

OFFICIAL STATEMENT

Dated March 16, 2023

Ratings:
S&P: "AA+"
Moody's: "Aa2"
(see "Other Information – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on certain corporations.

THE CERTIFICATES HAVE NOT BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

\$10,980,000

CITY OF CORINTH, TEXAS

(Denton County)

COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

Dated Date: Date of Delivery

Due: February 15, as shown on page 2

Interest to Accrue From Date of Delivery

PAYMENT TERMS . . . Interest on the \$10,980,000 City of Corinth, Texas Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the "Certificates"), will accrue from their date of delivery and will be payable on February 15, 2024 and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Zions Bancorporation, National Association dba Amegy Bank Division, Houston, Texas (see "The Certificates - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and constitute direct obligations of the City of Corinth, Texas (the "City"), payable from the levy and collection of a direct and continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and from a limited pledge of the surplus net revenues (not to exceed \$1,000) of the City's waterworks and sewer system, as provided in the ordinance authorizing the Certificates (see "The Certificates - Authority for Issuance of the Certificates" and "The Certificates – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage and including acquiring land and interests in land therefor; (ii) constructing and equipping municipal drainage improvements, including flood control and flood mitigation improvements and acquiring land therefor; (iii) constructing, acquiring, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system; (iv) constructing, acquiring and equipping municipal park improvements; and (v) paying legal, fiscal, engineering and architectural fees in connection with such projects and paying costs of issuance of the Certificates.

CUSIP PREFIX: 21885A

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Certificates will be available for delivery through the facilities of DTC on or about April 13, 2023.

MATURITY SCHEDULE

\$10,980,000 CITY OF CORINTH, TEXAS
COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

Principal Amount	Maturity (Feb. 15)	Interest Rate	Price or Yield	CUSIP Suffix ⁽¹⁾
\$ 180,000	2024	5.000%	2.910%	QF3
360,000	2025	5.000%	2.860%	QG1
375,000	2026	5.000%	2.850%	QH9
395,000	2027	5.000%	2.740%	QJ5
415,000	2028	5.000%	2.660%	QK2
435,000	2029	5.000%	2.670%	QL0
460,000	2030	5.000%	2.680%	QM8
480,000	2031	5.000%	2.700%	QN6
505,000	2032	5.000%	2.720%	QP1
535,000	2033	5.000%	2.730% ⁽²⁾	QQ9

\$1,150,000 5.000% Term Certificates due February 15, 2035, priced to yield 2.930%⁽²⁾, CUSIP Suffix: Q85
\$1,255,000 4.000% Term Certificates due February 15, 2037, priced to yield 3.650%⁽²⁾, CUSIP Suffix: QU0
\$1,360,000 4.000% Term Certificates due February 15, 2039, priced to yield 3.800%⁽²⁾, CUSIP Suffix: QW6
\$1,475,000 4.000% Term Certificates due February 15, 2041, priced to yield 3.950%⁽²⁾, CUSIP Suffix: QY2
\$1,600,000 4.000% Term Certificates due February 15, 2043, priced to yield 4.050%, CUSIP Suffix: RA3

(Interest to accrue from Date of Delivery)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. None of the City, the Initial Purchaser or the Financial Advisor are responsible for the selection or accuracy of the CUSIP numbers set forth above.
- (2) Yield shown is yield to first call date, February 15, 2032.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “The Certificates – Optional Redemption”).

MANDATORY REDEMPTION . . . The Certificates maturing on February 15 in the years 2035, 2037, 2039, 2041 and 2043 (the “Term Certificates”) are subject to mandatory sinking fund redemption as described herein (see “The Certificates – Mandatory Sinking Fund Redemption”).

No dealer, broker, salesman or other person has been authorized by the City to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

This Official Statement, which includes the cover pages, and the appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

The prices and other terms respecting the offering and sale of the Certificates may be changed from time to time by the Initial Purchaser after the Certificates are released for sale, and the Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Certificates into investment accounts.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE CERTIFICATES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE COVER PAGES CONTAIN CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND ARE NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SEC AND, CONSEQUENTLY, HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY ITS FINANCIAL ADVISOR OR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC") OR ITS BOOK-ENTRY- ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without this entire Official Statement.

