

September 7, 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")  
\$12,330,000 Unlimited Tax Road Bonds, Series 2023B (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 \$12,330,000. 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 six (6) months of capitalized interest, 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 growth projections as provided by the Developer within the 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 (214) 373-2982.

Sincerely,

ROBERT W. BAIRD & CO. INCORPORATED

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

Ryan Nesmith  
Managing Director

Enclosures

**Tradition MUD No. 2B**  
**Budget Analysis**  
**Fiscal Year Ending April 30, 2024**  
**100% Reimbursement**

<b>Income</b>	<u>Growth</u>
Maintenance Taxes	\$ -
Interest Income	1,000
<b>TOTAL Income</b>	<b>\$ 1,000</b>
<b>Expense</b>	
Director Fees	\$ 6,750
Payroll Taxes	540
Legal Fees	70,000
Auditing Fees	5,000
Engineering Fees	40,000
Election Expense	1,000
Bookkeeping Fees	5,000
M&R - Other Facilities	2,000
Legal Notices/Other Publications	1,400
Utilities	2,000
Insurance	3,000
Travel Expense	250
Website Expense	1,800
Other Expenses	500
Appraisal Fees	15,000
<b>TOTAL Expenses</b>	<b>\$ 154,240</b>
<b><i>Net Revs. (Exps.) Before Taxes</i></b>	<b><i>\$ (153,240)</i></b>
Assessed Valuation	\$ 266,663,565
Tax Rate	\$ 0.1450
Tax Collection %	98.00%
Maintenance Tax Revenue	<u>\$ 378,929</u>
<b><i>Net Revs. (Exps) After Taxes</i></b>	<b><i>\$ 225,689</i></b>
Road Debt Service Tax Rate	\$0.5450
WSD Debt Service Tax Rate	\$0.3100
Maintenance Tax Rate	<u>\$0.1450</u>
Total Tax Rate	<u>\$1.0000</u>

**Tradition MUD No. 2B**  
*Utility Debt Service Tax Rate Analysis - Growth Scenario*

Assumes Growth Through October 1, 2023

Year Ending 12/31	Beginning Fund Balance as of 07/17/2023	Fund Interest Earnings @ 1.000%	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	Total Debt Service	Ending Balance	Debt Service Coverage %
2023	778,944	3,549	-	-	55,990,132			-	782,493	149,135	149,135	633,357	77.594%
2024	633,357	6,334	-	-	168,748,023	201.389%	0.310000	512,656	1,152,347	816,250	816,250	336,097	41.492%
2025	336,097	3,361	-	-	266,663,565	58.025%	0.310000	810,124	1,149,582	810,025	810,025	339,557	42.011%
2026	339,557	3,396	-	-	266,663,565		0.310000	810,124	1,153,077	808,250	808,250	344,827	42.801%
2027	344,827	3,448	-	-	266,663,565		0.310000	810,124	1,158,399	805,650	805,650	352,749	43.971%
2028	352,749	3,527	-	-	266,663,565		0.310000	810,124	1,166,400	802,225	802,225	364,175	45.637%
2029	364,175	3,642	-	-	266,663,565		0.310000	810,124	1,177,941	797,975	797,975	379,966	47.921%
2030	379,966	3,800	-	-	266,663,565		0.310000	810,124	1,193,890	792,900	792,900	400,990	50.630%
2031	400,990	4,010	-	-	266,663,565		0.310000	810,124	1,215,123	792,000	792,000	423,123	52.890%
2032	423,123	4,231	-	-	266,663,565		0.310000	810,124	1,237,479	800,000	800,000	437,479	54.808%
2033	437,479	4,375	-	-	266,663,565		0.310000	810,124	1,251,977	798,200	798,200	453,777	56.665%
2034	453,777	4,538	-	-	266,663,565		0.310000	810,124	1,268,439	800,800	800,800	467,639	58.265%
2035	467,639	4,676	-	-	266,663,565		0.310000	810,124	1,282,439	802,600	802,600	479,839	59.342%
2036	479,839	4,798	-	-	266,663,565		0.310000	810,124	1,294,761	808,600	808,600	486,161	60.124%
2037	486,161	4,862	-	-	266,663,565		0.310000	810,124	1,301,147	808,600	808,600	492,547	60.599%
2038	492,547	4,925	-	-	266,663,565		0.310000	810,124	1,307,596	812,800	812,800	494,796	60.637%
2039	494,796	4,948	-	-	266,663,565		0.310000	810,124	1,309,868	816,000	816,000	493,868	60.360%
2040	493,868	4,939	-	-	266,663,565		0.310000	810,124	1,308,931	818,200	818,200	490,731	59.889%
2041	490,731	4,907	-	-	266,663,565		0.310000	810,124	1,305,762	819,400	819,400	486,362	58.982%
2042	486,362	4,864	-	-	266,663,565		0.310000	810,124	1,301,350	824,600	824,600	476,750	57.537%
2043	476,750	4,767	-	-	266,663,565		0.310000	810,124	1,291,641	828,600	828,600	463,041	55.694%
2044	463,041	4,630	-	-	266,663,565		0.310000	810,124	1,277,795	831,400	831,400	446,395	53.589%
2045	446,395	4,464	-	-	266,663,565		0.310000	810,124	1,260,983	833,000	833,000	427,983	51.048%
2046	427,983	4,280	-	-	266,663,565		0.310000	810,124	1,242,387	838,400	838,400	403,987	47.957%
2047	403,987	4,040	-	-	266,663,565		0.310000	810,124	1,218,151	842,400	842,400	375,751	0.000%
<b>Totals</b>		<b>113,068</b>	-	-			<b>Average Tax Rate: 0.310000</b>	<b>19,955,630</b>		<b>19,658,010</b>	<b>19,658,010</b>		

