

January 31, 2023

Mr. David Cooke
City Manager, City of Fort Worth

Ms. Jannette Goodall
City Secretary, City of Fort Worth

Mr. Reginald Zeno
Chief Financial Officer, City of Fort Worth
City Hall
200 Texas St.
Fort Worth, Texas 76102

Re: Tradition Municipal Utility District No. 2B of Denton County (the "District")
\$8,085,000 Unlimited Tax Road Bonds, Series 2023 (the "Bonds")

Mr. Cooke, Ms. Goodall, and Mr. Zeno:

This letter serves to meet certain requirements regarding the District's issuance of bonds under the terms of that Agreement Concerning Creation and Operation of Tradition Municipal Utility District No. 2B of Denton County.

The District intends to issue the Bonds in the aggregate principal amount not to exceed \$8,085,000. The proceeds from the Bonds are expected to be used to reimburse the developer for all or a portion of the following: (i) the District's share of construction of roadway facilities serving certain phases of developed residential property in the District and the costs of engineering, testing, and surveying associated therewith; and (ii) fees paid to the City of Fort Worth, if any. Additionally, proceeds from the Bonds will be used to pay developer interest and certain costs of issuance of the Bonds. Enclosed please find a draft form of summary of costs that sets out the anticipated use and distribution of the proceeds of the Bonds.

We also enclose a schedule of estimated debt service on the Bonds (assuming an average interest rate of 5.00%), a cash flow analysis, a pro-forma budget for maintenance and operations, and supporting estimate of taxable value from the Denton Central Appraisal District. After issuance of the Bonds, the District will levy a total tax rate of \$1.00 per \$100 of assessed valuation composed of a tax for payment of utility debt service, road debt service and a tax for maintenance and operations.

Additionally, as financial advisor to the District, we hereby certify that the Bonds will be issued within the economic feasibility guidelines established by the Texas Commission on Environmental Quality applicable to districts located in Denton County.

Thank you for your review and consideration of the Bonds. If you require any additional information, please contact me at (713) 230-6141.

Sincerely,

ROBERT W. BAIRD & CO. INCORPORATED

A handwritten signature in blue ink, appearing to read "Ryan Nesmith".

Ryan Nesmith
Managing Director

Enclosures

SUMMARY OF COSTS
\$8,085,000
SERIES 2023 ROAD BOND SUMMARY
TRADITION MUNICIPAL UTILITY DISTRICT NO. 2B OF DENTON COUNTY

CONSTRUCTION COSTS

| A. Developer Contribution Items | <u>Amount</u> | <u>District's Share</u> |
|---|-----------------------------|--------------------------------|
| 1. Winding Meadows Drive | \$ 10,286,785 | \$ 1,190,802 ⁽¹⁾ |
| 2. Phase 1A W, SS, SD, Paving | \$ 3,845,732 | \$ 1,501,665 ⁽¹⁾ |
| 3. Phase 1B W, SS, SD, Paving | \$ 5,787,234 | \$ 2,604,309 ⁽¹⁾ |
| 4. Phase 1C W, SS, SD, Paving | \$ 1,214,509 | \$ 587,659 |
| 5. Phase 2A W, SS, SD, Paving | \$ 1,707,640 | \$ 304,200 ^(1,2) |
| Subtotal: | \$ 22,841,899 | \$ 6,188,634 |
| Total Construction Costs (76.54% of BIR) | <u>\$ 22,841,899</u> | <u>\$ 6,188,634</u> |

NON-CONSTRUCTION COSTS

| | | |
|--|------------------|-------------------------|
| 1. Legal Fees | \$ | 201,700 ⁽³⁾ |
| 2. Financial Advisor Fees (2% of BIR) | \$ | 161,700 ⁽⁴⁾ |
| 3. Interest Cost | | |
| a. Developer Interest | \$ | 632,831 |
| b. Capitalized Interest (18 months @ 5%) | \$ | 606,375 |
| 4. Bond Discount (3% of BIR) | \$ | 242,550 |
| 5. Bond Issuance Expenses | \$ | 33,125 ⁽⁵⁾ |
| 6. Attorney General Fee (0.10% of BIR) | \$ | 8,085 |
| 7. Bond Application Report | \$ | 10,000 |
| Total Nonconstruction Costs (23.46% of BIR) | <u>\$</u> | <u>1,896,366</u> |
| TOTAL BOND ISSUANCE REQUIREMENT | <u>\$</u> | <u>8,085,000</u> |

Notes:

