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SUBJECT TO CHANGE

**REINVESTMENT ZONE NUMBER ONE**

**CITY OF FORNEY, TEXAS**

REPORT ON APPLYING AGREED-UPON PROCEDURES TO  
CONSTRUCTION, ENGINEERING AND RELATED COSTS REIMBURSABLE  
TO MEADOW RIDGE FARM, LP (DEVELOPER)

APRIL 12, 2018

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April 12, 2018

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Board of Directors  
Reinvestment Zone Number One  
City of Forney, Texas

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Reinvestment Zone Number One (the Zone) on the invoices and schedules submitted by Meadow Ridge Farm, LP (the Developer) for construction, engineering and related costs of Forney Gateway Bridge, North Gateway Blvd., South Gateway Blvd. and Water and Sewer North Side as of March 31, 2018. The responsible parties for this report are the intended users of the report. This agreed-upon procedures engagement is for the purpose of complying with the requirements of the Agreement and was performed solely to assist you in evaluating the reasonableness of those costs. This report is not to be used for any other purpose.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Board of the Zone or the City. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose. The procedures performed are summarized as follows:

- A. We reviewed certain schedules and supporting invoices submitted by the Developer in substantiation of the costs to be reimbursed. Our review included all documentation supporting items, amounts, and proof of payment for which reimbursement was requested. In addition, we reviewed all agreements provided to us relative to the reimbursement request.
- B. We verified the mathematical accuracy of engineering invoices on a test basis.

- C. We reviewed the computation of certain costs, looking for any amounts required to be paid 100% by the Developer, in accordance with the Owner Reimbursement Agreement.
- D. We prepared a schedule to calculate interest at the interest rate of the Zone's Owner Reimbursement Agreement.
- E. We prepared a reimbursement report for the benefit of the Zone, including the accountant's report and schedule of amounts reimbursable to the Developer, and have compared the amounts for approved costs with the actual reimbursable costs to complete the project.

The attached Schedules A through D, titled "Schedule of Construction, Engineering and Related Costs Reimbursable to Meadow Ridge Farm, LP (Developer)", set forth their reimbursable costs for each section. This reimbursement is in accordance with the terms and conditions of the Owner Reimbursement Agreement dated December 17, 2010 between the Zone and the Developer. Section 5.02 provides for reimbursement of Additional Required Infrastructure, including North and South Gateway Blvd.

Section 4.03 of the Agreement states that the City is responsible for payment of professional services, transportation consultants, and design and engineering services for the Gateway Bridge in an amount not to exceed three million dollars. The City Attorney states the monies expended for this project are to be reimbursed to each of the parties from collected tax revenue once realized in the separate Tax Increment Fund. The order of priority is to reimburse TXDOT for any monies expended towards the project, then the City, and then lastly Meadow Ridge Farm, LP.

Section 6.03 of the Agreement for Owner Advances states that any monies received by the City from third party sources for the TIRZ improvements, including TXDOT and government grants, shall be used first to fund obligations of the Owner hereunder for such TIRZ improvements and thereafter to reimburse Owner for any outstanding Owner Advances, when due.

The Developer originally submitted a schedule for reimbursement totaling \$28,434,160.12 which did not include Developer interest. We have revised the reimbursable amount to \$44,249,226.98, including interest of \$16,164,709.60. Interest was calculated at 12% in accordance with the Owner Reimbursement Agreement through March 31, 2018. The following changes were made to the Developer's original schedule:

1. We re-calculated interest in accordance with the Owner Reimbursement Agreement dated December 17, 2010. In that agreement, the interest rate is to be 12% simple interest. We used 365 days to calculate interest through March 31, 2018. Those calculations resulted in an increase of \$16,164,709.60.

