

COATS | ROSE

A PROFESSIONAL CORPORATION

MINDY L. KOEHNE
DIRECTOR

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May 26, 2022

Mr. David Cooke
City Manager, City of Fort Worth
(via email at David.Cooke@fortworthtexas.gov)

Ms. Jannette Goodall
City Secretary, City of Fort Worth
(via email at csadmin@fortworthtexas.gov)

Mr. Reginald Zeno
Chief Financial Officer, City of Fort Worth
(via email at Reginald.Zeno@fortworthtexas.gov)

Re: Tradition Municipal Utility District No. 2B of Denton County (the "District")
\$12,250,000 Unlimited Tax Utility Bonds, Series 2022 (the "Bonds")

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

Pursuant to Section 4.08 of the Amended Creation and Operation Agreement for Tradition Municipal Utility District No. 2B of Denton County (the "Agreement"), the District is providing the City of Fort Worth (the "City") with notice of the District's intent to issue bonds in the future.

The District plans to sell Unlimited Tax Utility Bonds in the amount of \$12,250,000 in 2023 after the Texas Commission on Environmental Quality's (the "Commission") approval of the District's bond application for costs associated with the construction, engineering, surveying and City of Fort Worth connection fees for the following facilities: North Side II Offsite Water Improvements; North Side III Offsite Water Improvements; and Tradition Winding Meadows Drive.

Section 4.07 of the Agreement prescribes that the District deliver written certification from the District's Financial Advisor that the Bonds are being issued within the current economic feasibility guidelines established by the Commission for water, sewer, and drainage facilities in Denton County. Enclosed herewith is the written certification from the District's financial advisor. Furthermore, the District must provide the written certification and Notice to the City Secretary, City Manager, and Finance Director thirty (30) days prior to the submittal of a bond application to the Commission.

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Additionally, Section 4.09 of the Agreement requires the District to provide written certification that the District is not in breach of any material provision of the Consent Resolution or the Agreement. Please let this letter serve as the District's written certification that it is in compliance with the agreements listed above. Time is of the essence to submit the bond application and to issue the Bonds and any delays in the issuance of the Bonds will delay development and economic growth.

The District thanks you for your consideration of this request for consent to issue the Bonds. Please contact the undersigned for any further questions or requests for further information.

Very truly yours,



Mindy L. Koehne

Enclosures

May 25, 2022

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")
\$12,250,000 Unlimited Tax Utility Bonds, Series 2022 (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 submit an application to the Texas Commission on Environmental Quality for approval to issue the Bonds in the aggregate principal amount not to exceed \$12,250,000. 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 the offsite water 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. 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 5.25%), a cash flow analysis, a pro-forma budget for maintenance and operations, and supporting projections of taxable value. 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 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) 230-6120.

Sincerely,

ROBERT W. BAIRD & CO. INCORPORATED

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

Ryan Nesmith
Director

Enclosures

SUMMARY OF COSTS
\$12,250,000
SERIES 2022 UTILITY BOND SUMMARY
TRADITION MUNICIPAL UTILITY DISTRICT No. 2B

<u>A. CONSTRUCTION COSTS</u>	<u>Amount</u>	<u>District's Share</u>
District Items		
1. Winding Meadows Drive Utility Infrastructure Cost	\$ 10,286,785	\$ 1,204,578 ^(1,2)
2. North Side II Utility Infrastructure Cost	\$ 1,423,213	\$ 720,958 ⁽²⁾
3. North Side III Utility Infrastructure Cost	\$ 8,004,735	\$ 7,314,799 ⁽²⁾
Subtotal	\$ 19,714,733	\$ 9,240,335
Total Construction Costs (75.4% of BIR)	\$ 19,714,733	\$ 9,240,335
<u>B. NON CONSTRUCTION COSTS</u>		
1. Legal Fees(2.2% of BIR)		\$ 270,000 ⁽³⁾
2. Financial Advisor Fees (2% of BIR)		\$ 245,000 ⁽⁴⁾
3. Interest Cost		
a. Developer Interest		\$ 603,199 ⁽⁵⁾
b. BAN Interest (1 year @ 3.75%)		\$ 220,825
c. Capitalized Interest (18 Months @ 5.25%)		\$ 964,687
4. Developer Advances		\$ 48,000
5. Bond Discount (3% of BIR)		\$ 367,500
6. Bond Issuance Expense		\$ 32,113 ⁽⁶⁾
7. TCEQ Bond Issuance Fee (0.25% of BIR)		\$ 30,625
8. Attorney General's Fee (0.1%)		\$ 9,500 ⁽⁷⁾
9. BAN Issuance Costs		\$ 175,715 ⁽⁸⁾
10. Bond Application Report		\$ 42,500
Subtotal		\$ 3,009,665
Total Non-Construction Costs (24.57% of BIR)		\$ 3,009,665
TOTAL BOND ISSUE REQUIREMENT		\$ 12,250,000