- THE CITY**..... The City of Corinth is a political subdivision and home rule municipal corporation of the State of Texas, located in Denton County, Texas. The City covers approximately 7.8 square miles (see "Introduction - Description of the City").
- THE CERTIFICATES** The Certificates are issued as \$10,980,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the "Certificates"). The Certificates are issued as serial Certificates maturing on February 15 in the years 2024 through 2033 and as Term Certificates maturing on February 15 in the years 2035, 2037, 2038, 2041 and 2043 (the "Term Certificates") (see "The Certificates – Description of the Certificates").
- PAYMENT OF INTEREST** Interest on the Certificates accrues from their date of delivery and is payable February 15, 2024, and on each August 15 and February 15 thereafter until maturity or prior redemption (see "The Certificates – Description of the Certificates").
- AUTHORITY FOR ISSUANCE** The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and the ordinance authorizing the issuance of the Certificates adopted by the City Council of the City (see "The Certificates - Authority for Issuance of the Certificates").
- SECURITY FOR THE CERTIFICATES** The Certificates constitute direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and from a limited pledge of the surplus net revenues (not to exceed \$1,000) of the City's waterworks and sewer system (see "The Certificates – Security and Source of Payment" and "The Certificates – Tax Rate Limitation").
- OPTIONAL REDEMPTION** The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Certificates – Optional Redemption"). Additionally, the Term Certificates are subject to mandatory sinking fund redemption as more particularly described herein (see "The Certificates – Mandatory Sinking Fund Redemption").
- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "Tax Matters" herein, including the alternative minimum tax on certain corporations.
- USE OF PROCEEDS** Proceeds from the sale of the Certificates will be used for (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage and including acquiring land and interests in land therefor; (ii) constructing and equipping municipal drainage improvements, including flood control and flood mitigation improvements and acquiring land therefor; (iii) constructing, acquiring, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system; (iv) constructing, acquiring and equipping municipal park improvements; and (v) paying legal, fiscal, engineering and architectural fees in connection with such projects and paying costs of issuance of the Certificates.
- RATINGS** The Certificates and the presently outstanding tax-supported debt of the City are rated "AA+" Standard & Poor's Ratings Services, a Standard & Poor's Financial Service LLC business ("S&P") and "Aa2" by Moody's Investor Service, Inc. ("Moody's"), without regard to credit enhancement (see "Other Information - Ratings").
- BOOK-ENTRY-ONLY SYSTEM** The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co.,

which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "The Certificates - Book-Entry-Only System").

PAYMENT RECORD The City has never defaulted in payment of its general obligation tax debt.

PAYING AGENT/REGISTRAR

FOR THE OBLIGATIONS Zions Bancorporation, National Association dba Amegy Bank Division, Houston, Texas.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt ⁽³⁾	Per Capita G. O. Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2019	21,320	\$ 2,159,281,283	\$101,280	\$ 48,625,000	2,281	2.25%	99.90%
2020	22,634	2,346,130,738	103,655	46,250,000	2,043	1.97%	99.76%
2021	22,690	2,526,311,833	111,340	58,215,000	2,566	2.30%	98.94%
2022	22,265	2,596,485,450	116,617	59,085,000	2,654	2.28%	99.52%
2023	22,265	2,972,673,992	133,513	66,465,000 ⁽⁴⁾	2,985 ⁽⁴⁾	2.24% ⁽⁴⁾	80.86% ⁽⁵⁾

(1) Source: City Officials

(2) As reported by the Denton Central Appraisal District on the City's annual State property tax reports; subject to change during the ensuing year.

(3) Includes self-supporting debt.

(4) Projected, subject to change. Includes the Certificates. Preliminary, subject to change.