- (1) The District's share of the paving costs associated with Phase 1A, 1B, 1C, 2A and Winding Meadows Drive and are based on final pay applications.
- (2) The District's share is a portion of Phase 2A Paving is based on final pay applications. Reimbursement for the remainder of Phase 2A Paving will be reimbursed in a subsequent road bond issue
- (3) Legal fees are 3.0% of the first \$3,000,000, 2.5% of the next \$2,000,000 and 2.0% of the amount from \$5,000,000 to \$15,000,000 of the total BIR amount.
- (4) Financial Advisor fees are 2% of BIR.
- (5) Costs associated with the issuance of this bond, which include:

| | | |
|---------------------------------------|----|--------------|
| Word Processing | \$ | 4,000 |
| Deliveries / Copies / Faxes / Postage | \$ | 4,000 |
| Photographer | \$ | 2,000 |
| Advertisement | \$ | 1,000 |
| Reimbursement Audit | \$ | 6,500 |
| Disclosure Counsel | \$ | 8,500 |
| Other Miscellaneous costs | \$ | 3,125 |
| Printing / Reproduction | \$ | <u>4,000</u> |
| TOTAL | \$ | 33,125 |

BOND DEBT SERVICE

Proposed Bond Issues
Proposed Series 2023 Road Bonds

Dated Date 04/01/2023
Delivery Date 04/01/2023

| Period Ending | Principal | Coupon | Interest | Debt Service |
|---------------|-----------|--------|--------------|---------------|
| 09/01/2023 | | | 168,437.50 | 168,437.50 |
| 03/01/2024 | | | 202,125.00 | 202,125.00 |
| 09/01/2024 | 180,000 | 5.000% | 202,125.00 | 382,125.00 |
| 03/01/2025 | | | 197,625.00 | 197,625.00 |
| 09/01/2025 | 190,000 | 5.000% | 197,625.00 | 387,625.00 |
| 03/01/2026 | | | 192,875.00 | 192,875.00 |
| 09/01/2026 | 200,000 | 5.000% | 192,875.00 | 392,875.00 |
| 03/01/2027 | | | 187,875.00 | 187,875.00 |
| 09/01/2027 | 210,000 | 5.000% | 187,875.00 | 397,875.00 |
| 03/01/2028 | | | 182,625.00 | 182,625.00 |
| 09/01/2028 | 220,000 | 5.000% | 182,625.00 | 402,625.00 |
| 03/01/2029 | | | 177,125.00 | 177,125.00 |
| 09/01/2029 | 230,000 | 5.000% | 177,125.00 | 407,125.00 |
| 03/01/2030 | | | 171,375.00 | 171,375.00 |
| 09/01/2030 | 245,000 | 5.000% | 171,375.00 | 416,375.00 |
| 03/01/2031 | | | 165,250.00 | 165,250.00 |
| 09/01/2031 | 255,000 | 5.000% | 165,250.00 | 420,250.00 |
| 03/01/2032 | | | 158,875.00 | 158,875.00 |
| 09/01/2032 | 270,000 | 5.000% | 158,875.00 | 428,875.00 |
| 03/01/2033 | | | 152,125.00 | 152,125.00 |
| 09/01/2033 | 280,000 | 5.000% | 152,125.00 | 432,125.00 |
| 03/01/2034 | | | 145,125.00 | 145,125.00 |
| 09/01/2034 | 295,000 | 5.000% | 145,125.00 | 440,125.00 |
| 03/01/2035 | | | 137,750.00 | 137,750.00 |
| 09/01/2035 | 310,000 | 5.000% | 137,750.00 | 447,750.00 |
| 03/01/2036 | | | 130,000.00 | 130,000.00 |
| 09/01/2036 | 325,000 | 5.000% | 130,000.00 | 455,000.00 |
| 03/01/2037 | | | 121,875.00 | 121,875.00 |
| 09/01/2037 | 345,000 | 5.000% | 121,875.00 | 466,875.00 |
| 03/01/2038 | | | 113,250.00 | 113,250.00 |
| 09/01/2038 | 360,000 | 5.000% | 113,250.00 | 473,250.00 |
| 03/01/2039 | | | 104,250.00 | 104,250.00 |
| 09/01/2039 | 380,000 | 5.000% | 104,250.00 | 484,250.00 |
| 03/01/2040 | | | 94,750.00 | 94,750.00 |
| 09/01/2040 | 395,000 | 5.000% | 94,750.00 | 489,750.00 |
| 03/01/2041 | | | 84,875.00 | 84,875.00 |
| 09/01/2041 | 415,000 | 5.000% | 84,875.00 | 499,875.00 |
| 03/01/2042 | | | 74,500.00 | 74,500.00 |
| 09/01/2042 | 440,000 | 5.000% | 74,500.00 | 514,500.00 |
| 03/01/2043 | | | 63,500.00 | 63,500.00 |
| 09/01/2043 | 460,000 | 5.000% | 63,500.00 | 523,500.00 |
| 03/01/2044 | | | 52,000.00 | 52,000.00 |
| 09/01/2044 | 485,000 | 5.000% | 52,000.00 | 537,000.00 |
| 03/01/2045 | | | 39,875.00 | 39,875.00 |
| 09/01/2045 | 505,000 | 5.000% | 39,875.00 | 544,875.00 |
| 03/01/2046 | | | 27,250.00 | 27,250.00 |
| 09/01/2046 | 530,000 | 5.000% | 27,250.00 | 557,250.00 |
| 03/01/2047 | | | 14,000.00 | 14,000.00 |
| 09/01/2047 | 560,000 | 5.000% | 14,000.00 | 574,000.00 |
| | 8,085,000 | | 6,150,187.50 | 14,235,187.50 |

