vol. 3888, Pg. 37) to the place of beginning and containing 1,579.82 acres of land or 68,817,069 square feet.

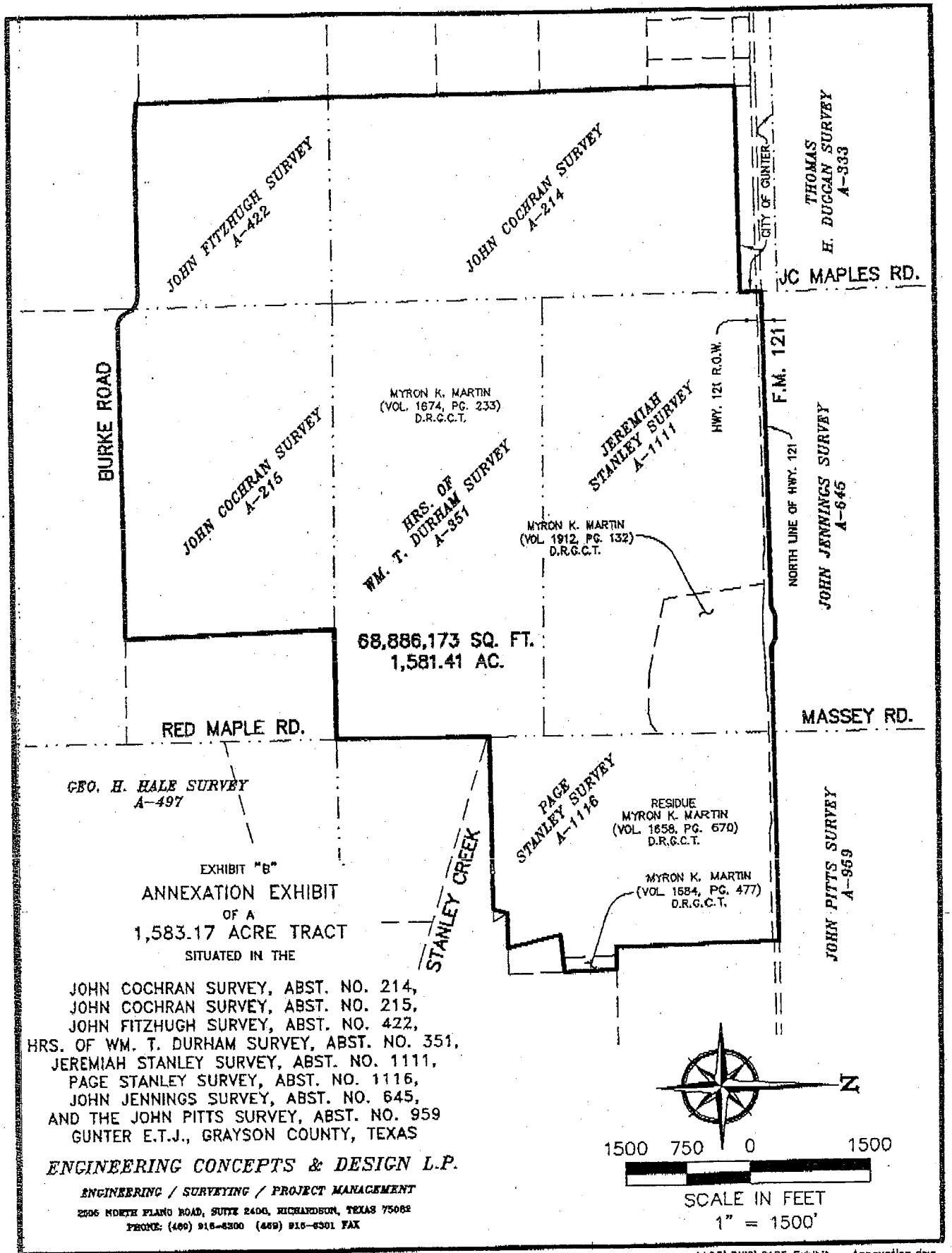


EXHIBIT "B"

ANNEXATION EXHIBIT

OF A

1,583.17 ACRE TRACT

SITUATED IN THE

JOHN COCHRAN SURVEY, ABST. NO. 214,
JOHN COCHRAN SURVEY, ABST. NO. 215,
JOHN FITZHUGH SURVEY, ABST. NO. 422,
HRS. OF WM. T. DURHAM SURVEY, ABST. NO. 351,
JEREMIAH STANLEY SURVEY, ABST. NO. 1111,
PAGE STANLEY SURVEY, ABST. NO. 1116,
JOHN JENNINGS SURVEY, ABST. NO. 645,
AND THE JOHN PITTS SURVEY, ABST. NO. 959
GUNTER E.T.J., GRAYSON COUNTY, TEXAS

ENGINEERING CONCEPTS & DESIGN L.P.