(5) Collections as of January 31, 2023.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

For Fiscal Year Ended September 30,

	2022	2021	2020	2019	2018
Beginning Balance	\$ 4,358,095	\$ 6,421,876	\$ 5,085,271	\$ 5,436,005	\$ 5,438,806
Total Revenue	20,697,072	18,674,759	18,493,281	17,208,756	16,283,510
Total Expenditures	19,493,067	20,441,563	16,786,814	16,594,956	15,921,440
Net Transfers	(380,801)	(296,977)	(369,862)	(964,534)	(207,958)
Prior Period Adjustments	-	-	-	-	(156,913)
Ending Balance	<u>\$ 5,181,299</u>	<u>\$ 4,358,095</u>	<u>\$ 6,421,876</u>	<u>\$ 5,085,271</u>	<u>\$ 5,436,005</u>

For additional information regarding the City, please contact:

Lee Ann Bunselmeyer
 Director of Finance
 City of Corinth
 3300 Corinth Parkway
 Corinth, Texas 76208
 (940) 498-3280

Or

Marti Shew
 Managing Director
 Hilltop Securities Inc.
 717 North Harwood, Suite 3400
 Dallas, Texas 75201
 (214) 953-4000

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Bill Heidemann Mayor	8 years	May 2023	Retired
Sam Burke Mayor Pro-Tem	7 years	May 2024	Attorney
Scott Garber Councilmember	8 years	May 2023	Small Business Owner
Steve Holzwarth Councilmember	2.33 years	May 2024	Real Estate
Tina Henderson Councilmember	5 Years	May 2024	Chamber of Commerce
Kelly Pickens Councilmember	4 Years	May 2023	Retired

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service to City</u>
Scott Campbell	City Manager	4 mths
Lee Ann Bunselmeyer	Director of Finance, Communications & Strategic Services	16.5 Years
Lana Wylie	City Secretary	3.66 Years

CONSULTANTS AND ADVISORS

Auditors Eide Bailly
Abilene, Texas

Bond Counsel McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor.....Hilltop Securities Inc.
Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

\$10,980,000

CITY OF CORINTH, TEXAS

**COMBINATION TAX AND LIMITED SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$10,980,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance"), adopted on the date of sale of the Certificates which authorized the issuance of the Certificates.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City of Corinth, Texas (the "City") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1960, and adopted its Home Rule Charter on May 6, 1999. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers' terms expiring in odd-numbered years and the other terms of the three Councilmembers expiring in even-numbered years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, parks and recreation, public improvements, planning and zoning, and general administrative services. The 2020 Census population for the City was 22,634, while the estimated 2023 population is 22,265. The City covers approximately 7.8 square miles.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated as of the Date of Delivery, and mature on February 15 in each of the years and in the amounts shown on page 2. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will accrue from their date of initial delivery and is payable February 15, 2024, and on each August 15 and February 15 thereafter until maturity or redemption prior to maturity. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein.

Interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Certificates will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under "The Certificates - Book-Entry-Only System" herein. If the date for any payment on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES . . . The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City payable from an annual direct and continuing ad valorem tax levied against all taxable property within the City, within the limits prescribed by law (see "The Certificates - Tax Rate Limitation"). The Certificates are additionally secured by a lien on and limited pledge of the surplus net revenues (not to exceed \$1,000) of the City's combined waterworks and sewer system (the "System") remaining after payment of

all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the City's revenue obligations (now or hereafter outstanding), which are payable from all or part of said revenues, as provided in the Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service for obligations payable from annual ad valorem property taxes, as calculated at the time of issuance. Also, see “Tax Information – General Obligation Debt Limitation.”

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Mandatory Sinking Fund Redemption . . . The Certificates maturing on February 15 in the years 2035, 2037, 2038, 2041 and 2043 (the “Term Certificates”) are subject to mandatory sinking fund redemption in the amounts and at the price of par plus accrued interest to the redemption date on February 15 in the following years:

Certificate Maturing February 15, 2035		Certificate Maturing February 15, 2037		Certificate Maturing February 15, 2038	
Year	Amount	Year	Amount	Year	Amount
2034	\$ 560,000	2036	\$ 615,000	2038	\$ 665,000
2035 *	590,000	2037 *	640,000	2039 *	695,000

QY2 Certificate Maturing February 15, 2041		RA3 Certificate Maturing February 15, 2043	
Year	Amount	Year	Amount
2040	725,000	2042	785,000
2041 *	750,000	2043 *	815,000

* Maturity.

