

Control Number: 49387

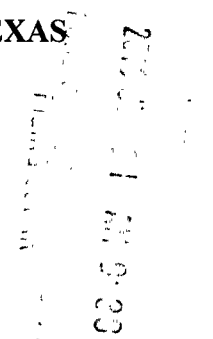


Item Number: 8

Addendum StartPage: 0

DOCKET NO. 49387

APPLICATION OF LAS LOMAS	§	PUBLIC UTILITY COMMISSION
MUNICIPAL UTILITY DISTRICT NO.	§	
4A OF KAUFMAN COUNTY,	§	OF TEXAS
FORMERLY KNOWN AS LAS LOMAS	§	
MUNICIPAL UTILITY DISTRICT NO. 4	§	
OF KAUFMAN COUNTY AND LAS	§	
LOMAS MUNICIPAL UTILITY	§	
DISTRICT NO. 4B OF KAUFMAN	§	
COUNTY FOR SALE, TRANSFER, OR	§	
MERGER OF WATER FACILITIES	§	
AND CERTIFICATE RIGHTS IN	§	
KAUFMAN COUNTY		



**SUPPLEMENTAL INFORMATION IN RESPONSE TO COMMISSION STAFF'S
RECOMMENDATION ON ADMINISTRATIVE COMPLETENESS**

COMES NOW, Las Lomas Municipal Utility District No. 4A of Kaufman County (formerly, Las Lomas Municipal Utility District No. 4 of Kaufman County) and Las Lomas Municipal Utility District No. 4B of Kaufman County (collectively, the “Applicants”), and files this Supplemental Information in Response to Commission Staff’s Recommendation on Administrative Completeness in the above-referenced proceeding, and in support thereof, respectfully shows the following:

I. BACKGROUND

On March 28, 2019, Applicants submitted an application for approval of a sale, transfer, or merger of water facilities and certificate rights in Kaufman County.

On May 1, the Commission Staff filed a Recommendation on Administrative Completeness and Proposed Procedural Schedule, including a memorandum from Roshan Pokhrel identifying certain deficiencies in the application content, financial and technical information (the “Memo”).

II. SUPPLEMENTAL INFORMATION

Application Content

The Memo stated that the Applicants must provide responses to the following questions:

Question 13:

Las Lomas Municipal Utility District No. 4 (“MUD 4”) was the original holder of CCN No. 13121. Pursuant to that Order Calling Election to Divide the District and Order Canvassing Returns for Election to Divide, MUD 4 split into Las Lomas Municipal Utility District Nos. 4A, 4B, and 4C (“MUD4A,” “MUD 4B,” and “MUD 4C,” respectively). In conjunction with the division, MUD 4A assumed all contracts, agreements, assets, obligations, and liabilities of MUD 4, including CCN No. 13121. Applicants intend that MUD 4B will act as the master district, providing service to the area contained within CCN No. 13121. As such, MUD 4A would like to transfer CCN No. 13121 to MUD 4B. All of the original intentions regarding the system and the operations thereof remain the same, but the Applicants intend for MUD 4B to act as the master district and provide the service instead of MUD 4A. Additionally, ownership of the land contained within MUD 4 has not changed as a result of the split into MUDs 4A, 4B, and 4C. Everything remains the same other than the division of the boundary lines.

Question 14:

\$0.00.

Question 27:

Yes.

Question 28:

Inframark, LLC

Registration No. OC0000232

Issue Date: 12/08/2017

Expiration Date: 12/08/2020

Question 31:

The proposed service area map can be located at the following link:

<https://www.dropbox.com/s/1oboaukdc876hos/05019W-00-Water%20System%20Master%20Plan%20-%20Exhibit%201.pdf?dl=0>

Financial Information

The Memo stated that the Applicants must provide the following financial information:

1. Projections for first five years of operation:

See Exhibit “1” attached hereto, also titled “Appendix B” as it is intended to be included as Appendix B to the original application for approval of a sale, transfer, or merger of water facilities and certificate rights in Kaufman County.

2. Business Plan:

See Exhibit “2” attached hereto.

3. Developer Agreement:

A developer agreement for contributions in aid of construction for the installation of facilities to serve the requested area has not yet been approved by the Board of Directors of MUD 4B, as MUD 4B has not yet had its Organizational Meeting. A copy of the agreement executed by the landowner and to be approved by the Board of Directors of MUD 4B at the Organizational Meeting is attached hereto as Exhibit “3.”

4. Letter from Financial Advisor:

See Exhibit “4” attached hereto.

Technical Information

The Memo stated that the Applicants must provide the following technical information:

1. & 2. Written Description of Sewer Service & Description of Sewer Facilities:

MUD 4A holds the Water CCN for the service area containing land located in MUD 4B and Las Lomas Municipal Utility District No. 3 of Kaufman County (“MUD 3”) (the “Service Area”). MUD 4A needs to transfer the Water CCN to MUD 4B.

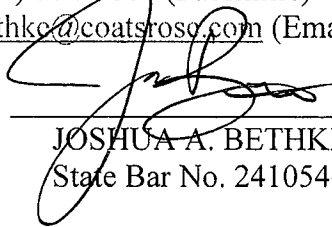
MUD 4B will hold the Water CCN for the Service Area and will provide water within such boundaries. The Service Area will be supplied with water from the City of Terrell at two locations on the existing City of Terrell water system. The City of Terrell will provide a connection point from the Terrell Water Pump Station by extending an existing 24” water line from the northeast. A second connection point will be extending a 16” waterline near the intersection of intersection of I-20 & FM 148. MUD 4B will extend infrastructure to the City of Terrell existing water system and install 2 Master Meters at the point of connection to the existing system. These Master Meter will be used to determine how much water MUD 4B receive from the City of Terrell.

The MUD 4B and MUD 3 infrastructure will extend proposed improvements and will connect to the proposed water improvements throughout the Service Area. The MUD 4B and MUD 3 improvements will consist of construction and installation of water lines, mains, pipes, valves and appurtenances necessary for the water distribution system, as well as related testing, trench safety and erosion protection, necessary to service the Assessed Property. The water distribution system improvements will be designed and constructed in accordance with TCEQ standards and specifications and will be owned and operated by MUD 4B.

Respectfully submitted,

COATS ROSE, P.C.

14755 Preston Road, Suite 600
Dallas, Texas 75254
(972) 982-8454 (Telephone)
(972) 702-0662 (Facsimile)
jbethke@coatsrose.com (Email)

By: 
JOSHUA A. BETHKE
State Bar No. 24105465

ATTORNEYS FOR APPLICANTS

CERTIFICATE OF SERVICE

I hereby certify that a copy of this document will be served on all parties of record on June 20, 2019 in accordance with Public Utility Commission Procedural Rule 22.74.


Joshua A. Bethke

EXHIBIT “1”

Appendix B
Water Projected Net Income Information for First 5 Years

Year	Current	2023	2024	2025	2026	2027
Existing Number of Taps	-	-	570	1,570	2,570	3,570
New Taps per Year		570	1,000	1,000	1,000	1,000
Total Taps at Year End	-	570	1,570	2,570	3,570	4,570
Sanitary Sewer Revenue						
Revenue per Tap (1)	\$	101.25	\$ 101.25	\$ 101.25	\$ 101.25	\$ 101.25
Expense per Tap (2)	\$	(4.00)	\$ (4.00)	\$ (4.00)	\$ (4.00)	\$ (4.00)
Operating Revenue per Tap	\$	97.25	\$ 97.25	\$ 97.25	\$ 97.25	\$ 97.25
GROSS SANITARY SEWER REVENUE						
Revenues - Base Rate and Gallonage Fees	\$	332,595	\$ 1,248,690	\$ 2,415,690	\$ 3,582,690	\$ 4,749,690
Other (Tap, reconnect, transfer fees, etc)(3)	\$	285,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Ad Valorem Taxes	\$	69,375	\$ 289,063	\$ 612,813	\$ 994,375	\$ 1,245,050
GROSS INCOME	\$	686,970	\$ 2,037,753	\$ 3,528,503	\$ 5,077,065	\$ 6,494,740
EXPENSES						
Contract Operator(2)	\$	30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Wholesale Water Purchase	\$	242,136	\$ 666,936	\$ 1,091,736	\$ 1,516,536	\$ 1,941,336
Contract Tap Installation(5)	\$	228,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Maintenance & Repair(6)	\$	74,282	\$ 204,602	\$ 334,922	\$ 465,242	\$ 595,562
Total Expenses	\$	574,418	\$ 1,301,538	\$ 1,856,658	\$ 2,411,778	\$ 2,966,898
NET INCOME (7)	\$	112,552	\$ 736,214	\$ 1,671,844	\$ 2,665,287	\$ 3,527,842

Notes:

- 1 Revenue per connection is projected to be \$101.25 per month assuming 12,000 gallons per month at City of Terrell current rates of \$21.21 for the water meter and an average usage charge of \$6.67 per 1,000 gallons.
- 2 Contract operator expense is projected at \$2,500/month plus \$4/connection/month for operation and billing.
- 3 Meter Fees are estimated at \$500 per connection.
- 4 Wholesale purchase of water from the City of Terrell is \$5.90 per 1,000 gallons.
- 5 Contract tap installation cost is estimated at \$400 per connection.
- 6 Maintenance and repair cost are projected at 2% of the \$6,516/connection capital cost.