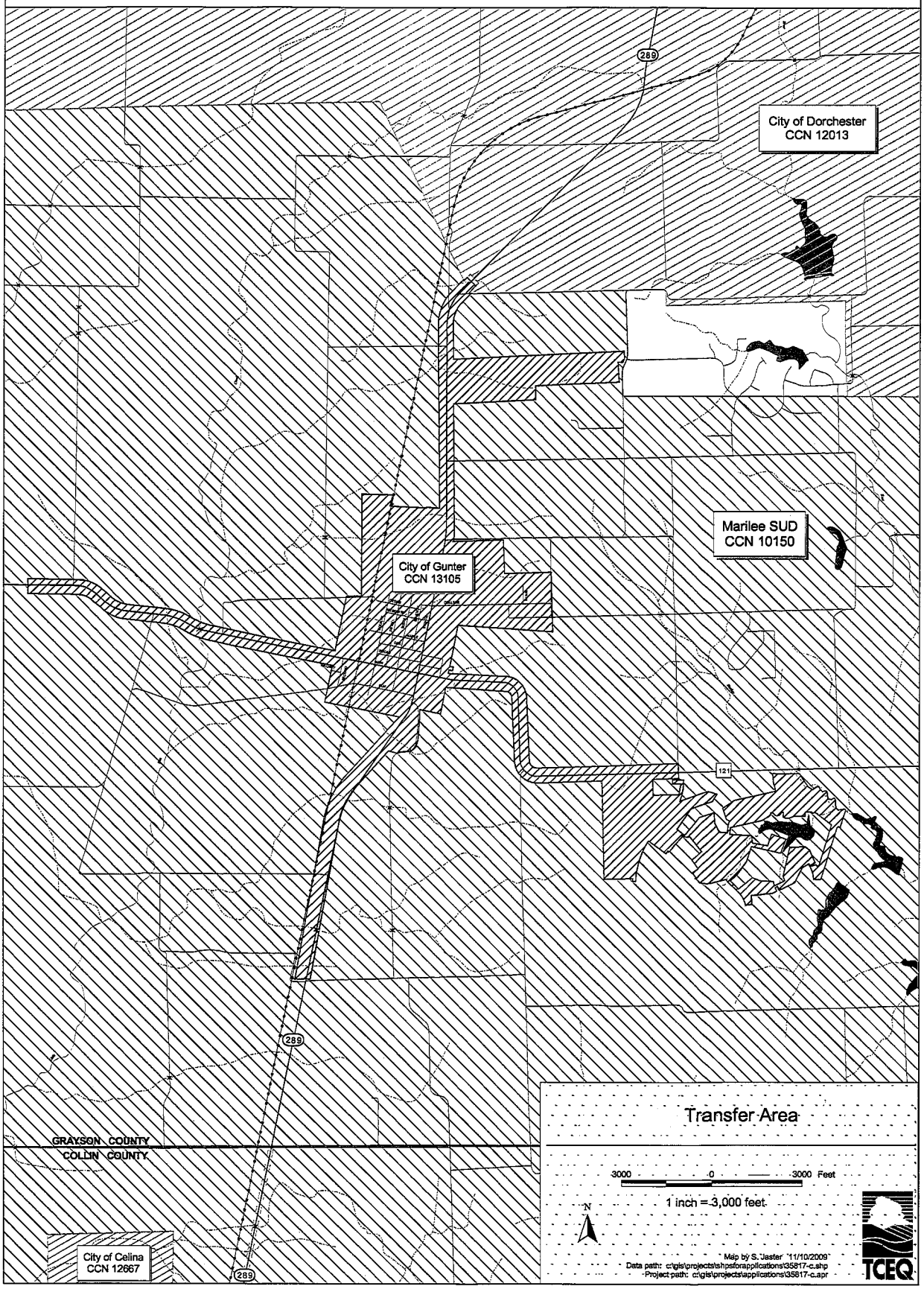
ENGINEERING / SURVEYING / PROJECT MANAGEMENT

2506 NORTH PLANO ROAD, SUITE 2400, RICHARDSON, TEXAS 75082
PHONE: (469) 916-6300 (469) 916-6301 FAX

DATE: FEBRUARY 6, 2006

9105\DWG\9105 Exhibit – Annexation.dwg

City of Gunter / Marilee Special Utility District
Water Service Areas
Application No. 35817-C (13.248 Contract Service Argreement from the City of Gunter, CCN No. 13105
to Transfer a Portion of CCN No. 10150 from Marilee Special Utility District in Grayson County)



CONSENT FORM

Applicant=s Name: City of Gunter
Application No.: 35817-C

☑ I concur with the map created 11/10/2009 as a result of the above mentioned application.

☐ I do not concur with the map created 11/10/2009 and intend to respond by letter dated _____.

I am authorized by the City of Gunter, to sign this form.