Tradition MUD 2B

Utility Debt Service Tax Rate Analysis - Growth Scenario

Proposed \$12,250,000 Series 2023 Bond Issue at 5.000% Interest Rate

Includes 18 Months of Capitalized Interest

No Growth Beyond the Estimate of Value as of January 1, 2023

| Year Ending 12/31 | Beginning Fund Balance as of 01/01/2023 | Fund Interest Earnings @ 0.500% | Capitalized Interest | Other Income | Prior Year Taxable AV | AV Growth Percentage | Tax Rate / \$100 of Assessed Value | Tax Collections @ 98.00% | Total Funds Available | Current Debt Service | Proposed Debt Service Series 2023 | Total Debt Service | Ending Balance | Debt Service Coverage % |
|----------------------|---|---------------------------------------|-------------------------|--------------|--------------------------|-------------------------|--|-----------------------------|--------------------------|-------------------------|---|-----------------------|----------------|----------------------------|
| 2023 | - | - | 918,750 | | 56,146,356 | | | - | 918,750 | | 255,208 | 255,208 | 663,542 | 74.765% |
| 2024 | 663,542 | 3,318 | - | | 166,000,000 | 195.656% | 0.535000 | 870,338 | 1,537,197 | | 887,500 | 887,500 | 649,697 | 73.102% |
| 2025 | 649,697 | 3,248 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,523,284 | | 888,750 | 888,750 | 634,534 | 71.356% |
| 2026 | 634,534 | 3,173 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,508,045 | | 889,250 | 889,250 | 618,795 | 69.606% |
| 2027 | 618,795 | 3,094 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,492,227 | | 889,000 | 889,000 | 603,227 | 67.931% |
| 2028 | 603,227 | 3,016 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,476,581 | | 888,000 | 888,000 | 588,581 | 66.412% |
| 2029 | 588,581 | 2,943 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,461,862 | | 886,250 | 886,250 | 575,612 | 64.766% |
| 2030 | 575,612 | 2,878 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,448,828 | | 888,750 | 888,750 | 560,078 | 62.912% |
| 2031 | 560,078 | 2,800 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,433,216 | | 890,250 | 890,250 | 542,966 | 61.300% |
| 2032 | 542,966 | 2,715 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,416,019 | | 885,750 | 885,750 | 530,269 | 59.884% |
| 2033 | 530,269 | 2,651 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,403,258 | | 885,500 | 885,500 | 517,758 | 58.224% |
| 2034 | 517,758 | 2,589 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,390,685 | | 889,250 | 889,250 | 501,435 | 56.547% |
| 2035 | 501,435 | 2,507 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,374,280 | | 886,750 | 886,750 | 487,530 | 54.887% |
| 2036 | 487,530 | 2,438 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,360,306 | | 888,250 | 888,250 | 472,056 | 53.130% |
| 2037 | 472,056 | 2,360 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,344,754 | | 888,500 | 888,500 | 456,254 | 51.409% |
| 2038 | 456,254 | 2,281 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,328,873 | | 887,500 | 887,500 | 441,373 | 49.859% |
| 2039 | 441,373 | 2,207 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,313,918 | | 885,250 | 885,250 | 428,668 | 48.341% |
| 2040 | 428,668 | 2,143 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,301,150 | | 886,750 | 886,750 | 414,400 | 46.732% |
| 2041 | 414,400 | 2,072 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,286,810 | | 886,750 | 886,750 | 400,060 | 44.938% |
| 2042 | 400,060 | 2,000 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,272,398 | | 890,250 | 890,250 | 382,148 | 43.083% |
| 2043 | 382,148 | 1,911 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,254,397 | | 887,000 | 887,000 | 367,397 | 41.408% |
| 2044 | 367,397 | 1,837 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,239,572 | | 887,250 | 887,250 | 352,322 | 39.777% |
| 2045 | 352,322 | 1,762 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,224,421 | | 885,750 | 885,750 | 338,671 | 38.160% |
| 2046 | 338,671 | 1,693 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,210,703 | | 887,500 | 887,500 | 323,203 | 36.427% |
| 2047 | 323,203 | 1,616 | - | | 166,000,000 | | 0.535000 | 870,338 | 1,195,157 | | 887,250 | 887,250 | 307,907 | 0.000% |
| Totals | | 60,792 | 918,750 | - | | | Average Tax Rate: 0.535000 | 21,758,450 | | - | 21,558,208 | 21,558,208 | | |