Appendix B
Water Projected Balance Sheet for First 5 Years

	Year	Current	2023	2024	2025	2026	2027
CURRENT ASSETS							
Cash		-	\$ 569,643	\$ 756,002	\$ 1,173,453	\$ 1,621,341	\$ 2,113,743
Accounts Receivable		-	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories		-	\$ -	\$ -	\$ -	\$ -	\$ -
Income Tax Receivable		-	\$ -	\$ -	\$ -	\$ -	\$ -
Other		-	\$ -	\$ -	\$ -	\$ -	\$ -
A. Total Current Assets		-	\$ 569,643	\$ 756,002	\$ 1,173,453	\$ 1,621,341	\$ 2,113,743
FIXED ASSETS							
Land		-	\$ -	\$ -	\$ -	\$ -	\$ -
Collection System		-	\$ 3,714,120	\$ 10,230,120	\$ 16,746,120	\$ 23,262,120	\$ 29,778,120
Buildings		-	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment		-	\$ -	\$ -	\$ -	\$ -	\$ -
Other		-	\$ -	\$ -	\$ -	\$ -	\$ -
Less Accum Depreciation or Reserves		-	\$ (482,544)	\$ (1,093,239)	\$ (1,522,184)	\$ (1,772,779)	\$ (1,881,609)
B. Total Fixed Assets		-	\$ 3,231,576	\$ 9,136,881	\$ 15,223,936	\$ 21,489,341	\$ 27,896,511
C. TOTAL ASSETS (A+B)		\$ -	\$ 3,801,219	\$ 9,892,883	\$ 16,397,389	\$ 23,110,683	\$ 30,010,254
CURRENT LIABILITIES							
Accounts Payable		-	-	-	-	-	-
Notes Payable		-	-	-	-	-	-
Accrued Expenses		-	-	-	-	-	-
Other		-	-	-	-	-	-
D. Total Current Liabilities		-	-	-	-	-	-
LONG TERM LIABILITIES							
Notes Payable		-	\$ 3,688,668	\$ 9,044,117	\$ 13,876,779	\$ 17,924,786	\$ 21,296,516
Other		-	-	-	-	-	-
E. Total Long Term Liabilities		-	\$ -	\$ -	\$ -	\$ -	\$ -
F. TOTAL LIABILITIES (D+E)		\$ -	\$ 3,688,668	\$ 9,044,117	\$ 13,876,779	\$ 17,924,786	\$ 21,296,516
OWNER'S EQUITY							
Paid in Capital		-	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Equity		-	\$ -	\$ 112,552	\$ 848,766	\$ 2,520,610	\$ 5,185,896
Other		-	\$ -	\$ -	\$ -	\$ -	\$ -
Current Period Profit or Loss		-	\$ 112,552	\$ 736,214	\$ 1,671,844	\$ 2,665,287	\$ 3,527,842
G. TOTAL OWNER'S EQUITY		-	\$ 112,552	\$ 848,766	\$ 2,520,610	\$ 5,185,896	\$ 8,713,738
TOTAL LIABILITIES+EQUITY (F+G)=C		\$ -	\$ 3,801,219	\$ 9,892,883	\$ 16,397,389	\$ 23,110,683	\$ 30,010,254
WORKING CAPITAL (A-D)		-	569,643	756,002	1,173,453	1,621,341	2,113,743
CURRENT RATIO (A/D)		-	-	-	-	-	-
DEBT TO EQUITY RATIO (F/G)		0%	33	11	6	3	2

	Year	Current	2023	2024	2025	2026	2027
SOURCES OF CASH							
Net Income		-	112,552	736,214	1,671,844	2,665,287	3,527,842
Depreciation (If funded by revenues of system)		-	482,544	610,695	428,945	250,595	108,830
Loan Proceeds		-	3,688,668	5,355,450	4,832,662	4,048,007	3,371,730
Other - Ad Valorem Taxes		-	69,375	289,063	612,813	994,375	1,245,050
Total Sources		-	4,353,138	6,991,422	7,546,264	7,958,263	8,253,451
USES OF CASH							
Net Loss		-	-	-	-	-	-
Principle Portion of Pmts		-	74,661	183,059	280,875	362,809	431,055
Fixed Asset Purchase		-	3,714,120	6,516,000	6,516,000	6,516,000	6,516,000
Reserve		-	387,310	830,928	1,092,796	1,176,314	1,118,067
Other		-	-	-	-	-	-
B. Total Uses		-	4,176,091	7,529,987	7,889,672	8,055,124	8,065,123
NET CASH FLOW		\$ -	177,047	(538,565)	(343,408)	(96,860)	188,329
DEBT SERVICE COVERAGE							
Cash Available for Debt (CADS)		-	-	-	-	-	-
A. Net Income (Loss)		-	\$112,552	\$736,214	\$1,671,844	\$2,665,287	\$3,527,842
B. Depreciation, or Reserve Interest		-	\$482,544	\$610,695	\$428,945	\$250,595	\$108,830
C: Total CADS		-	\$595,096	\$1,346,909	\$2,100,789	\$2,915,881	\$3,636,672
D. DEBT SERVICE COVERAGE							
Annual Principle Plus Interest		-	\$268,316	\$657,875	\$1,009,406	\$1,303,861	\$1,549,123
E. DEBT SERVICE COVERAGE RATIO		-	-	-	-	-	-
CADS Divided by DS (E = C/D)		\$ -	\$ 2.22	\$ 2.05	\$ 2.08	\$ 2.24	\$ 2.35

EXHIBIT “2”

**Water Master Plan
Las Lomas Municipal Utility District No. 4B
Kaufman County, Texas**

Prepared by:
Petitt & Associates LLC
1651 N. Glenville Drive, Suite 212
Richardson, TX 75081

June 2019

Table of Contents

1. Introduction	1
2. Design Criteria.....	1
3. Water Requirements	2
4. Phased Water Improvements	5
Exhibit 1 – Waterline Phasing Plan	

1. Introduction

This report is to present the water supply requirements and the capital improvements necessary to satisfy the development schedule for Las Lomas Municipal Utility District No. 4B of Kaufman County, Texas.

The development includes approximately 3,072 acres of land. It is located approximately 3 miles southwest of downtown Terrell and 28 miles east of downtown Dallas. Access is provided by Interstate Highway 20 and FM 557 which border the development.

2. Design Criteria

The water supply for Las Lomas will be provided by the City of Terrell. Additionally, Las Lomas lies within the extraterritorial jurisdiction of the City of Terrell. Therefore the water system be designed based on City of Terrell requirements.

In this report, water system demands and capacities are expressed in Living Unit Equivalents (LUE). A LUE is defined as the water demand from a typical single-family residential connection. A single-family connection is assumed to consist of 3 people using an average of 166.67 gallons of water per person per day. The land use in the development includes Low Density Residential, Medium Density Residential, High Density Residential, Schools, Light Industrial and Public Facility. The estimates of number of LUEs for different land uses are shown below:

Low Density Residential	3.8 per Acre
Medium Density Residential	5 per Acre
High Density Residential	20 per Acre
Elementary School	50 per School
Middle School	75 per School
High School	100 per School
Light Industrial	1.52 per Acre
Public Facility	1.52 per Acre

The water system design criteria are shown below:

Average Day Demand per LUE:	500 gpd	(166.67 gpcd with 3 residents per LUE)
Maximum Day Demand per LUE:	1,250 gpd	(Max day peaking factor of 2.5)
Maximum Hour Demand per LUE:	2,250 gpd	(Max hour peaking factor of 1.8)
Ground Storage Capacity Per LUE:	450 gal	(8-hour max day demand per NTMWD)
Pumping Capacity per LUE:	1,375 gpd	(110% of max day demand)
Elevated Storage Capacity per LUE*:	195 gal	(Including fire and emergency storage)
Maximum Velocity in Waterline:	7 fps	
Maximum Headloss in Waterline:	5 ft/1,000 ft	

* The elevated storage capacity was calculated based on the diurnal water use pattern provided by Freese and Nichols, Inc. and the pumping capacity of 110% of maximum day demand at the Terrell Pump Station. A capacity of 130 gallons per LUE is required for equalization. The City requires that a third of the tank volume be maintained for emergencies and fire flows under all demand conditions. Therefore, 65 gallons storage capacity per LUE was added. The total elevated storage capacity per LUE is 195 gallons.

The pipe size, storage and pumping capacity of the water system to serve Las Lomas MUD 4B water CCN area development will be designed based on the above criteria.

3. Water Requirements

The water requirements are determined by the number of LUEs that will be developed in each development phase. The development plan calls for five development phases. The number of LUEs planned for each phase is shown below:

Phase 1	1,447
Phase 2	1,173
Phase 3	1,594
Phase 4	1,078
Phase 5	2,744
Total	8,036

To aid the City of Terrell plan for future water system facilities improvements, the cumulative number of LUEs for the development is projected for each year from the beginning of the development in 2023 to its full development in 2031. The projected average day demand, maximum day demand, required ground storage capacity, required pumping capacity and required elevated storage capacity for each year are also calculated for the development based on the design criteria listed in Section 2. The maximum day demand at the development build-out condition is 10.05 MGD. The required ground storage capacity is 3.62 million gallons. The required pumping capacity at Terrell Pump Station is 11.05 MGD. The required elevated storage capacity is 1.57 million gallons.

The projected number of LUEs, average day and maximum day demands, storage and pumping capacity requirements for each year for the I-20 north development are shown in Table 1:

Table 1 – Las Lomas Municipal Utility District 4B Water System Capacity Requirements

Year	Phase 1 (1,447 LUEs)	Phase 2 (1,173 LUEs)	Phase 3 (1,594 LUEs)	Phase 4 (1,078 LUEs)	Phase 5 (2,744 LUEs)	TOTAL LUEs	Cummulative Number of LUEs	Average Day Demand in MGD (500 GPD per LUE)	Maximum Day Demand in MGD (1,250 GPD per LUE)	Required Ground Storage Capacity in MG(450 gal per LUE)	Required Pumping Capacity in MGD (110% Max Day Demand)	Required Elevated Storage Capacity in MG (195 gal per LUE)
2023	570					570	570	0.29	0.71	0.26	0.78	0.11
2024	877	123				1000	1570	0.79	1.96	0.71	2.16	0.31
2025		1000				1000	2570	1.29	3.21	1.16	3.53	0.50
2026		50	950			1000	3570	1.79	4.46	1.61	4.91	0.70
2027			644	356		1000	4570	2.29	5.71	2.06	6.28	0.89
2028				722	278	1000	5570	2.79	6.96	2.51	7.66	1.09
2029					1000	1000	6570	3.29	8.21	2.96	9.03	1.28
2030					1000	1000	7570	3.79	9.46	3.41	10.41	1.48
2031					466	466	8036	4.02	10.05	3.62	11.05	1.57

4. Phased Water Improvements

A waterline improvement plan required to serve each phase of development is developed. The plan includes the offsite waterlines to connect to Terrell water system and 12" and larger transmission lines inside the development.