The principal amount of Term Certificates required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

NOTICE OF REDEMPTION AND OTHER NOTICES . . . Not less than 30 days prior to a redemption date for the Certificates, the City will cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. Any notice of redemption so mailed will be conclusively presumed to have been duly given irrespective of whether received by the owner of a Certificate. If such notice of redemption is given and if due provision for such payment is made and all other conditions to redemption are satisfied, all as provided above and as further described in the following paragraph, the Certificates or portions thereof which are to be so redeemed thereby automatically will be treated as redeemed prior to their scheduled maturities, and they will not bear interest after the date fixed for redemption, and they will not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Certificates and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Certificates have not been redeemed.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption relating to the Certificates, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates within a maturity to be redeemed will not be governed by the Certificate Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "The Certificates - Book-Entry-Only System" herein.)

AMENDMENTS . . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any holder for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

The Ordinance further provides that the holders of the Certificates aggregating a majority in principal amount of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Certificates so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Certificates; (ii) reducing the rate of interest borne by any of the outstanding Certificates; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates of such series, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

DEFESANCE. . . The Ordinance provides for the defeasance of the Certificates when the payment of the principal on the Certificates, plus interest on the Certificates to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that the term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to

reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Initial Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The City and the Initial Purchaser cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to herein as "Participants". DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificate certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificate certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Initial Purchaser take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Initial Purchaser.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System is discontinued by DTC with respect to the Certificates, or the use of the Book-Entry-Only System with respect to the Certificates is discontinued by the City, printed Certificates will be issued to the DTC Participants or the holder, as the case may be, and such Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "The Certificates - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is Zions Bancorporation, National Association dba Amegy Bank Division, Houston, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar with respect to the Certificates. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying

Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Certificates will be printed and delivered to the registered owners thereof and thereafter may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date, provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate. See "The Certificates - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

REMEDIES . . . The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Certificates, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous language." Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the covenants in the Certificates or in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151 through .160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities under certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to restrict the waiver of immunity when a city performs a proprietary function.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, holders of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

See "The Certificates - Book-Entry-Only System" herein for a description of the duties of DTC with regard to ownership of the Certificates. Initially, the only registered owner of the Certificates will be Cede & Co., as DTC's nominee.

SOURCES AND USES OF CERTIFICATE PROCEEDS . . . Proceeds from the sale of the Certificates are expected to be expended as follows:

Sources of Funds	
Par Amount	\$ 10,980,000.00
Reoffering Premium	729,286.05
Total Sources of Proceeds	<u>\$ 11,709,286.05</u>
Uses of Funds	
Deposit to Project Construction Fund	\$ 11,500,000.00
Costs of Issuance	135,404.92
Underwriter's Discount	73,881.13
Total Uses of Proceeds	<u>\$ 11,709,286.05</u>

COVID - 19

INFECTIOUS DISEASE OUTBREAK – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. The City has not experienced any decrease in property values or unusual tax delinquencies as a result of COVID-19; however the City cannot predict the long- term economic effect of COVID- 19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

The City can make no representation or give any assurance regarding the short or long-term impact that the outbreak of COVID-19 may have on the City or its finances.

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Denton Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "TAX INFORMATION – City and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each city in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See “TAX INFORMATION – Tax Abatement Policy” for descriptions of the City’s tax abatement program.

For a discussion of how the various exemptions described above are applied by the City, see “TAX INFORMATION – City Application of Property Tax Code” herein.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “Tax Information – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate.”

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its “voter-approval tax rate” using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred. The Governor declared a state of disaster for all counties in Texas on March 13, 2020 (see “COVID-19”).

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

THE CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City does grant an exemption to the market value of the residence homestead of persons 65 years of age or older of \$20,000; the disabled under the age of 65 are granted an exemption of \$20,000;

The City has not granted an additional exemption of 20% of the market value of residence homesteads.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and Denton County collects taxes for the City.