Tradition MUD 2B

Road Debt Service Tax Rate Analysis - Growth Scenario
 Proposed \$8,085,000 Series 2023 Bond Issue at 5.000% Interest Rate
 Includes 18 Months of Capitalized Interest
 No Growth Beyond the Estimate of Value as of January 1, 2023

| Year Ending 12/31 | Beginning Fund Balance as of 01/01/2023 | Fund Interest Earnings @ 0.500% | Capitalized Interest | Other Income | Prior Year Taxable AV | AV Growth Percentage | Tax Rate / \$100 of Assessed Value | Tax Collections @ 98.00% | Total Funds Available | Current Debt Service | Proposed Debt Service Series 2023 | Total Debt Service | Ending Balance | Debt Service Coverage % |
|-------------------|---|---------------------------------|----------------------|--------------|-----------------------|----------------------|------------------------------------|--------------------------|-----------------------|----------------------|-----------------------------------|--------------------|----------------|-------------------------|
| 2023 | - | - | 606,375 | | 56,146,356 | | | - | 606,375 | | 168,438 | 168,438 | 437,938 | 74.957% |
| 2024 | 437,938 | 2,190 | - | | 166,000,000 | 195.656% | 0.355000 | 577,514 | 1,017,641 | | 584,250 | 584,250 | 433,391 | 74.052% |
| 2025 | 433,391 | 2,167 | - | | 166,000,000 | | 0.355000 | 577,514 | 1,013,072 | | 585,250 | 585,250 | 427,822 | 73.038% |
| 2026 | 427,822 | 2,139 | - | | 166,000,000 | | 0.355000 | 577,514 | 1,007,475 | | 585,750 | 585,750 | 421,725 | 71.997% |
| 2027 | 421,725 | 2,109 | - | | 166,000,000 | | 0.355000 | 577,514 | 1,001,348 | | 585,750 | 585,750 | 415,598 | 71.012% |
| 2028 | 415,598 | 2,078 | - | | 166,000,000 | | 0.355000 | 577,514 | 995,190 | | 585,250 | 585,250 | 409,940 | 70.165% |
| 2029 | 409,940 | 2,050 | - | | 166,000,000 | | 0.355000 | 577,514 | 989,504 | | 584,250 | 584,250 | 405,254 | 68.950% |
| 2030 | 405,254 | 2,026 | - | | 166,000,000 | | 0.355000 | 577,514 | 984,794 | | 587,750 | 587,750 | 397,044 | 67.813% |
| 2031 | 397,044 | 1,985 | - | | 166,000,000 | | 0.355000 | 577,514 | 976,543 | | 585,500 | 585,500 | 391,043 | 66.532% |
| 2032 | 391,043 | 1,955 | - | | 166,000,000 | | 0.355000 | 577,514 | 970,512 | | 587,750 | 587,750 | 382,762 | 65.513% |
| 2033 | 382,762 | 1,914 | - | | 166,000,000 | | 0.355000 | 577,514 | 962,190 | | 584,250 | 584,250 | 377,940 | 64.578% |
| 2034 | 377,940 | 1,890 | - | | 166,000,000 | | 0.355000 | 577,514 | 957,344 | | 585,250 | 585,250 | 372,094 | 63.551% |
| 2035 | 372,094 | 1,860 | - | | 166,000,000 | | 0.355000 | 577,514 | 951,468 | | 585,500 | 585,500 | 365,968 | 62.559% |
| 2036 | 365,968 | 1,830 | - | | 166,000,000 | | 0.355000 | 577,514 | 945,312 | | 585,000 | 585,000 | 360,312 | 61.200% |
| 2037 | 360,312 | 1,802 | - | | 166,000,000 | | 0.355000 | 577,514 | 939,628 | | 588,750 | 588,750 | 350,878 | 59.826% |
| 2038 | 350,878 | 1,754 | - | | 166,000,000 | | 0.355000 | 577,514 | 930,146 | | 586,500 | 586,500 | 343,646 | 58.394% |
| 2039 | 343,646 | 1,718 | - | | 166,000,000 | | 0.355000 | 577,514 | 922,878 | | 588,500 | 588,500 | 334,378 | 57.208% |
| 2040 | 334,378 | 1,672 | - | | 166,000,000 | | 0.355000 | 577,514 | 913,564 | | 584,500 | 584,500 | 329,064 | 56.274% |
| 2041 | 329,064 | 1,645 | - | | 166,000,000 | | 0.355000 | 577,514 | 908,223 | | 584,750 | 584,750 | 323,473 | 54.919% |
| 2042 | 323,473 | 1,617 | - | | 166,000,000 | | 0.355000 | 577,514 | 902,605 | | 589,000 | 589,000 | 313,605 | 53.425% |
| 2043 | 313,605 | 1,568 | - | | 166,000,000 | | 0.355000 | 577,514 | 892,687 | | 587,000 | 587,000 | 305,687 | 51.899% |
| 2044 | 305,687 | 1,528 | - | | 166,000,000 | | 0.355000 | 577,514 | 884,729 | | 589,000 | 589,000 | 295,729 | 50.574% |
| 2045 | 295,729 | 1,479 | - | | 166,000,000 | | 0.355000 | 577,514 | 874,722 | | 584,750 | 584,750 | 289,972 | 49.610% |
| 2046 | 289,972 | 1,450 | - | | 166,000,000 | | 0.355000 | 577,514 | 868,936 | | 584,500 | 584,500 | 284,436 | 48.373% |
| 2047 | 284,436 | 1,422 | - | | 166,000,000 | | 0.355000 | 577,514 | 863,372 | | 588,000 | 588,000 | 275,372 | 0.000% |
| Totals | | 45,225 | 606,375 | - | | | Average Tax Rate: 0.355000 | 14,437,850 | | - | 14,235,188 | 14,235,188 | | |