A hydraulic analysis was conducted to size the offsite waterlines and internal transmission lines for the I-20 north development and verify the storage and pumping capacities for the entire Terrell system. A 2025 maximum day WaterCAD model for the Terrell water system provided by Freese and Nichols was modified to include I-20 north development. Extended period simulations were performed using a diurnal pattern with a peak hour multiplier of 1.8. The offsite waterlines and internal transmission lines were sized based on the criteria listed in Section 2. The model showed satisfactory results on the pumps and elevated storage tanks operation.

The phasing plan for transmission pipe inside the development primarily follows the development phasing plan. For offsite waterlines, a 24" line will need to be installed from Terrell Pump Station to the Phase 1 development at the beginning of the development. A 16" line is proposed to be installed as part of the Phase 4 improvements (year 2028 improvements) in order to make a second connection to Terrell water system at the intersection of I-20 and FM 148. Since the City of Terrell requires that the water system of Las Lomas be in the same pressure plane as the existing Terrell system, the schedule for installing the ground storage tank, pumps and elevated storage tank to accommodate the development will be determined by the City of Terrell when considering the growth in other parts of the City and with the consent of Las Lomas Municipal Utility District No. 4B. The development will share the ground storage tanks and pumps at Terrell Pump Station with the rest of Terrell system. A 1.75 MG elevated storage tank will be constructed inside the property.

Exhibit 1 shows the waterline phasing plan for the development. Pipes proposed for different phases are shown in different colors. Table 2 summarizes the waterline improvement plan and cost estimates. The cost estimates for the storage and pumping facilities are also provided but not included in any phase since they are shared facilities

and the construction schedule of these facilities will be coordinated with other developments in the City of Terrell water system. The cost estimates for the pipelines are from similar projects in this area and include the valves and other appurtenances. The cost estimates for the ground storage tank, pump station and elevated storage tank were based on the information provided by Freese and Nichols. Note that all the costs shown in the table are in 2019 dollars.

Table 2 - Las Lomas MUD 4B Waterline Cost Estimate

Item	Unit	Quantity	Unit Cost	Cost
Phase 1				
24" Meter and Vault	EA	1	\$ 165,000.00	\$ 165,000.00
24" Offsite D.I. Waterline and Appurtenances	LF	9,100	\$ 181.50	\$ 1,651,650.00
36" Steel Casing Under Spur 557	LF	200	\$ 495.00	\$ 99,000.00
20" PVC Waterline and Appurtenances	LF	4,400	\$ 132.00	\$ 580,800.00
16" PVC Waterline and Appurtenances	LF	8,050	\$ 99.00	\$ 796,950.00
Total Construction				\$ 3,293,400.00
Contingency at 15%				\$ 494,010.00
Engineering, Surveying and Inspection at 15%				\$ 568,111.50
Total Phase 1				\$ 4,355,521.50
Phase 2				
16" PVC Waterline and Appurtenances	LF	9,800	\$ 99.00	\$ 970,200.00
12" PVC Waterline and Appurtenances	LF	4,700	\$ 66.00	\$ 310,200.00
Total Construction				\$ 1,280,400.00
Contingency at 15%				\$ 192,060.00
Engineering, Surveying and Inspection at 15%				\$ 220,869.00
Total Phase 2				\$ 1,693,329.00
Phase 3				
12" PVC Waterline and Appurtenances	LF	3,200	\$ 66.00	\$ 211,200.00
Total Construction				\$ 211,200.00
Contingency at 15%				\$ 31,680.00
Engineering, Surveying and Inspection at 15%				\$ 36,432.00
Total Phase 3				\$ 279,312.00
Phase 4				
16" Offsite PVC Waterline and Appurtenances	LF	12,000	\$ 99.00	\$ 1,188,000.00
12" PVC Waterline and Appurtenances	LF	3,700	\$ 66.00	\$ 244,200.00
Total Construction				\$ 1,432,200.00
Contingency at 15%				\$ 214,830.00
Engineering, Surveying and Inspection at 15%				\$ 247,054.50
Total Phase 4				\$ 1,894,084.50
Total Phases 1 through 4				
				\$ 8,222,247.00
Storage and Pumping Facilities				
Ground Storage Tank	GAL	3,650,000	\$ 0.85	\$ 3,102,500.00
Pump Station	MGD	11.05	\$ 270,000.00	\$ 2,983,500.00
Elevated Storage Tank	GAL	1,750,000	\$ 2.50	\$ 4,375,000.00
Total Construction				\$ 10,461,000.00
Contingency at 15%				\$ 1,569,150.00
Engineering, Surveying and Inspection at 15%				\$ 1,804,522.50
Total Storage and Pumping Facilities				\$ 13,834,672.50
Total Development				
				\$ 22,056,919.50
Cost per Connection				
				\$ 3,007.49

The water system for the development will be in the same pressure plane as the existing Terrell system. It should be noted that excessive pressures will be developed in the I-20 north development because of the topographical condition. Based on the water model analyses, the pressures in the development will be between 80 and 115 psi when the proposed elevated storage tank inside the development is in service and the overflow elevation of the tank is set at 695 which is the same as the other elevated tanks in Terrell's water system. It is a common practice to install individual PRV's at the service connections to protect the home plumbing systems if the system pressure is higher than 100 psi. Therefore, it is recommended that individual PRV's be installed at service connections where the ground elevations are lower than 464. However, since the development is close to the Terrell pump station, higher pressures may be developed before the elevated storage tank is in service. Therefore, it is also recommended that individual PRV's be installed at all service connections in the development before the elevated storage tank is in service.

EXHIBIT “3”

FACILITIES AND OPERATING COSTS
REIMBURSEMENT AGREEMENT
(Operations, Water, Sewer, Drainage, and Roads)

THE STATE OF TEXAS §
 §
COUNTY OF KAUFMAN §

THIS FACILITIES AND OPERATING COSTS REIMBURSEMENT AGREEMENT (the "Agreement") is made and entered into as of the ____ day of _____, 2019, by and between AP DUPONT LIMITED PARTNERSHIP, a Texas limited partnership ("Owner"), and LAS LOMAS MUNICIPAL UTILITY DISTRICT NO. 4B OF KAUFMAN COUNTY (the "District"), a political subdivision of the State of Texas, operating under the provisions of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended. Owner and the District may be individually referred to as a "Party" or collectively as the "Parties."

RECITALS:

WHEREAS, the District was created for the purpose of providing water, sanitary sewer and drainage facilities, and certain roads to serve the land within its boundaries; and

WHEREAS, Owner is the owner of the approximately 3,432 acres in the District described in the attached Exhibit "A" ("Owner's Land"); and

WHEREAS, Owner wishes the District to finance the construction or other acquisition of the water, sanitary sewer and drainage facilities or capacities, and roads necessary to serve Owner's Land (collectively, the "Facilities"), as Owner's development schedule dictates; and

WHEREAS, the District wishes Owner to proceed with the development of Owner's Land, as Owner's development schedule dictates, but the District does not have any funds which could be used to construct the Facilities, nor does the District have the ability, at this time, to issue its bonds to construct such Facilities;

WHEREAS, pursuant to the laws of the State of Texas, including Local Government Code, Section 375.092, the District is authorized to enter into agreements whereby a landowner constructs certain facilities on behalf of the District so that land in the District can be served with public facilities or whereby a landowner advances funds to allow the operation of the district.

AGREEMENT:

FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits and obligations hereinafter set forth, the receipt and sufficiency of which is hereby acknowledged by both Parties, the District and Owner hereby agree and contract as follows:

- A. Provision of Facilities and Operating Costs. Owner, acting on behalf of the District, shall, from time to time as Owner's development schedule dictates, purchase, construct or otherwise cause the construction or acquisition of the Facilities or capacities needed for

development of Owner's Land in the manner provided by the general law for municipal utility districts and in full compliance with the applicable rules and regulations of the Texas Commission on Environmental Quality (the "TCEQ"), the provisions of the Texas Water Code, the applicable regulations of Kaufman County, Texas, and all other regulatory bodies having jurisdiction over such construction or acquisition. In addition, from time to time, as needed, Owner has already or in the future will loan to the District or pay on behalf of the District the costs to properly create, operate and maintain the District, such costs being hereinafter referred to as the "District's Operating Costs."

- B. **Project Management.** The District's engineer, or such engineer chosen by Owner and reasonably acceptable to the District, shall serve as "Project Engineer" for the construction of the Facilities. The Project Engineer shall prepare plans and specifications for the Facilities; advise and make recommendations to the Board of Directors upon the award of construction contracts on the Facilities; shall make monthly reports, if requested, to the Board and Owner on the progress of construction; approve all pay estimates and change orders and shall submit the same to the Board and Owner for approval; and provide the appropriate level of inspection and observation during the construction of the Facilities to assure construction in substantial compliance with the approved plans, and shall recommend final acceptance of the Facilities to the Board when appropriate. No changes to the plans and specifications or change orders to any construction contracts shall be made without approval by the Board of Directors of the District and Owner, which approvals shall not be unreasonably withheld.
- C. **Contracts.** The Board of Directors of the District shall review all bids received for the construction of the Facilities and shall authorize the award of the construction contracts in accordance with state laws related to competitive bidding requirements for municipal utility districts, provided that Owner authorizes such award. If Owner fails to authorize award of the construction contracts, the District shall reject all bids, and the District and Owner shall jointly determine whether to re-bid the project or postpone construction. Construction contracts shall include payment and performance bonds and maintenance guarantees after completion, all as required by law for municipal utility districts.
- D. **Payment of Costs.** Owner shall make, in a timely fashion, all payments on the contracts awarded by the Owner on behalf of the District or by the District for the construction or other acquisition of the Facilities. Such contracts shall provide that the contractor shall look solely to the Owner for payment of all claims. Owner shall, upon making any payment, provide copies of all invoices and certifications recommending payment to the District.
- E. **District Reimbursement.** The District shall reimburse Owner for the monies heretofore and hereafter funded by Owner for the Facilities with the proceeds of its bonds in accordance with the terms of this Agreement. The amount to be reimbursed for the Facilities shall be an amount equal to the maximum amount allowed by law, and, if applicable, the TCEQ under its then current rules, including, but not limited to, land, engineering fees, reports, studies and interest on the monies expended by Owner through the date such monies are repaid to Owner. In addition, the District shall repay Owner, to the maximum extent allowed under the rules of the TCEQ for the District's Operating