Notes:

(1) The District share is a portion of Winding Meadows Drive W, SS & SD infrastructure cost is based on final pay applications. Reimbursement for the remainder of the Utility Infrastructure cost for Winding Meadows will be reimbursed in a subsequent bond issue

(2) The Districts share for Winding Meadows Drive, North Side II and North Side III W, SS & SD is based on received pay applications

(3) Legal fees are 3% of the first \$2,000,000, 2.5% of the next \$1,000,000 of BIR, and 2.0% thereafter.

(4) Financial Advisor fees are 2% of BIR.

(5) Refer to Attachment 8 for a breakdown of the developers interest.

(6) Costs associated with the issuance of this bond, which include:

Word Processing	\$	4,000
Deliveries / Copies / Faxes / Postage	\$	4,000
Photographer	\$	2,000
TCEQ Bond Report Review Fee	\$	500
Advertisement	\$	1,000
Reimbursement Audit	\$	6,500
Disclosure Counsel	\$	8,500
Other Miscellaneous costs	\$	1,709
Printing / Reproduction	\$	3,904
TOTAL	\$	<u>32,113</u>

(7) Attorney General's fee maximum amount is \$9,500

(8) Costs associated with the issuance of the BAN, which include:

Legal Fees	\$	80,300
Financial Advisor Fees	\$	80,300
BAN Issuance Expense	\$	15,115
TOTAL	\$	<u>175,715</u>



Denton Central Appraisal District
3911 Morse Street
Denton, TX 76208

(940) 349-3800
www.dentoncad.com

May 5, 2022

**CERTIFIED 2021 APPRAISAL ROLL VALUE
FOR**

W59-Tradition MUD No 2B of Denton County

The following is a true and correct value total of the appraised and taxable value of the real and personal property, taxable by the above-mentioned entity and currently included on the appraisal roll of the Denton Central Appraisal District as of May 5, 2022 Supplement 20:

CERTIFIED ARB APPROVED TOTALS:

TOTAL MARKET VALUE: \$28,962,095

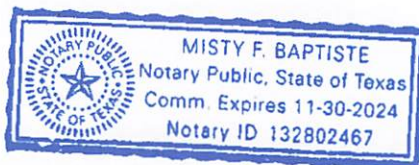
TOTAL NET TAXABLE: \$21,877,472

Hope McClure
Chief Appraiser

THE STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on this May 5, 2022 by Hope McClure Chief Appraiser of the Denton Central Appraisal District.



(Affix Notary Seal)

Notary Public in and for the State of Texas



Denton Central Appraisal District
3911 Morse Street
Denton, TX 76208



(940) 349-3800



www.dentoncad.com

May 24, 2022

Dear Board of Directors,

PER YOUR REQUEST AND BASED ON THE ASSUMPTIONS PROVIDED, THE FOLLOWING ESTIMATE OF TAXABLE VALUE AS OF April 28, 2022 FOR:

W59 - TRADITION MUD OF DENTON COUNTY NO. 2B

IS

\$83,916,395

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

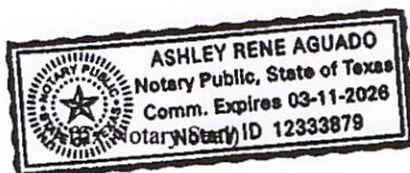
IF YOU SHOULD HAVE ANY QUESTIONS OR NEED FURTHER ASSISTANCE, PLEASE LET ME KNOW.

SINCERELY,

HOPE McCLURE
CHIEF APPRAISER

THE STATE OF TEXAS
COUNTY OF DENTON

This instrument was acknowledged before me on this May 24, 2022 by Hope McClure, Chief Appraiser of the Denton Central Appraisal District.


Notary Public in and for the State of Texas

Tradition Municipal Utility District No. 2B
Budget Analysis
Fiscal Year Ending April 30, 2023
100% Reimbursement

Income	<u>Growth</u>
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	<u>\$ 65,090</u>
Net Revs. (Exps.) Before Taxes	\$ (65,090)
Assessed Valuation	\$ 122,537,500
Tax Rate	0.2050
Tax Collection %	90%
Maintenance Tax Revenue	<u>\$ 226,082</u>
Net Revs. (Exps) After Taxes	\$ 160,992
Road Debt Service Tax Rate	\$ -
WSD Debt Service Tax Rate	0.7950
Maintenance Tax Rate	0.2050
Total Tax Rate	<u>\$ 1.0000</u>