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2. We removed a duplicate listing for engineering for South Spine Road, resulting in a decrease of \$56,850.00
3. We adjusted the Developer schedule for proof of payment not submitted for Parkway Bridge, resulting in a decrease of \$25,325.00. That amount may be reimbursable in the future after submittal and review.
4. We adjusted the Developer schedule for proof of payment not submitted for South Spine Road, resulting in a decrease of \$213,274.10. That amount may be reimbursable in the future after submittal and review.
5. The total for North Spine Road was adjusted to the actual invoices submitted, resulting in a decrease of \$54,193.64.

Schedule E compares the actual reimbursable costs due the Developer with submitted additional costs in accordance with the Owner Reimbursement Agreement.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the aforementioned reimbursable costs. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Board of Directors and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited. This report should not be associated with the presentation of any financial data of the City or the Zone except to comply with filing requirements as required by the respective agreements.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

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**REINVESTMENT ZONE NUMBER ONE**  
**CITY OF FORNEY, TEXAS**  
SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS  
REIMBURSABLE TO MEADOW RIDGE FARM, LP (DEVELOPER)  
APRIL 12, 2018

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

<u>DESCRIPTION</u>	<u>TOTAL REIMBURSABLE COST</u>
<b>BRIDGE ENGINEERING AND CONSTRUCTION</b>	
<b>City of Forney, Texas</b>	
Advance for Construction of Gateway Bridge and Professional Services	
Amount Paid by Developer	\$ 11,080,383.00
<b>USA Professional Services Group, Inc.</b>	
Engineering - Construction of Gateway Bridge	
Amount Paid by Developer	304,489.50
<b>Klotz and Associates</b>	
Design of Gateway Bridge	
Amount Paid by Developer	683,650.00
<b>Berg Oliver Associates</b>	
Environmental Study - Gateway Bridge	
Amount Paid by Developer	7,558.75
<b>Alpha Testing</b>	
Geotech and Material Testing for Gateway Bridge	
Amount Paid by Developer	68,000.00
<b>Haydon - NB of Arizona</b>	
Ditch/Box Culvert for Gateway Bridge	
Amount Paid by Developer	<u>128,800.00</u>
<b>TOTAL AMOUNT REIMBURSABLE TO MEADOW RIDGE FARM, LP AS OF MARCH 31, 2018</b>	<u>\$ 12,272,881.25</u>

\* Interest rate in accordance with the Owner Reimbursement Agreement Dated December 17, 2010

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<u>INTEREST ACCRUED AT 12%*</u>	<u>TOTAL REIMBURSABLE</u>
\$ 8,279,044.63	\$ 19,359,427.63
255,394.45	559,883.95
530,338.81	1,213,988.81
8,302.61	15,861.36
53,127.19	121,127.19
<u>82,149.70</u>	<u>210,949.70</u>
<u>\$ 9,208,357.39</u>	<u>\$ 21,481,238.64</u>



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<u>DESCRIPTION</u>	<u>TOTAL REIMBURSABLE COST</u>
<b>NORTH SPINE ROAD - NORTH GATEWAY BLVD.</b>	
<b>City of Forney, Texas</b>	
Advance for Construction of Gateway North and Professional Services	
Amount Paid by Developer	\$ 2,297,838.00
<b>Precision Management</b>	
Construction - Box Culverts and Inlets, Road Work North Gateway Blvd.	
Amount Paid by Developer	262,989.76
<b>Turtlecreek Landscaping</b>	
Landscaping North Gateway Blvd.	
Amount Paid by Developer	272,679.64
<b>USA Professional Services Group, Inc.</b>	
Engineering - Roads North Gateway Blvd.	
Amount Paid by Developer	611,828.30
<b>Alpha Testing</b>	
Soil and Pavement Testing North Gateway Blvd.	
Amount Paid by Developer	76,203.70
<b>Enviro Design</b>	
Landscape Design North Gateway Blvd.	
Amount Paid by Developer	8,002.13

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<u>INTEREST ACCRUED AT 12%*</u>	<u>TOTAL REIMBURSABLE</u>
\$ 1,927,917.56	\$ 4,225,755.56
127,904.79	390,894.55
75,234.17	347,913.81
591,695.19	1,203,523.49
37,630.84	113,834.54
3,399.02	11,401.15