Costs upon approval of such repayment by the TCEQ. To the extent the TCEQ determines in reviewing the District's bond application (if applicable) that the cost of any portion of the Facilities or any portion of the District's Operating Costs may not be reimbursed or interest paid under the rules of such agency, then the amount of payment or reimbursement shall be appropriately reduced. Owner shall provide the District with such information and documentation as the District may reasonably request to enable it to calculate interest and verify payments. The District's obligation to repay Owner for the Facilities and the District's Operating Costs is subject to the following:

- 1) Owner shall cause to be dedicated to the District, Kaufman County, or other applicable governmental entity all easements, sites and rights-of-way necessary for the installation of the Facilities. If required by TCEQ, Owner shall dedicate such easements, sites, or rights-of-way without cost to the District. The District agrees to exercise its right of eminent domain if Owner cannot acquire such real property rights from third parties by negotiation.
- 2) Owner shall include in any street and road construction contract a provision that places the responsibility on the contractor for repair and clean-up of broken manholes, buried valve boxes, broken sewer pipes, and any and all other damage to District Facilities caused by the construction of such streets and roads.
- 3) Prior to the initiation of development within the District, Owner and all holders of a lien on Owner's Land shall enter into an agreement whereby, as to taxes levied by the District, Owner and any subsequent owner of all or any portion of Owner's Land permanently waive the right to claim agricultural, open space, wildlife management, timberland, or inventory valuations for any land, homes, or buildings owned by Owner within the District, unless such reduced valuation is in effect at the time the District issues its first series of bonds. Nothing herein shall prevent (a) Owner from maintaining an agricultural exemption over Owner's Land for any taxing jurisdiction other than the District, or (b) a residential homeowner from qualifying for any lawfully available exemption from any taxing jurisdiction, including the District.
- 4) Approval by the TCEQ (if required) of the issuance and sale by the District of bonds for the purchase of, or reimbursement of Owner for, the Facilities and repayment of the District's Operating Costs (the "Bonds").
- 5) Approval of the Bonds by the Attorney General of the State of Texas.
- 6) Registration of the Bonds by the Comptroller of Public Accounts of the State.
- 7) The receipt of a bid and awarding of sale of the Bonds by the District, and the receipt of the proceeds from the sale of such Bonds.

F. **Order and Amount of Payment.** Unless otherwise agreed by the District and Owner, the District shall include in its bond application the first monies expended by Owner pursuant to this Agreement and shall thereafter proceed to reimburse Owner for monies owed

hereunder on a first in/first out basis. In the event there is a disagreement between Owner and the District as to whether an expenditure or advance of money by Owner is owed hereunder or eligible to be reimbursed under state law or the rules of the TCEQ, the District shall include such amount in the bond application (if applicable) and shall provide Owner with the opportunity to submit information and appear before the TCEQ in support of the reimbursement. The District and Owner shall be bound by the decision of the TCEQ.

G. Bond Issuance Activities. The District shall use its reasonable best efforts to:

- 1) Apply to the TCEQ for approval of the issuance of the Bonds, if required, at such time as Owner requests, and upon the District's financial advisor determining that it is feasible for the District to issue its Bonds to repay Owner. Unless otherwise agreed by Owner, in no event shall the District file its application for the issuance of its Bonds at a date later than eight (8) months prior to the date Owner projects that the tax rate necessary to retire the District's outstanding indebtedness, including the Bonds, will be feasible. For purposes hereof, a bond issue will be considered "feasible" if it can be amortized with a tax rate of \$1.00 per \$100 valuation, based upon the taxable value of Owner's Land (and taxable improvements thereon) on a "stand alone" basis. "Stand alone" basis means that only the taxable value of Owner's Land (and taxable improvements thereon) may be considered in determining the amount of reimbursement allowable to Owner (taking into consideration previously issued bonds sold to fund Facilities serving Owner's Land). Owner may request that the Bonds be issued in more than one series, provided that the District shall not be required to issue any series of bonds in an initial principal amount of less than \$1,500,000, unless it is the last series of bonds to be issued by the District.
- 2) Following TCEQ approval (if required), market and sell the Bonds at the earliest time or times advised by the District's financial advisor; provided, however, that the District is only obligated to sell the Bonds at a rate which is acceptable under state law.
- 3) Obtain the Attorney General's approval of the Bonds.
- 4) Obtain registration of the Bonds by the Comptroller of Public Accounts and the State of Texas.
- 5) Reimburse Owner as soon as possible upon both receipt by the District of (a) the funds from the sale of Bonds, and (b) a reimbursement audit and approval by the Board of Directors.

H. Applicable Law. This Agreement and the obligations of the Parties hereunder are subject to all rules, regulations and laws which may be applicable by the United States, the State of Texas, or any regulatory agency having jurisdiction, including the applicable rules of the TCEQ. Venue shall lie solely in Kaufman County.

- I. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the District and Owner and shall not be construed to confer any benefit or right upon any other party.
- J. Modification. This Agreement shall be subject to change or modification only with the mutual written consent of Owner and the District; provided, however, the term "Owner's Land" shall automatically be amended to include any land subsequently purchased by Owner and annexed into the District.
- K. Recitals. The "Recitals" set forth in this Agreement are true and correct and are incorporated as part of this Agreement.
- L. Entire Agreement. This Agreement constitutes the entire Agreement between the Parties relative to the subject matter hereof. There have not been and are no agreements, covenants, representations or warranties between the Parties other than those expressly stated or provided for herein.
- M. Good Faith Cooperation. The Parties agree to use good faith in the performance of their respective duties and obligations under this Agreement such that the intent of the Parties shall be fulfilled. The Parties further agree to take such additional actions, from time to time, as may be necessary to fully carry out the purposes and intent of this Agreement including, but not limited to, the execution of further documentation.
- N. Default and Remedies. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has had a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure). In addition, no Party shall be in default under this Agreement if within the applicable reasonable cure period the Party to whom the default notice was given begins performance and thereafter uses its good faith efforts to diligently and continuously pursue performance until the alleged failure has been cured. If a Party is in default under this Agreement, then the non-defaulting Party shall be entitled to all remedies available under applicable law including, but not limited to, specific performance, injunctive relief, mandamus relief, and damages; provided, however, (i) the District does not have the right to terminate this Agreement prior to the expiration of its term, and (ii) once Owner advances money to the District, the obligation of the District to issue and sell Bonds to reimburse for such monies shall not be affected by any alleged default by Owner that is unrelated to the advancing of such monies. The failure of any Party to insist, in one or more instances, upon performance by another Party of any provision of this Agreement shall not be construed as a waiver of future performance of such provision. If any Party hereto is the prevailing Party in any legal proceedings against the other brought under or with relation to this Agreement, such prevailing Party shall additionally be entitled to recover court costs and reasonable attorney's fees from the non-prevailing Party to such proceedings.

The District acknowledges that this Agreement is for the providing of goods and services and, pursuant to Section 271.151, Texas Local Government Code, the District has waived its immunity from suit solely for the purpose of Owner enforcing this Agreement.

- O. **Merger of District.** In the event the District should consolidate or otherwise merge with another utility district or another public entity, such merger shall not act in any way impair or diminish Owner's rights hereunder.
- P. **Assignment.** In the event Owner sells, conveys, or otherwise transfers ownership of Owner's Land to any person or entity other than a homebuilder or end-user homeowner, Owner may, upon written notice to the District, assign Owner's rights and obligations under this Agreement to the new owner, provided that the new owner executes a joinder to this Agreement or otherwise agrees in writing to be bound by the terms of this Agreement. Upon written notice to the District, Owner may assign its rights to funds reimbursed hereunder to any lender providing monies to Owner for development of Owner's Land. Owner shall obtain from such lender and deliver to the District written releases and/or subordination agreements, in a form reasonably satisfactory to the District, evidencing that such lender has not taken a lien on any portion of the Facilities and that in the event such lienholder should foreclose on any portion of Owner's Land, such lienholder shall not have any title to the Facilities and takes title to Owner's Land subject to the terms and conditions of this Agreement. The District's acknowledgment of notice of any assignment hereunder shall not be deemed a waiver of the District's rights hereunder, and the Parties hereto acknowledge and agree that any subsequent assignments shall be subject to all of the terms hereof.
- Q. **Severability.** The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Agreement, or the application thereof to any person or circumstance, shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Agreement to other persons or circumstances shall be not be affected thereby.
- R. **Consideration.** Each Party hereto hereby finds, determines and represents that the benefits provided to it and the obligations hereunder are binding upon it constitute due consideration for its execution of this Agreement. In particular, Owner's commitment to advance monies to the District results in certain material benefits being provided to the District and constitute adequate consideration for the District's obligations to issue bonds from time to time, impose an ad valorem operation and maintenance tax, or otherwise reimburse Owner. Owner hereby represents that the District's commitment to reimburse it for monies expended pursuant to this Agreement constitutes adequate consideration for its commitment to perform its obligations hereunder.
- S. **Force Majeure.** If a Party is prevented from performing, in whole or in part, its obligations under this Agreement by reason of "force majeure" that could not have been avoided by the exercise of due diligence by such Party, then performance by such Party may be suspended to the limited extent and during the limited period that performance is

made impossible by the force majeure; provided, however, such Party must use its best efforts to diligently and continuously pursue a course of action that will eliminate the force majeure and allow such Party to resume full performance at the earliest possible time. As an express condition precedent to suspending performance, however, immediately after the occurrence of any force majeure, the Party whose performance is rendered impossible shall give notice and full details of the force majeure to the other Party. For purposes of this Agreement, "force majeure" means any of the following: floods; earthquakes; acts of God; acts of war; acts of terrorism; acts of public enemies; insurrection; riot; labor strikes; the inability to procure labor or materials in the open market; the interruption of utility services by an entity other than the District; the issuance of a restraining order by any court having jurisdiction; and no other.