Tradition Municipal Utility District No. 2B
Utility Debt Service Tax Rate Analysis - Growth Scenario
 Proposed \$12,250,000 Series 2022 Bond Issue at 5.250% Interest Rate
 Includes 18 Months of Capitalized Interest
 Growth Through September 1, 2022 Projected Assessed Valuation

Year Ending 12/31	Beginning Fund Balance as of 01/01/2022	Fund Interest Earnings @ 0.500%	Capitalized Interest	Other Income	Prior Year Taxable AV	AV Growth Percentage	Tax Rate / \$100 of Assessed Value	Tax Collections @ 90.00%	Total Funds Available	Current Debt Service	Proposed Debt Service Series 2022	Total Debt Service	Ending Balance	Debt Service Coverage %
2022	-	-	964,688	-	21,877,472	-	-	-	964,688	-	-	-	964,688	200.000%
2023	964,688	4,823	-	-	83,916,395	283.574%	0.795000	600,422	1,569,933	482,344	482,344	482,344	1,087,589	119.762%
2024	1,087,589	-	-	-	122,537,500	46.023%	0.795000	876,756	1,964,345	908,125	908,125	908,125	1,056,220	116.169%
2025	1,056,220	-	-	-	122,537,500	-	0.795000	876,756	1,932,976	909,213	909,213	909,213	1,023,763	112.562%
2026	1,023,763	-	-	-	122,537,500	-	0.795000	876,756	1,900,519	909,513	909,513	909,513	991,006	109.019%
2027	991,006	-	-	-	122,537,500	-	0.795000	876,756	1,867,762	909,025	909,025	909,025	958,737	105.617%
2028	958,737	-	-	-	122,537,500	-	0.795000	876,756	1,835,493	907,750	907,750	907,750	927,743	101.873%
2029	927,743	-	-	-	122,537,500	-	0.795000	876,756	1,804,499	910,688	910,688	910,688	893,811	97.944%
2030	893,811	-	-	-	122,537,500	-	0.795000	876,756	1,770,567	912,575	912,575	912,575	857,992	94.450%
2031	857,992	-	-	-	122,537,500	-	0.795000	876,756	1,734,748	908,413	908,413	908,413	826,335	90.960%
2032	826,335	-	-	-	122,537,500	-	0.795000	876,756	1,703,091	908,463	908,463	908,463	794,629	87.566%
2033	794,629	-	-	-	122,537,500	-	0.795000	876,756	1,671,385	907,463	907,463	907,463	763,922	83.909%
2034	763,922	-	-	-	122,537,500	-	0.795000	876,756	1,640,678	910,413	910,413	910,413	730,265	80.069%
2035	730,265	-	-	-	122,537,500	-	0.795000	876,756	1,607,021	912,050	912,050	912,050	694,971	76.591%
2036	694,971	-	-	-	122,537,500	-	0.795000	876,756	1,571,727	907,375	907,375	907,375	664,352	72.874%
2037	664,352	-	-	-	122,537,500	-	0.795000	876,756	1,541,108	911,650	911,650	911,650	629,458	69.221%
2038	629,458	-	-	-	122,537,500	-	0.795000	876,756	1,506,214	909,350	909,350	909,350	596,864	65.536%
2039	596,864	-	-	-	122,537,500	-	0.795000	876,756	1,473,619	910,738	910,738	910,738	562,882	61.818%
2040	562,882	-	-	-	122,537,500	-	0.795000	876,756	1,439,638	910,550	910,550	910,550	529,088	58.219%
2041	529,088	-	-	-	122,537,500	-	0.795000	876,756	1,405,844	908,788	908,788	908,788	497,056	54.595%
2042	497,056	-	-	-	122,537,500	-	0.795000	876,756	1,373,812	910,450	910,450	910,450	463,362	50.904%
2043	463,362	-	-	-	122,537,500	-	0.795000	876,756	1,340,118	910,275	910,275	910,275	429,843	47.326%
2044	429,843	-	-	-	122,537,500	-	0.795000	876,756	1,306,599	908,263	908,263	908,263	398,336	43.801%
2045	398,336	-	-	-	122,537,500	-	0.795000	876,756	1,275,092	909,413	909,413	909,413	365,679	40.253%
2046	365,679	-	-	-	122,537,500	-	0.795000	876,756	1,242,435	908,463	908,463	908,463	333,973	36.684%
2047	333,973	-	-	-	122,537,500	-	0.795000	876,756	1,210,728	910,413	910,413	910,413	300,316	0.000%
Totals		4,823	964,688	-			Average Tax Rate: 0.795000	21,642,561		-	22,311,756	22,311,756		