**Tradition MUD No. 2B**

*Road Debt Service Tax Rate Analysis - Growth Scenario*

Proposed \$12,330,000 Series 2023B Bond Issue at 5.000% Interest Rate

Includes 6 Months of Capitalized Interest

Assumes Growth Through October 1, 2023

Year Ending 12/31	Beginning Fund Balance as of 07/17/2023	Fund Interest Earnings @ 1.000%	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 2023B	Total Debt Service	Ending Balance	Debt Service Coverage %
2023	513,976	2,341	308,250		55,990,132			-	824,568	98,422	-	98,422	726,145	72.515%
2024	726,145	7,261	-		168,748,023	201.389%	0.545000	901,283	1,634,690	539,000	462,375	1,001,375	633,315	44.140%
2025	633,315	6,333	-		266,663,565	58.025%	0.545000	1,424,250	2,063,898	538,275	896,500	1,434,775	629,123	44.164%
2026	629,123	6,291	-		266,663,565		0.545000	1,424,250	2,059,665	532,000	892,500	1,424,500	635,165	44.621%
2027	635,165	6,352	-		266,663,565		0.545000	1,424,250	2,065,766	530,450	893,000	1,423,450	642,316	45.199%
2028	642,316	6,423	-		266,663,565		0.545000	1,424,250	2,072,990	528,350	892,750	1,421,100	651,890	45.990%
2029	651,890	6,519	-		266,663,565		0.545000	1,424,250	2,082,659	525,700	891,750	1,417,450	665,209	46.928%
2030	665,209	6,652	-		266,663,565		0.545000	1,424,250	2,096,111	522,500	895,000	1,417,500	678,611	47.924%
2031	678,611	6,786	-		266,663,565		0.545000	1,424,250	2,109,647	523,750	892,250	1,416,000	693,647	48.864%
2032	693,647	6,936	-		266,663,565		0.545000	1,424,250	2,124,834	525,800	893,750	1,419,550	705,284	49.527%
2033	705,284	7,053	-		266,663,565		0.545000	1,424,250	2,136,586	529,800	894,250	1,424,050	712,536	50.110%
2034	712,536	7,125	-		266,663,565		0.545000	1,424,250	2,143,912	528,200	893,750	1,421,950	721,962	50.719%
2035	721,962	7,220	-		266,663,565		0.545000	1,424,250	2,153,432	531,200	892,250	1,423,450	729,982	51.107%
2036	729,982	7,300	-		266,663,565		0.545000	1,424,250	2,161,532	533,600	894,750	1,428,350	733,182	51.221%
2037	733,182	7,332	-		266,663,565		0.545000	1,424,250	2,164,763	535,400	896,000	1,431,400	733,363	51.191%
2038	733,363	7,334	-		266,663,565		0.545000	1,424,250	2,164,947	536,600	896,000	1,432,600	732,347	51.143%
2039	732,347	7,323	-		266,663,565		0.545000	1,424,250	2,163,921	537,200	894,750	1,431,950	731,971	51.206%
2040	731,971	7,320	-		266,663,565		0.545000	1,424,250	2,163,541	537,200	892,250	1,429,450	734,091	51.153%
2041	734,091	7,341	-		266,663,565		0.545000	1,424,250	2,165,682	541,600	893,500	1,435,100	730,582	50.790%
2042	730,582	7,306	-		266,663,565		0.545000	1,424,250	2,162,138	545,200	893,250	1,438,450	723,688	50.449%
2043	723,688	7,237	-		266,663,565		0.545000	1,424,250	2,155,175	543,000	891,500	1,434,500	720,675	49.927%
2044	720,675	7,207	-		266,663,565		0.545000	1,424,250	2,152,131	550,200	893,250	1,443,450	708,681	49.056%
2045	708,681	7,087	-		266,663,565		0.545000	1,424,250	2,140,018	551,400	893,250	1,444,650	695,368	48.179%
2046	695,368	6,954	-		266,663,565		0.545000	1,424,250	2,126,572	551,800	891,500	1,443,300	683,272	47.142%
2047	683,272	6,833	-		266,663,565		0.545000	1,424,250	2,114,355	556,400	893,000	1,449,400	664,955	74.505%
2048	664,955	6,650	-		266,663,565		0.545000	1,424,250	2,095,855		892,500	892,500	1,203,355	0.000%
<b>Totals</b>		<b>188,549</b>	<b>308,250</b>	<b>-</b>			<b>Average Tax Rate: 0.545000</b>	<b>36,507,536</b>		<b>12,973,047</b>	<b>21,905,625</b>	<b>34,878,672</b>		