- T. Notice. All notices provided or permitted to be given under this Agreement must be in writing and may be served by depositing same in the United States mail, addressed to the Party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such Party; or by facsimile copy transmission. Notice given by mail shall be effective upon deposit in the United States mail. Notice given in any other manner shall be effective upon receipt at the address of the addressee. For purposes of notice, the addresses of the Parties shall be as follows:

If to the District: Las Lomas Municipal Utility District No. 4B of Kaufman County
c/o Coats Rose, P.C.
14755 Preston Road, Suite 600
Dallas, Texas 75254
Attention: Mindy L. Koehne

If to Owner: AP Du Pont Limited Partnership
12770 Coit Road, Suite 970
Dallas, Texas 75251
Attention: Ross Anthony

Either Party hereto may change its address for notice by giving three (3) days prior written notice to the other Party.

- U. Required Verifications. As required by Chapter 2270, Government Code, the Developer hereby verifies that neither it, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, boycotts Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Pursuant to Chapter 2252, Texas Government Code, Developer represents and certifies that, at the time of execution of this Agreement neither Developer, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed

by the Texas Comptroller of Public Accounts under Sections 2270.0102, 2270.0052, or 2252.153 of the Texas Government Code. The term “foreign terrorist organization” in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

- V. Term. This Agreement shall remain in effect for a term of forty (40) years.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first written above.

DISTRICT:

LAS LOMAS MUNICIPAL UTILITY
DISTRICT NO. 4B OF KAUFMAN COUNTY

ATTEST:

Secretary, Board of Directors

By: _____
President, Board of Directors

(DISTRICT SEAL)

OWNER:

AP DUPONT LIMITED PARTNERSHIP,
a Texas limited partnership

By: AP Land Management, Inc.,
a Texas corporation
its General Partner

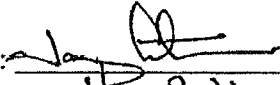
By: 
Name: Jay Anthony
Title: President

EXHIBIT "A"

**LAS LOMAS MUNICIPAL UTILITY DISTRICT No. 4B
OF KAUFMAN COUNTY
DESCRIPTION**

TRACT 1

BEING A TRACT OF LAND SITUATED IN THE J. R. LEATH SURVEY, ABSTRACT NO. 305, THE W. C. MOODY SURVEY, ABSTRACT NO. 321, THE RICHARD MEAD SURVEY, ABSTRACT NO. 326, THE LEWIS PEARCE SURVEY, ABSTRACT NO. 373, THE WILLIAM SIMPSON SURVEY, ABSTRACT NO. 453, THE J. W. WARD SURVEY, ABSTRACT NO. 596, AND THE T. A. WALDROP SURVEY, ABSTRACT NO. 597 IN KAUFMAN COUNTY, TEXAS, AND BEING ALL OF A CALLED 1012.488 ACRE TRACT OF LAND DESCRIBED AS TRACT 1 IN A DEED TO AP DUPONT LIMITED PARTNERSHIP RECORDED IN VOLUME 2502, PAGE 77 OF THE DEED RECORDS OF KAUFMAN COUNTY, TEXAS, PART OF A CALLED 1406.504 ACRE TRACT OF LAND DESCRIBED AS TRACT 2 IN SAID DEED, ALL OF A CALLED 57.77 ACRE TRACT OF LAND DESCRIBED AS TRACT 5 IN SAID DEED, ALL OF A CALLED 38.410 ACRE TRACT OF LAND DESCRIBED AS TRACT 6A IN SAID DEED, ALL OF A CALLED 46.324 ACRE TRACT OF LAND DESCRIBED AS TRACT 6B IN SAID DEED, ALL OF A CALLED 146.491 ACRE TRACT OF LAND DESCRIBED A TRACT 6C IN SAID DEED, ALL OF A CALLED 418.350 ACRE TRACT OF LAND DESCRIBED AS TRACT 6D IN SAID DEED, ALL OF A CALLED 210.082 ACRE TRACT OF LAND DESCRIBED AS TRACT 7 IN SAID DEED, ALL OF A CALLED 3.09 ACRE TRACT OF LAND DESCRIBED AS TRACT 8 IN SAID DEED, ALL OF A CALLED 20.575 ACRE TRACT OF LAND DESCRIBED AS TRACT 9 IN SAID DEED, ALL OF A CALLED 242.39 ACRE TRACT OF LAND DESCRIBED AS TRACT 10 IN SAID DEED, AND ALL OF A CALLED 55.848 ACRE TRACT OF LAND DESCRIBED AS TRACT 11 IN SAID DEED, ALL OF A CALLED 40.186 ACRE TRACT OF LAND DESCRIBED IN A DEED AP DUPONT LIMITED PARTNERSHIP RECORDED IN VOLUME 2489, PAGE 481 OF SAID DEED RECORDS, ALL OF A CALLED 20.000 ACRE TRACT DESCRIBED IN A DEED TO THE TEXAS VETERANS LAND BOARD RECORDED IN VOLUME 1070, PAGE 332 AND IN A CONTRACT OF SALE BETWEEN THE TEXAS VETERANS LAND BOARD AND MELVIN EARL DUKE RECORDED IN VOLUME 1070, PAGE 336 OF SAID DEED RECORDS, AND ALL OF A CALLED 20.000 ACRE TRACT OF LAND DESCRIBED IN A DEED TO ROBERT A. BROOKS AND BARBARA M. BROOKS RECORDED IN VOLUME 1277, PAGE 618 OF SAID DEED RECORDS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHWEST RIGHT-OF-WAY LINE OF SPUR 557 (VARIABLE RIGHT-OF-WAY) FOR THE MOST EASTERLY CORNER OF SAID 1012.488 ACRE TRACT (TRACT 1) AND THE NORTHWEST CORNER OF A CALLED 131.36 ACRE TRACT OF LAND DESCRIBED AS TRACT V IN A DEED TO 148/I-20 TERRELL PARTNERSHIP, LTD., RECORDED IN VOLUME 1939, PAGE 341 OF SAID DEED RECORDS;

THENCE SOUTH 45 DEGREES 16 MINUTES 35 SECONDS WEST, ALONG THE SOUTHEASTERLY BOUNDARY OF SAID TRACT 1 AND THE NORTHWEST LINES OF SAID TRACT V AND A CALLED 120.00 ACRE TRACT OF LAND DESCRIBED AS TRACT IV IN SAID DEED TO 148/I-20 TERRELL PARTNERSHIP, LTD., A DISTANCE OF 2141.57 FEET TO A POINT FOR THE MOST WESTERLY CORNER OF SAID TRACT IV;

THENCE SOUTH 45 DEGREES 02 MINUTES 34 SECONDS EAST, ALONG THE SOUTHWEST LINE OF SAID TRACT IV, A DISTANCE OF 99.72 FEET TO A POINT FOR A RE-ENTRANT CORNER IN SAID TRACT 1 AND THE NORTH CORNER OF A CALLED 80.083 ACRE TRACT OF LAND DESCRIBED IN A DEED TO C. L. HAMILTON, JR., RECORDED IN VOLUME 528, PAGE 759 OF SAID DEED RECORDS;

THENCE SOUTH 45 DEGREES 05 MINUTES 40 SECONDS WEST, CONTINUING ALONG THE SOUTHEASTERLY BOUNDARY OF SAID TRACT 1 AND ALONG THE NORTHWEST LINE OF SAID HAMILTON TRACT, A DISTANCE OF 1795.83 FEET TO A POINT IN THE NORTHEAST LINE OF A CALLED 288.239 ACRE TRACT OF LAND DESCRIBED AS TRACT 1 IN A DEED TO AP TERRELL LIMITED PARTNERSHIP RECORDED IN VOLUME 2324, PAGE 267 OF SAID DEED RECORDS FOR THE WEST CORNER OF SAID HAMILTON TRACT AND A RE-ENTRANT CORNER OF SAID TRACT 1;

THENCE NORTH 44 DEGREES 23 MINUTES 07 SECONDS WEST, CONTINUING ALONG THE SOUTHEASTERLY BOUNDARY OF SAID TRACT 1 AND THE NORTHEAST LINE OF SAID 288.239 ACRE TRACT, A DISTANCE OF 99.93 FEET TO A POINT FOR THE MOST NORTHERLY CORNER OF SAID 288.239 ACRE TRACT;

THENCE SOUTH 45 DEGREES 29 MINUTES 35 SECONDS WEST, ALONG THE COMMON LINE BETWEEN SAID TRACT 1 AND SAID 288.239 ACRE TRACT, A DISTANCE OF 6060.97 FEET TO A POINT FOR AN ANGLE POINT;

THENCE SOUTH 45 DEGREES 28 MINUTES 26 SECONDS WEST, CONTINUING ALONG SAID COMMON LINE, A DISTANCE OF 1601.11 FEET TO A POINT FOR THE WEST CORNER OF SAID 288.239 ACRE TRACT AND THE NORTH CORNER OF SAID TRACT 9;

THENCE SOUTH 44 DEGREES 25 MINUTES 44 SECONDS EAST, ALONG THE NORTHEAST LINE OF SAID TRACT 9 AND THE SOUTHWEST LINE OF SAID 288.239 ACRE TRACT, A DISTANCE OF 898.56 FEET TO A POINT IN THE NORTHERLY RIGHT-OF-WAY OF INTERSTATE HIGHWAY 20 (VARIABLE RIGHT-OF-WAY) FOR THE SOUTH CORNER OF SAID 288.239 ACRE TRACT AND THE EAST CORNER OF SAID TRACT 9;

THENCE ALONG THE NORTHERLY RIGHT-OF-WAY OF INTERSTATE HIGHWAY 20 THE FOLLOWING COURSES AND DISTANCES:

SOUTH 63 DEGREES 04 MINUTES 03 SECONDS WEST, A DISTANCE OF 631.14 FEET TO A POINT FOR CORNER;

SOUTH 75 DEGREES 45 MINUTES 02 SECONDS WEST, A DISTANCE OF 1122.84 FEET TO A POINT FOR CORNER;

SOUTH 77 DEGREES 15 MINUTES 22 SECONDS WEST, A DISTANCE OF 2160.34 FEET TO A POINT FOR CORNER;