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<u>DESCRIPTION</u>	<u>TOTAL REIMBURSABLE COST</u>
<b>FCS Construction</b>	
Mass Grading and Spine Road North Gateway Blvd.	
Amount Paid by Developer	\$ 478,746.08
<b>High Point Water Supply</b>	
Water to Irrigate Median	
Amount Paid by Developer	67,030.92
<b>Meade Servicing Group</b>	
Erosion Control North Gateway Blvd.	
Amount Paid by Developer	18,860.50
<b>Lacy Construction</b>	
Paving - Phase 2 and 3 North Gateway Blvd.	
Amount Paid by Developer	2,579,824.34
<b>Metroplex Pavement Markings</b>	
Speed Limit Signs North Gateway Blvd.	
Amount Paid by Developer	<u>3,160.00</u>
<b>TOTAL AMOUNT REIMBURSABLE TO MEADOW RIDGE FARM, LP AS OF MARCH 31, 2018</b>	<u>\$ 6,677,163.37</u>

\* Interest rate in accordance with the Owner Reimbursement Agreement Dated December 17, 2010

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<u>INTEREST ACCRUED AT 12%*</u>	<u>TOTAL REIMBURSABLE</u>
\$ 244,270.41	723,016.49
13,585.87	80,616.79
7,695.08	26,555.58
1,154,329.25	3,734,153.59
<u>1,100.20</u>	<u>4,260.20</u>
<u>\$ 4,184,762.38</u>	<u>\$ 10,861,925.75</u>

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DESCRIPTION	TOTAL REIMBURSABLE COST
<b>SOUTH SPINE ROAD - SOUTH GATEWAY BLVD.</b>	
<b>FCS Construction, LLC</b>	
Construction of South Gateway Blvd.	
Amount Paid by Developer	\$ 502,364.15
<b>USA Professional Services Group, Inc.</b>	
Engineering - Construction of South Gateway Blvd.	
Amount Paid by Developer	639,133.40
<b>City of Forney, Texas for</b>	
<b>USA Professional Services Group, Inc.</b>	
Engineering - Construction of South Gateway Blvd.	
Amount Paid by Developer	115,749.49
<b>JBI Partners</b>	
Drainage Study, Preliminary Platting, Engineering South Gateway Blvd.	
Amount Paid by Developer	279,760.63
<b>Kodiak Trenching and Boring, LLC</b>	
Drainage and Storm Sewer South Gateway Blvd.	
Amount Paid by Developer	1,858,045.16
<b>Mario Sinacola &amp; Sons Excavating, Inc.</b>	
Paving and Turn Lanes South Gateway Blvd.	
Amount Paid by Developer	2,816,563.63

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<u>INTEREST ACCRUED AT 12%*</u>	<u>TOTAL REIMBURSABLE</u>
\$ 135,682.75	638,046.90
206,996.43	846,129.83
47,163.45	162,912.94
88,134.38	367,895.01
450,636.54	2,308,681.70
579,255.46	3,395,819.09

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DESCRIPTION	TOTAL REIMBURSABLE COST
<b>SMR Landscape Architects, Inc.</b> Landscaping Plans - South Gateway Blvd.	
Amount Paid by Developer	\$ 108,320.00
<b>Turtlecreek Landscape Services, Inc.</b> Landscaping - South Gateway Blvd.	
Amount Paid by Developer	135,173.20
<b>Alpha Testing, Inc.</b> Paving and Soil Testing for South Gateway Blvd.	
Amount Paid by Developer	58,463.13
<b>PCI Utilities, LLC</b> Install Light Poles South Gateway Blvd.	
Amount Paid by Developer	137,765.00
<b>A T &amp; T</b> Lowering Fiber Line South Gateway Blvd.	
Amount Paid by Developer	<u>78,995.42</u>
<b>TOTAL AMOUNT REIMBURSABLE TO MEADOW RIDGE FARM, LP AS OF MARCH 31, 2018</b>	<u>\$ 6,730,333.21</u>