Tradition MUD No. 2B			Historical		Projection		
			Units	Value @ 01/01/23	Units	Value @ 10/01/23	
Development			Unit Value				
<b>Wildflower Ranch, Phase 1A</b>			<b>47 Lots</b>				
A.	Single Family Lots		\$83,250.00	11		0	\$0
B.	Single Fam. Homes - Complete		\$444,000.00	32		43	\$19,092,000
C.	Single Fam. Homes - Partial		\$263,625.00	4		4	\$1,054,500
<b>Wildflower Ranch, Phase 1B</b>			<b>280 Lots</b>				
A.	Single Family Lots		\$83,250.00	95		0	\$0
B.	Single Fam. Homes - Complete		\$444,000.00	156		220	\$97,680,000
C.	Single Fam. Homes - Partial		\$263,625.00	29		60	\$15,817,500
<b>Wildflower Ranch, Phase 1C</b>			<b>122 Lots</b>				
A.	Single Family Lots		\$83,250.00	57		0	\$0
B.	Single Fam. Homes - Complete		\$444,000.00	52		117	\$51,948,000
C.	Single Fam. Homes - Partial		\$263,625.00	13		5	\$1,318,125
<b>Wildflower Ranch, Phase 2A</b>			<b>89 Lots</b>				
A.	Single Family Lots		\$83,250.00	89		42	\$3,496,500
B.	Single Fam. Homes - Complete		\$444,000.00	0		17	\$7,548,000
C.	Single Fam. Homes - Partial		\$263,625.00	0		30	\$7,908,750
<b>Wildflower Ranch, Phase 2B</b>			<b>120 Lots</b>				
A.	Single Family Lots		\$83,250.00	120		90	\$7,492,500
B.	Single Fam. Homes - Complete		\$444,000.00	0		10	\$4,440,000
C.	Single Fam. Homes - Partial		\$263,625.00	0		20	\$5,272,500
<b>Wildflower Ranch, Phase 3A1</b>			<b>76 Lots</b>				
A.	Single Family Lots		\$83,250.00	52		26	\$2,164,500
B.	Single Fam. Homes - Complete		\$444,000.00	0		35	\$15,540,000
C.	Single Fam. Homes - Partial		\$263,625.00	24		15	\$3,954,375
<b>Wildflower Ranch, Phase 3A2</b>			<b>89 Lots</b>				
A.	Single Family Lots		\$83,250.00	0		89	\$7,409,250
B.	Single Fam. Homes - Complete		\$444,000.00	0		0	\$0
C.	Single Fam. Homes - Partial		\$263,625.00	0		0	\$0
	Raw Land (acres) - future phases		\$111,341.00	170.8		130.0	\$14,474,330
	Raw Land (acres) - Ag Land		\$194.00	271.8		271.8	\$52,735
	Commerical		\$0.00	0.0		0.0	\$0
	Multi-Family		\$0.00	0.0		0.0	\$0
Single Family Lots				424		247	\$20,562,750
Single Fam. Homes - Complete				240		442	\$196,248,000
Single Fam. Homes - Partial				70		134	\$35,325,750
<b>Total</b>				<b>734</b>		<b>823</b>	<b>\$266,663,565</b>