SOUTH 87 DEGREES 10 MINUTES 56 SECONDS WEST, A DISTANCE OF 406.08 FEET TO A POINT FOR CORNER;

SOUTH 77 DEGREES 15 MINUTES 22 SECONDS WEST, A DISTANCE OF 1593.39 FEET TO A POINT FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF SAID TRACT 1;

THENCE NORTH 44 DEGREES 55 MINUTES 22 SECONDS WEST, ALONG THE SOUTHWEST LINE OF SAID TRACT 1, A DISTANCE OF 1236.59 FEET TO THE WEST CORNER THEREOF AND THE SOUTH CORNER OF A CALLED 226.262 ACRE TRACT OF LAND DESCRIBED IN A DEED TO STEPHEN EDWARD CUMMINGS AND WIFE TAMARA CANNON CUMMINGS RECORDED IN VOLUME 1105, PAGE 405 OF SAID DEED RECORDS;

THENCE NORTH 44 DEGREES 40 MINUTES 05 SECONDS EAST, ALONG THE MOST SOUTHERLY NORTHWEST LINE OF SAID TRACT 1 AND THE SOUTHEAST LINE OF SAID CUMMINGS TRACT, A DISTANCE OF 2494.90 FEET TO A POINT IN THE APPROXIMATE CENTER OF BIG BRUSHY CREEK;

THENCE ALONG THE APPROXIMATE CENTER OF BIG BRUSHY CREEK THE FOLLOWING COURSES AND DISTANCES;

NORTH 06 DEGREES 12 MINUTES 18 SECONDS WEST, A DISTANCE OF 345.93 FEET;

NORTH 09 DEGREES 55 MINUTES 23 SECONDS WEST, A DISTANCE OF 554.42 FEET;

NORTH 08 DEGREES 46 MINUTES 10 SECONDS WEST, A DISTANCE OF 381.09 FEET;

NORTH 05 DEGREES 35 MINUTES 18 SECONDS EAST, A DISTANCE OF 162.78 FEET;

NORTH 22 DEGREES 31 MINUTES 18 SECONDS WEST, A DISTANCE OF 166.93 FEET;

NORTH 09 DEGREES 47 MINUTES 43 SECONDS WEST, A DISTANCE OF 320.94 FEET;

NORTH 05 DEGREES 05 MINUTES 10 SECONDS WEST, A DISTANCE OF 140.62 FEET;

NORTH 23 DEGREES 45 MINUTES 30 SECONDS EAST, A DISTANCE OF 76.71 FEET;

NORTH 11 DEGREES 46 MINUTES 42 SECONDS WEST, A DISTANCE OF 70.46 FEET;

NORTH 03 DEGREES 51 MINUTES 18 SECONDS WEST, A DISTANCE OF 166.62 FEET;

NORTH 13 DEGREES 06 MINUTES 48 SECONDS WEST, A DISTANCE OF 273.76 FEET;

NORTH 12 DEGREES 55 MINUTES 02 SECONDS EAST, A DISTANCE OF 79.03 FEET;

NORTH 05 DEGREES 00 MINUTES 55 SECONDS WEST, A DISTANCE OF 192.13 FEET;

NORTH 07 DEGREES 15 MINUTES 15 SECONDS EAST, A DISTANCE OF 69.36 FEET;

NORTH 05 DEGREES 47 MINUTES 42 SECONDS WEST, A DISTANCE OF 88.93 FEET;

NORTH 19 DEGREES 00 MINUTES 10 SECONDS EAST, A DISTANCE OF 143.40 FEET;

NORTH 07 DEGREES 53 MINUTES 29 SECONDS EAST, A DISTANCE OF 76.28 FEET;

NORTH 18 DEGREES 45 MINUTES 36 SECONDS EAST, A DISTANCE OF 63.08 FEET;

NORTH 09 DEGREES 31 MINUTES 32 SECONDS EAST, A DISTANCE OF 132.11 FEET;

NORTH 02 DEGREES 16 MINUTES 10 SECONDS WEST, A DISTANCE OF 71.67 FEET;

NORTH 14 DEGREES 29 MINUTES 56 SECONDS WEST, A DISTANCE OF 124.10 FEET;

NORTH 31 DEGREES 34 MINUTES 04 SECONDS WEST, A DISTANCE OF 80.42 FEET;

NORTH 20 DEGREES 56 MINUTES 55 SECONDS WEST, A DISTANCE OF 85.21 FEET;

NORTH 02 DEGREES 03 MINUTES 48 SECONDS EAST, A DISTANCE OF 66.26 FEET;

NORTH 04 DEGREES 20 MINUTES 07 SECONDS WEST, A DISTANCE OF 107.71 FEET;

NORTH 25 DEGREES 55 MINUTES 20 SECONDS WEST, A DISTANCE OF 126.58 FEET;

NORTH 33 DEGREES 42 MINUTES 49 SECONDS WEST, A DISTANCE OF 66.57 FEET;

NORTH 48 DEGREES 30 MINUTES 57 SECONDS WEST, A DISTANCE OF 45.41 FEET;

NORTH 75 DEGREES 33 MINUTES 32 SECONDS WEST, A DISTANCE OF 35.14 FEET TO THE WEST CORNER OF SAID TRACT 4 AND THE NORTH CORNER OF SAID CUMMINGS TRACT, SAID POINT BEING IN THE SOUTHEASTERLY BOUNDARY OF SAID TRACT 2;

THENCE SOUTH 45 DEGREES 08 MINUTES 13 SECONDS WEST, ALONG THE NORTHWESTERLY BOUNDARY OF SAID CUMMINGS TRACT AND THE SOUTHEASTERLY BOUNDARY OF SAID TRACT 2, A DISTANCE OF 636.24 FEET TO A POINT FOR CORNER;

THENCE SOUTH 25 DEGREES 51 MINUTES 12 SECONDS WEST, CONTINUING ALONG THE NORTHWESTERLY BOUNDARY OF SAID CUMMINGS TRACT AND THE SOUTHEASTERLY BOUNDARY OF SAID TRACT 2, A DISTANCE OF 1632.88 FEET TO A POINT FOR CORNER;

THENCE SOUTH 44 DEGREES 51 MINUTES 12 SECONDS WEST, CONTINUING ALONG THE NORTHWESTERLY BOUNDARY OF SAID CUMMINGS TRACT AND THE SOUTHEASTERLY BOUNDARY OF SAID TRACT 2, A DISTANCE OF 864.04 FEET TO THE EAST CORNER OF A CALLED 10.0 ACRE TRACT OF LAND DESCRIBED IN A DEED TO FLOYD DARDEN AND JOHN DARDEN RECORDED IN VOLUME 1033, PAGE 384 OF SAID DEED RECORDS;

THENCE NORTH 00 DEGREES 51 MINUTES 17 SECONDS WEST, A DISTANCE OF 10481.50 FEET TO A POINT IN THE SOUTH LINE OF THE UNION PACIFIC RAILWAY (100' RIGHT-OF-WAY) AND IN THE NORTH LINE OF SAID TRACT 2;

THENCE SOUTH 88 DEGREES 06 MINUTES 52 SECONDS EAST, ALONG THE NORTH LINE OF SAID TRACT 2 AND THE SOUTH LINE OF THE RAILWAY, A DISTANCE OF 7,277.69 FEET TO A POINT FOR CORNER;

THENCE SOUTH 02 DEGREES 52 MINUTES 47 SECONDS WEST, A DISTANCE OF 98.14 FEET TO A POINT FOR THE NORTHEAST CORNER OF SAID TRACT 8;

THENCE SOUTH 10 DEGREES 52 MINUTES 20 SECONDS WEST, ALONG THE MOST NORTHERLY EAST LINE OF SAID TRACT 8, A DISTANCE OF 191.83 FEET TO A POINT FOR CORNER;

THENCE SOUTH 78 DEGREES 58 MINUTES 12 SECONDS EAST, A DISTANCE OF 18.76 FEET TO A POINT IN THE APPROXIMATE CENTER OF COUNTY ROAD 238 (UNDEDICATED PUBLIC ROAD) AND THE WEST LINE OF SAID TRACT 6A;

THENCE NORTH 09 DEGREES 34 MINUTES 14 SECONDS EAST, ALONG THE APPROXIMATE CENTER OF COUNTY ROAD 238 AND THE WEST LINE OF SAID TRACT 6A, A DISTANCE OF 194.23 FEET TO A POINT FOR THE NORTHWEST CORNER OF SAID TRACT 6A;

THENCE SOUTH 88 DEGREES 13 MINUTES 07 SECONDS EAST, ALONG THE NORTH LINE OF SAID TRACT 6A, A DISTANCE OF 439.54 FEET TO A POINT FOR THE NORTHEAST CORNER OF SAID TRACT 6A AND THE NORTHWEST CORNER OF A 40.186 ACRE TRACT OF LAND DESCRIBED IN A DEED TO AP DUPONT LIMITED PARTNERSHIP RECORDED IN VOLUME 2489, PAGE 481 OF SAID DEED RECORDS;

THENCE ALONG THE SOUTHWESTERLY RIGHT-OF-WAY OF SPUR 557 AS FOLLOWS:

SOUTH 62 DEGREES 14 MINUTES 39 SECONDS EAST, A DISTANCE OF 239.63 FEET TO A POINT FOR CORNER;

SOUTH 56 DEGREES 59 MINUTES 45 SECONDS EAST, A DISTANCE OF 398.38 FEET TO A POINT FOR CORNER;

SOUTH 61 DEGREES 40 MINUTES 02 SECONDS EAST, A DISTANCE OF 801.48 FEET TO A POINT FOR CORNER;

SOUTH 58 DEGREES 29 MINUTES 39 SECONDS EAST, A DISTANCE OF 1701.26 FEET TO A POINT FOR CORNER;

SOUTH 60 DEGREES 45 MINUTES 58 SECONDS EAST, A DISTANCE OF 399.56 FEET TO A POINT FOR CORNER;

SOUTH 58 DEGREES 10 MINUTES 40 SECONDS EAST, A DISTANCE OF 197.28 FEET TO A POINT FOR CORNER;