\* Interest rate in accordance with the Owner Reimbursement Agreement Dated December 17, 2010

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<u>INTEREST ACCRUED AT 12%*</u>	<u>TOTAL REIMBURSABLE</u>
\$ 23,584.31	131,904.31
21,352.72	156,525.92
12,053.68	70,516.81
21,649.86	159,414.86
<u>21,825.39</u>	<u>100,820.81</u>
<u>\$ 1,608,334.97</u>	<u>\$ 8,338,668.18</u>



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DESCRIPTION	TOTAL REIMBURSABLE COST
<b>WATER AND SEWER - NORTH SIDE</b>	
<b>Precision Management</b>	
Storm Sewer and Water Main Construction North Side	
Amount Paid by Developer	\$ 1,883,230.80
<b>USA Professional Services Group, Inc.</b>	
Engineering - Design of Water System North Side	
Amount Paid by Developer	77,290.00
<b>Ferguson Water Works</b>	
Install Auto Flush Valves North Side	
Amount Paid by Developer	6,420.00
<b>High Point Water Supply</b>	
Flush Water Main and Valves North Side	
Amount Paid by Developer	27,631.50
<b>High Point Water Supply</b>	
Forney Pump Station #2 North Side	
Amount Paid by Developer	400,188.00

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<u>INTEREST ACCRUED AT 12%*</u>	<u>TOTAL REIMBURSABLE</u>
\$ 1,015,072.68	\$ 2,898,303.48
63,234.10	140,524.10
2,279.54	8,699.54
9,376.00	37,007.50
68,284.13	468,472.13

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<u>DESCRIPTION</u>	<u>TOTAL REIMBURSABLE COST</u>
<b>Alpha Testing</b>	
Water Main Construction North Side	
Amount Paid by Developer	\$ 9,379.25
<b>TOTAL AMOUNT REIMBURSABLE TO MEADOW RIDGE FARM, LP AS OF MARCH 31, 2018</b>	<u>\$ 2,404,139.55</u>

\* Interest rate in accordance with the Owner Reimbursement Agreement Dated December 17, 2010

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<u>INTEREST ACCRUED AT 12%*</u>	<u>TOTAL REIMBURSABLE</u>
<u>\$ 5,008.40</u>	<u>\$ 14,387.65</u>
<u>\$ 1,163,254.85</u>	<u>\$ 3,567,394.40</u>

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**REINVESTMENT ZONE NUMBER ONE**  
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SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS  
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APRIL 12, 2018

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
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DESCRIPTION	ESTIMATED COST SUMMARY*	REIMBURSABLE TO MEADOW RIDGE FARM, LP AS OF MARCH 31, 2018
Addition to Original Agreement:		
Bridge Engineering and Construction	\$ 12,298,206	\$ 12,272,881
North Gateway Blvd.	6,731,357	6,677,163
South Gateway Blvd.	7,000,457	6,730,333
Water and Sewer - North Side	2,404,139	2,404,139
Developer Interest		16,164,710
	<u>\$ 28,434,159</u>	<u>\$ 44,249,226</u>

\*Additional Costs per the Owner Reimbursement Agreement Dated December 17, 2010

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ESTIMATED ADDITIONAL COST TO COMPLETE	TOTAL ACTUAL COSTS TO DATE AND ESTIMATED ADDITIONAL COST TO COMPLETE	ACTUAL OVER (UNDER) ESTIMATE	% VARIANCE OVER (UNDER) ESTIMATE
\$ 25,325	\$ 12,298,206	\$ -	0%
	6,677,163	(54,194)	-1%
213,274	6,943,607	(56,850)	-1%
	2,404,139	-	0%
	16,164,710	16,164,710	100%
<u>\$ 238,599</u>	<u>\$ 44,487,825</u>	<u>\$ 16,053,666</u>	