Signature: Mark A. Millar

Printed Name: Mark A. Millar

Relationship to Applicant: Mayor

Date signed: 12-7-09

Mail to or fax to:
Heidi Graham
Utilities & Districts Section, MC 153
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax (512) 239-6972

RECEIVED
TCEQ
2009 DEC 8 PM 4 01
WATER SUPPLY DIV.

CONSENT FORM

Applicant's Name: Marilee SUD
Application No.: 35817-C

☑ I concur with the map created 11/10/2009 as a result of the above mentioned application.

☐ I do not concur with the map created 11/10/2009 and intend to respond by letter dated _____.

I am authorized by Marilee SUD, to sign this form.

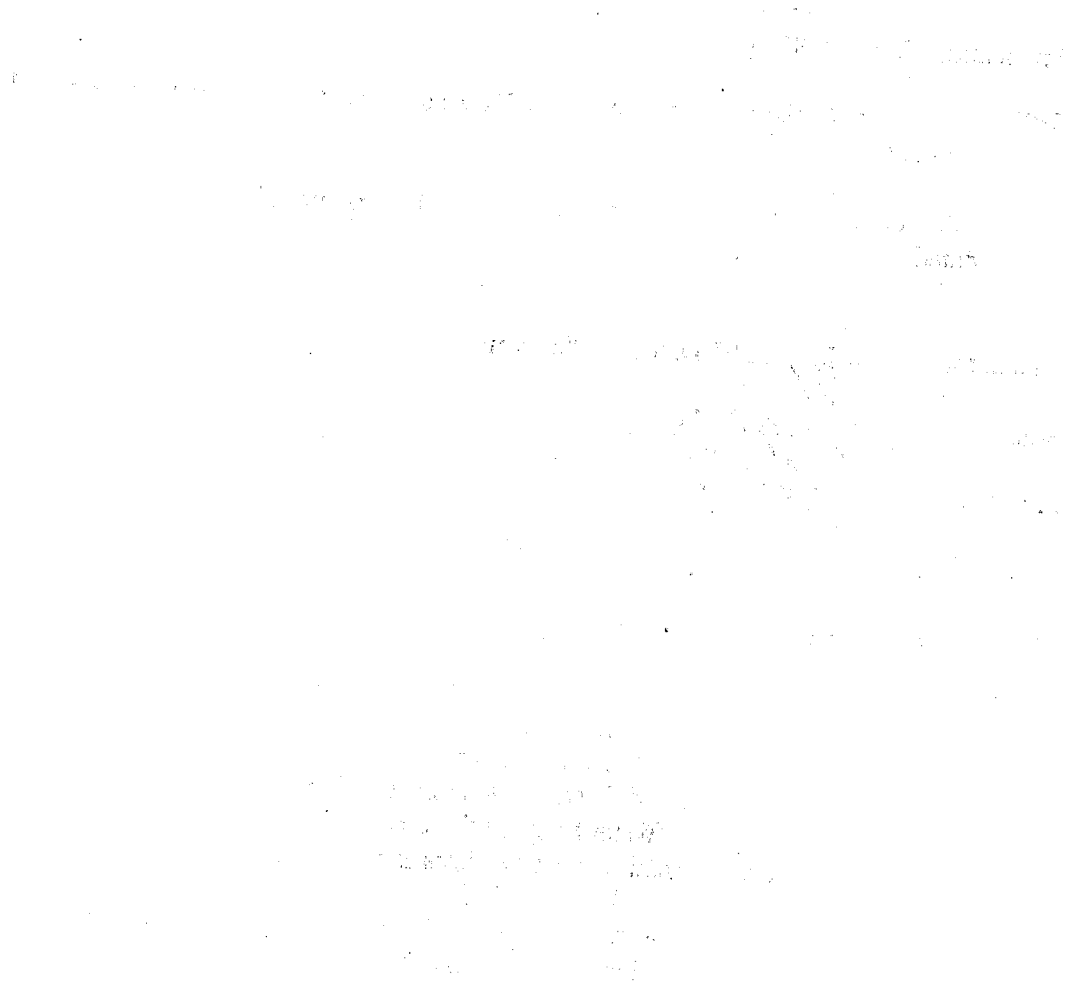
Signature: _____

Printed Name: JOHN RAPIER

Relationship to Applicant: Attorney

Date signed: 12-9-09

Mail to or fax to:
Heidi Graham
Utilities & Districts Section, MC 153
Water Supply Division
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087
Fax (512) 239-6972



Texas Commission On Environmental Quality

By These Presents Be It Known To All That The

City of Gunter

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 13105

to provide continuous and adequate water utility service to that service area or those service areas in Grayson County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 35817-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Gunter to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

_____

For the Commission

Texas Commission On Environmental Quality

By These Presents Be It Known To All That

Marilee SUD

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 10150

to provide continuous and adequate water utility service to that service area or those service areas in Grayson County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 35817-C are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the Marilee SUD to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this _____

_____

For the Commission