Tradition MUD 2B
Budget Analysis
Fiscal Year Ending April 30, 2023
100% Reimbursement

| | <u>Growth</u> |
|--|---------------------------|
| Income | |
| Maintenance Taxes | \$ - |
| Interest Income | \$ - |
| TOTAL Income | \$ - |
| Expense | |
| Director Fees | \$ 6,750 |
| Payroll Taxes | \$ 540 |
| Legal Fees | \$ 30,000 |
| Engineering Fees | \$ 15,000 |
| Bookkeeping Fees | \$ 3,600 |
| Audit Fees | \$ 5,000 |
| Election Expense | \$ 1,000 |
| Insurance | \$ 3,000 |
| Other Expenses | \$ 200 |
| TOTAL Expenses | \$ 65,090 |
| <i>Net Revs. (Exps.) Before Taxes</i> | <i>\$ (65,090)</i> |
| Assessed Valuation | \$ 166,000,000 |
| Tax Rate | \$ 0.1100 |
| Tax Collection % | 98.00% |
| Maintenance Tax Revenue | \$ 178,948 |
| <i>Net Revs. (Exps) After Taxes</i> | <i>\$ 113,858</i> |
| Road Debt Service Tax Rate | \$0.3550 |
| WSD Debt Service Tax Rate | \$0.5350 |
| Contract Tax Rate | \$0.0000 |
| Maintenance Tax Rate | \$0.1100 |
| Total Tax Rate | \$1.0000 |



Denton Central Appraisal District
3911 Morse Street
Denton, TX 76208

(940) 349-3800
www.dentoncad.com

Jan 9, 2023

Dear Board of Directors,

PER YOUR REQUEST AND BASED ON THE ASSUMPTIONS PROVIDED, THE FOLLOWING ESTIMATE OF TAXABLE VALUE AS OF January 1, 2023 FOR:

W59- Tradition MUD No. 2B of Denton County

IS

\$166,000,000

THIS ESTIMATE TAKES THE PLACE OF ANY AND ALL ESTIMATES OF VALUE PREVIOUSLY RECEIVED FROM THIS OFFICE.

IF YOU SHOULD HAVE ANY QUESTIONS OR NEED FURTHER ASSISTANCE, PLEASE LET ME KNOW.

SINCERELY,

Don Spencer
CHIEF APPRAISER

THE STATE OF TEXAS
COUNTY OF DENTON

This instrument was acknowledged before me on this Jan 9, 2023 by DON SPENCER, Chief Appraiser of the Denton Central Appraisal District.



(Affix Notary Seal)

Notary Public in and for the State of Texas