SOUTH 58 DEGREES 08 MINUTES 34 SECONDS EAST, A DISTANCE OF 1002.54 FEET TO A POINT FOR CORNER;

SOUTH 54 DEGREES 48 MINUTES 28 SECONDS EAST, A DISTANCE OF 901.01 FEET TO A POINT AT A CUT-BACK CORNER FOR COUNTY ROAD 305;

SOUTH 00 DEGREES 24 MINUTES 39 SECONDS EAST, ALONG SAID CUT-BACK, A DISTANCE OF 306.16 FEET TO A POINT FOR CORNER;

SOUTH 48 DEGREES 51 MINUTES 21 SECONDS EAST, A DISTANCE OF 139.01 FEET TO A POINT FOR CORNER;

NORTH 68 DEGREES 37 MINUTES 22 SECONDS EAST, ALONG A CUT-BACK LINE FOR COUNTY ROAD 305, A DISTANCE OF 369.51 FEET TO A POINT FOR CORNER;

SOUTH 62 DEGREES 55 MINUTES 42 SECONDS EAST, A DISTANCE OF 908.33 FEET TO A POINT FOR CORNER;

SOUTH 62 DEGREES 41 MINUTES 47 SECONDS EAST, A DISTANCE OF 1218.13 FEET TO A POINT FOR CORNER;

SOUTH 62 DEGREES 58 MINUTES 31 SECONDS EAST, A DISTANCE OF 65.33 FEET TO THE POINT OF BEGINNING AND CONTAINING 3,152.439 ACRES OF LAND, SAVE AND EXCEPT THE FOLLOWING TWO (2) TRACTS OF LAND:

SAVE AND EXCEPT TRACT 1

BEING A TRACT OF LAND SITUATED IN THE LEWIS PEARCE SURVEY, ABSTRACT NO. 373, IN KAUFMAN COUNTY, TEXAS, AND BEING ALL OF A CALLED 10.000 ACRE TRACT OF LAND DESCRIBED IN A DEED TO ROBERT A. KAUS AND WIFE MARTHA LEE KAUS RECORDED IN VOLUME 1050, PAGE 120 OF THE DEED RECORDS OF KAUFMAN COUNTY, TEXAS, AND ALL OF A CALLED 30.000 ACRE TRACT DESCRIBED IN A DEED TO ROBERT A. KAUS AND WIFE MARTHA LEE KAUS RECORDED IN VOLUME 1050, PAGE 124 OF SAID DEED RECORDS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE APPROXIMATE CENTER OF COUNTY ROAD 238 (UNDEDICATED PUBLIC ROAD) FOR THE NORTH CORNER OF SAID 30.000 TRACT AND THE WEST CORNER OF A CALLED 46.324 ACRE TRACT OF LAND DESCRIBED AS TRACT 6B IN A DEED TO AP DUPONT LIMITED PARTNERSHIP RECORDED IN VOLUME 2502, PAGE 77 OF SAID DEED RECORDS;

THENCE SOUTH 45 DEGREES 11 MINUTES 54 SECONDS EAST, ALONG THE NORTHEAST LINE OF SAID 30.000 ACRE TRACT AND THE SOUTHWEST LINE OF SAID TRACT 6B, A DISTANCE OF 3,261.17 FEET TO A POINT FOR THE EAST CORNER OF SAID 30.000 ACRE TRACT AND THE SOUTH CORNER OF SAID TRACT 6B, SAID

POINT ALSO BEING LOCATED IN THE NORTHWEST LINE OF A CALLED 242.39 ACRE TRACT OF LAND DESCRIBED AS TRACT 10;

THENCE SOUTH 44 DEGREES 50 MINUTES 02 SECONDS WEST, ALONG THE SOUTHEAST LINES OF SAID 30.000 ACRE TRACT AND SAID 10.000 ACRE TRACT, AND THE NORTHWEST LINE OF SAID TRACT 10, A DISTANCE OF 534.82 FEET TO A POINT FOR THE SOUTH CORNER OF SAID 10.000 ACRE TRACT AND THE EAST CORNER OF A CALLED 55.84 ACRE TRACT DESCRIBED AS TRACT 11 IN SAID AP DUPONT DEED;

THENCE NORTH 45 DEGREES 11 MINUTES 25 SECONDS WEST, ALONG THE SOUTHWEST LINE OF SAID 10.00 ACRE TRACT AND THE NORTHEAST LINE OF SAID TRACT 11, A DISTANCE OF 3262.61 FEET TO A POINT IN THE APPROXIMATE CENTER OF COUNTY ROAD 238 FOR THE WEST CORNER OF SAID 10.000 ACRE TRACT AND THE NORTH CORNER OF SAID TRACT 11;

THENCE NORTH 44 DEGREES 59 MINUTES 17 SECONDS EAST, ALONG THE APPROXIMATE CENTER OF COUNTY ROAD 238 AND THE NORTHWEST LINES OF SAID 10.000 ACRE TRACT AND SAID 30.000 ACRE TRACT; A DISTANCE OF 534.37 FEET TO THE POINT OF BEGINNING AND CONTAINING 40.032 ACRES OF LAND, MORE OR LESS.

SAVE AND EXCEPT TRACT 2

BEING A TRACT OF LAND SITUATED IN THE LEWIS PEARCE SURVEY, ABSTRACT NO. 373, IN KAUFMAN COUNTY, TEXAS, AND BEING ALL OF A CALLED 20.000 ACRE TRACT OF LAND DESCRIBED IN A DEED TO JAMES EDGAR CRAWFORD, SR., AND WIFE EARLENA FAYE CRAWFORD RECORDED IN VOLUME 1056, PAGE 531 OF THE DEED RECORDS OF KAUFMAN COUNTY, TEXAS, AND ALL OF A CALLED 20.000 ACRE TRACT DESCRIBED IN A DEED TO THE TEXAS VETERANS LAND BOARD RECORDED IN VOLUME 1070, PAGE 352 OF SAID DEED RECORDS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE APPROXIMATE CENTER OF COUNTY ROAD 238 (UNDEDICATED PUBLIC ROAD) FOR THE NORTH CORNER OF SAID TEXAS VETERANS LAND BOARD TRACT AND THE WEST CORNER OF A CALLED 55.84 ACRE TRACT OF LAND DESCRIBED AS TRACT 11 IN A DEED TO AP DUPONT LIMITED PARTNERSHIP RECORDED IN VOLUME 2502, PAGE 77 OF SAID DEED RECORDS;

THENCE SOUTH 45 DEGREES 13 MINUTES 34 SECONDS EAST, ALONG THE COMMON LINE BETWEEN SAID LAND BOARD TRACT AND SAID TRACT 11, A DISTANCE OF 1291.85 FEET TO A POINT FOR THE MOST NORTHERLY EAST CORNER OF SAID LAND BOARD TRACT AND A RE-ENTRANT CORNER IN SAID TRACT 11;

THENCE SOUTH 00 DEGREES 11 MINUTES 46 SECONDS EAST, ALONG THE MOST SOUTHERLY WEST LINE OF SAID TRACT 11 AND THE EAST LINES OF SAID LAND BOARD TRACT AND SAID CRAWFORD TRACT, A DISTANCE OF 1381.15 FEET TO A POINT FOR THE SOUTH CORNER OF SAID CRAWFORD TRACT AND THE MOST NORTHERLY EAST CORNER OF A CALLED 418.609 ACRE TRACT OF LAND DESCRIBED AS TRACT 6D IN SAID AP DUPONT DEED;

THENCE NORTH 45 DEGREES 16 MINUTES 57 SECONDS WEST, ALONG THE SOUTHWEST LINE OF SAID CRAWFORD TRACT AND THE NORTHEAST LINE OF SAID TRACT 6D, A DISTANCE OF 2274.35 FEET TO A POINT IN THE APPROXIMATE CENTER OF COUNTY ROAD 238 FOR THE WEST CORNER OF SAID CRAWFORD TRACT AND THE NORTH CORNER OF SAID TRACT 6D;

THENCE NORTH 45 DEGREES 08 MINUTES 53 SECONDS EAST, ALONG THE APPROXIMATE CENTER OF COUNTY ROAD 238 AND THE NORTHWEST LINE OF SAID TRACT 6D, A DISTANCE OF 979.39 FEET TO THE POINT OF BEGINNING AND CONTAINING 40.057 ACRES OF LAND, MORE OF LESS, LEAVING A TOTAL AREA OF 3072.350 ACRES, MORE OR LESS.

TRACT 2

BEING A TRACT OF LAND SITUATED IN THE WILLIAM SIMPSON SURVEY, ABSTRACT NO. 453, IN KAUFMAN COUNTY, TEXAS, AND BEING ALL OF A CALLED 362.357 ACRE TRACT OF LAND DESCRIBED AS TRACT 3 IN A DEED TO AP DUPONT LIMITED PARTNERSHIP RECORDED IN VOLUME 2502, PAGE 77 OF THE DEED RECORDS OF KAUFMAN COUNTY, TEXAS, SAID LAND CONTAINING A PORTION OF A CALLED 76 ACRE TRACT OF LAND DESCRIBED AS TRACT 4 IN A DEED TO MAHER PROPERTIES ONE RECORDED IN VOLUME 694, PAGE 167 OF SAID DEED RECORDS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE CENTER OF F. M. 148 (80' RIGHT-OF-WAY) FOR THE EAST CORNER OF SAID TRACT 3;

THENCE SOUTH 45 DEGREES 32 MINUTES 14 SECONDS WEST, ALONG THE CENTER OF F. M. 148 AND THE SOUTHEAST LINE OF SAID TRACT 3, PASSING A POINT FOR THE BEGINNING OF A CURVE TO THE LEFT AT 2741.39 FEET, 38.24 FEET RIGHT, A TOTAL DISTANCE OF 3002.67 FEET TO A POINT FOR THE EASTERLY SOUTHEAST CORNER OF SAID TRACT 3;

THENCE SOUTH 83 DEGREES 54 MINUTES 51 SECONDS WEST, ALONG THE SOUTHERLY BOUNDARY OF SAID TRACT 3 AND THE NORTHERLY BOUNDARY OF A CALLED 155 ACRE TRACT OF LAND DESCRIBED AS TRACT 1 IN A DEED TO JERRY R. SIMS AND WIFE MARGIE SIMS RECORDED IN VOLUME 1124, PAGE 103 OF SAID DEED RECORDS, A DISTANCE OF 1129.08 FEET TO A POINT FOR CORNER;

