

SRA Strategic Realty Advisors, LLC

Executive Summary

Gentlemen,

September 27, 2016

In January of 2015, my client Scott Sherr placed under contract 587 acres along HWY 35 in Salado, Texas aka Robertson Plantation for development of residential homes as well as a commercial section fronting IH 35. We worked extensively with the seller and achieved some very good results. However, we were unable to receive the assistance from the city of Salado we needed regarding utilities and water to the site. We subsequently terminated the purchase. Below please find a description the meeting we had with Kim Foust of the city of Salado.

Keith Dalton of Kemosabe Development Company, and Robert Anthony President of KDW (residential development company), Scott Scherr attorney and buyer, along with Robert Young the buyer's agent met with Kim Foust the city of Salado's city manager at the city offices at 1pm January 29, 2015. We meet at city hall to discuss the city plans to bring water and sewer services to the tract that my client was acquiring for development. Mrs. Foust on the phone had been very helpful and willing to set up a meeting with us to facilitate the purchase and development of the tract.

However, upon our arrival and the commencement of the meeting that changed very quickly. Mr. Dalton and Mr. Anthony have an enormous amount of experience in residential home building and development in the state of Texas. Unfortunately, their experience with the city of Salado and its representative

jointly or individually. We began the discussion talking about the city and asking questions regarding the time line for water and sewer for the city and surrounding area. After several minutes of discussions the consensus was the water solution would take a great deal of time and money to make it to the Robertson tract.

The best solution at hand was a MUD (Municipal Utility District). Mrs. Foust vehemently objected the moment the idea was presented. The participants were taken aback and decided to explain their thinking and why it would be a win for both the developer and the city. Mrs. Foust again interrupted the two men and with a louder more aggressive tone said that "they would not allow a MUD in Salado". The conversation spiraled down from here. At one point Mr. Anthony asked if he could explain what a MUD was and how the city would benefit from the cost savings since the developer would be paying for the construction of the facility. At this point Mrs. Foust crossed her arms and said that she was not going to discuss a MUD for Salado as she was not going to allow that to happen.

At this point she left the meeting and called the mayor talking on the phone in a doorway adjacent to the main hall in which we were meeting. The discussion lasted approximately 3 or 4 minutes. When she returned she thanked us for our time and we stood and shook her hand and left the meeting.

Thank you,
Robert Young