THENCE NORTH 79 DEGREES 01 MINUTE 39 SECONDS WEST, CONTINUING ALONG THE SOUTHERLY BOUNDARY OF SAID TRACT 3 AND THE NORTHERLY BOUNDARY OF SAID 155 ACRE TRACT, A DISTANCE OF 929.89 FEET TO A POINT FOR CORNER;

THENCE NORTH 79 DEGREES 03 MINUTES 39 SECONDS WEST, CONTINUING ALONG THE SOUTHERLY LINE OF SAID TRACT 3 AND THE NORTHERLY LINE OF SAID 155 ACRE TRACT, DISTANCE OF 360.00 FEET TO A POINT FOR CORNER;

THENCE NORTH 77 DEGREES 41 MINUTES 39 SECONDS WEST, CONTINUING ALONG THE SOUTHERLY LINE OF SAID TRACT 3 AND THE NORTHERLY LINE OF SAID 155 ACRE TRACT, A DISTANCE OF 205.00 FEET TO A POINT FOR CORNER;

THENCE NORTH 85 DEGREES 30 MINUTES 59 SECONDS WEST, CONTINUING ALONG THE SOUTHERLY LINE OF SAID TRACT 3 AND THE NORTHERLY LINE OF SAID 155 ACRE TRACT, A DISTANCE OF 289.63 FEET TO A POINT IN THE APPROXIMATE CENTER OF BIG BRUSHY CREEK;

THENCE ALONG THE APPROXIMATE CENTER OF BIG BRUSHY CREEK THE FOLLOWING COURSES AND DISTANCES:

NORTH 23 DEGREES 14 MINUTES 25 SECONDS WEST, A DISTANCE OF 54.89 FEET;

NORTH 04 DEGREES 05 MINUTES 31 SECONDS WEST, A DISTANCE OF 216.07 FEET;

SOUTH 51 DEGREES 10 MINUTES 14 SECONDS EAST, A DISTANCE OF 171.26 FEET;

NORTH 41 DEGREES 26 MINUTES 55 SECONDS EAST, A DISTANCE OF 167.67 FEET;

NORTH 76 DEGREES 53 MINUTES 55 SECONDS EAST, A DISTANCE OF 118.88 FEET;

NORTH 25 DEGREES 24 MINUTES 54 SECONDS EAST, A DISTANCE OF 196.89 FEET;

NORTH 49 DEGREES 32 MINUTES 49 SECONDS WEST, A DISTANCE OF 195.65 FEET;

NORTH 18 DEGREES 50 MINUTES 34 SECONDS WEST, A DISTANCE OF 237.39 FEET;

NORTH 23 DEGREES 34 MINUTES 39 SECONDS EAST, A DISTANCE OF 165.47 FEET;

NORTH 03 DEGREES 20 MINUTES 51 SECONDS EAST, A DISTANCE OF 101.63 FEET;

NORTH 40 DEGREES 18 MINUTES 31 SECONDS WEST, A DISTANCE OF 172.48 FEET;

NORTH 17 DEGREES 35 MINUTES 08 SECONDS WEST, A DISTANCE OF 97.88 FEET;

NORTH 08 DEGREES 29 MINUTES 33 SECONDS EAST, A DISTANCE OF 76.51 FEET;

NORTH 13 DEGREES 52 MINUTES 15 SECONDS WEST, A DISTANCE OF 69.50 FEET;

NORTH 21 DEGREES 42 MINUTES 00 SECONDS EAST, A DISTANCE OF 69.26 FEET;

NORTH 21 DEGREES 26 MINUTES 22 SECONDS WEST, A DISTANCE OF 146.39 FEET;

NORTH 00 DEGREES 08 MINUTES 09 SECONDS WEST, A DISTANCE OF 158.73 FEET;

NORTH 09 DEGREES 54 MINUTES 29 SECONDS WEST, A DISTANCE OF 77.56 FEET TO A POINT IN THE WESTERLY BOUNDARY OF SAID TRACT 3, SAID POINT ALSO BEING LOCATED IN THE NORTHWEST LINE OF SAID MAHER TRACT AND THE SOUTHEAST LINE OF A CALLED 100 ACRE TRACT OF LAND DESCRIBED AS TRACT 1 IN A DEED TO KENNETH L. CLEAVER AND WIFE CYNTHIA L. CLEAVER RECORDED IN VOLUME 1173, PAGE 351 OF SAID DEED RECORDS;

THENCE NORTH 45 DEGREES 27 MINUTES 16 SECONDS EAST, ALONG THE NORTHWEST LINE OF MAHER TRACT AND THE SOUTHEAST LINE OF SAID CLEAVER TRACT, A DISTANCE OF 54.41 FEET TO A POINT FOR CORNER;

THENCE NORTH 44 DEGREES 51 MINUTES 27 SECONDS WEST, ALONG THE SOUTHWEST LINE OF SAID TRACT 3 AND THE NORTHEAST LINE OF SAID CLEAVER 100 ACRE TRACT AND THE NORTHEAST LINE OF THE REMAINDER OF A CALLED 117.93 ACRE TRACT DESCRIBED AS TRACT 2 IN SAID CLEAVER DEED, A DISTANCE OF 1535.89 FEET TO A POINT IN THE SOUTHERLY RIGHT-OF-WAY LINE OF I. H. 20 (VARIABLE RIGHT-OF-WAY) FOR THE WEST CORNER OF SAID TRACT 3;

THENCE ALONG THE SOUTHERLY RIGHT-OF-WAY OF I. H. 20 THE FOLLOWING COURSES AND DISTANCES:

NORTH 77 DEGREES 15 MINUTES 22 SECONDS EAST, A DISTANCE OF 1291.15 FEET TO A POINT FOR CORNER;

NORTH 68 DEGREES 43 MINUTES 31 SECONDS EAST, A DISTANCE OF 404.48 FEET TO A POINT FOR CORNER;

NORTH 77 DEGREES 15 MINUTES 22 SECONDS EAST, A DISTANCE OF 2377.18 FEET TO A POINT FOR THE NORTH CORNER OF SAID TRACT 3;

THENCE SOUTH 44 DEGREES 39 MINUTES 40 SECONDS EAST, ALONG THE NORTHEAST LINE OF SAID TRACT 3 AND THE SOUTHWEST LINE OF A CALLED 26.796 ACRE TRACT OF LAND DESCRIBED IN A DEED TO MILOWE JUNGJOHANN AND WIFE JANICE JUNGJOHANN RECORDED IN VOLUME 764, PAGE 444 AND THE SOUTHWEST LINE OF A CALLED 23.017 ACRE TRACT DESCRIBED IN A DEED TO MILOWE EUGENE JUNGJOHANN RECORDED IN VOLUME 729, PAGE 680, A DISTANCE OF 2908.97 FEET TO THE POINT OF BEGINNING AND CONTAINING 362.394 ACRES OF LAND, MORE OR LESS, 2.780 ACRES OF WHICH ARE WITHIN THE RIGHT-OF-WAY OF F. M. 148, LEAVING AN AREA OF 359.614 ACRES OF LAND, MORE OR LESS.

EXHIBIT “4”

June 20, 2019

Public Utility Commission of Texas
Central Records
1701 N. Congress P.O. Box 13326
Austin, Texas 78711-3326

RE: Las Lomas Municipal Utility District No. 4B of Kaufman County(the "District")
Water Certificate of Convenience and Necessity Feasibility

Administrative Law Judge and Legal Division:

We have been asked to provide an opinion on the financial feasibility of the Water Certificate of Convenience and Necessity No. 13121 ("CCN") for Las Lomas Municipal Utility District No. 4B of Kaufman County (the "District"). Robert W. Baird & Co. Incorporated acts as financial advisor to over 250 special districts in Texas and are considered an expert in our field. As part of the process in preparing a financial feasibility opinion, the projected assessed values provided to us by the Petitt & Associates LLC (the "Engineer") and AP Dupont Limited Partnership, a Texas limited partnership (the "Developer") for the estimated planned development within the CCN area as more fully described in the Las Lomas Master Water Plan prepared by the Engineer. Our initial financial analysis is based upon the following assumptions and conclusions:

- We have assumed an ultimate assessed value for the CCN area of \$2,479,750,000 at full build-out which includes;
 - An estimated 6,887 single family lots with an average home value of \$250,000; and
 - 758 acres of commercial development with an average value of \$1,000,000;
- The bonds are structured with 25-year maturity schedules, an estimated average interest rate of 5.00%, an average of 1-year of capitalized interest on the bonds to be set aside from bond proceeds and estimated issuance costs (bond counsel, financial advisor, bond discount, etc.);
- \$25,875,000 in principal amount of bonds to fully reimburse the costs of the water infrastructure to service the CCN area (\$22,056,920);
- A tax collection rate of 98%;

The average annual debt service requirement on the \$25,875,000 principal amount of bonds is approximately \$1,835,895. Assuming an assessed valuation of \$2,479,750,000, the required debt service tax rate necessary to generate tax revenues sufficient to meet the average annual debt service requirement is approximately \$0.07 per \$100 of assessed valuation.

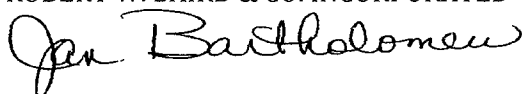
Given the assumptions and the necessary tax rate to support the issuance the bonds to finance the necessary water facilities, it is our opinion that the bonds can be successfully marketed and this project is financially feasible.

Robert W. Baird & Co.
1331 Lamar, Suite 1360
Houston TX 77010
Main 713-230-6120
Toll Free 800-711-6126

www.rwbaird.com

Please do not hesitate to contact us should you need additional information.

Sincerely,
ROBERT W. BAIRD & CO. INCORPORATED

A handwritten signature in black ink that reads "Jan Bartholomew". The signature is fluid and cursive, with the first name "Jan" written in a smaller, more compact script than the last name "Bartholomew".

Jan Bartholomew
Managing Director