The City does not permit split payments of taxes, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City adopted a tax abatement policy in December 2015.

TAX ABATEMENT REINVESTMENT ZONE . . . The City currently has two agreements in place. DATCU planned to expend at least \$12,000,000 in Real Property Improvements in the newly created Reinvestment Zone number 14-1. The agreement took effect on April 3, 2014. The Tax Increment Reinvestment Zone Number One (TIRZ 1) was extended by City Council on June 7, 2018 by Ordinance No. 18-06-07-18. The extension is set to expire on April 3, 2024 in accordance with the Ordinance. The economic development incentive for the Denton Area Teachers Credit Union, the abatement, expired January 1, 2022.

On September 5, 2019 the City Council approved Ordinance 19-09-05-32 creating Tax Increment Reinvestment Zone Number Two (TIRZ 2). The agreement took effect immediately and is set to terminate on December 31, 2055.

On March 18, 2021 the City Council adopted Ordinance No. 21-03-18-07 creating Tax Increment Reinvestment Zone Number Three (TIRZ 3) which covers approximately 319 acres of undeveloped land. This property was removed from TIRZ 2 and set up as TIRZ 3. The agreement took effect immediately and is set to terminate on December 31, 2055.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2022/2023 Market Valuation Established by Denton County Appraisal District (excludes totally exempt property)		\$ 3,266,514,776
Less Exemptions/Reductions at 100% Market Value:		
Homestead Cap Adjustment	\$ 192,211,755	
Over 65	31,439,829	
Disabled Persons	780,000	
Disabled Veterans Exemptions	33,081,382	
Pollution Control	102,848	
Member of Armed Services Surviving Spouse	796,961	
Agricultural Land Use Reductions	<u>35,428,009</u>	<u>293,840,784</u>
2022/2023 Taxable Assessed Valuation		<u>\$ 2,972,673,992</u>
General Obligation Debt Payable from Ad Valorem Taxes (as of 1/15/2023)	\$ 59,085,000	
The Certificates	<u>10,980,000</u>	\$ 70,065,000
Less: Self-Supporting Debt ⁽¹⁾	\$ 10,826,884	
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 59,238,116
General Obligation Interest and Sinking Fund (as of 1/1/2023)		\$ 958,271
Ratio of Net General Obligation Tax Debt to Taxable Assessed Valuation		1.99%

2023 Estimated Population - 22,265
Per Capita Taxable Assessed Valuation - \$133,513
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$2,661

(1) General obligation debt in the amounts shown for which repayment is provided from revenues of the City's waterworks and sewer system. It is the City's current policy to pay such self-supporting debt from such revenue source; provided, however, that this policy is subject to change in the future. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2023		2022		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,618,706,173	80.17%	\$ 2,152,423,404	79.53%	\$ 1,995,114,120	77.17%
Real, Residential, Multi-Family	121,854,585	3.73%	108,388,063	4.00%	130,743,627	5.06%
Real, Vacant Lots/Tracts	81,802,309	2.50%	62,774,499	2.32%	74,569,629	2.88%
Real, Acreage (Land Only)	35,826,968	1.10%	28,612,440	1.06%	24,814,647	0.96%
Real, Farm and Ranch Improvements	34,802,630	1.07%	14,858,806	0.55%	13,923,615	0.54%
Real, Commercial and Industrial	257,601,367	7.89%	232,531,257	8.59%	246,485,466	9.53%
Oil and Gas	293,120	0.01%	817,540	0.03%	485,306	0.02%
Real and Tangible Personal, Utilities	39,912,789	1.22%	40,205,518	1.49%	34,409,348	1.33%
Tangible Personal, Business	37,645,759	1.15%	36,827,982	1.36%	34,930,984	1.35%
Tangible Personal, Other	78,482	0.00%	81,177	0.00%	84,159	0.00%
Real Inventory	11,783,050	0.36%	6,923,165	0.26%	7,237,851	0.28%
Special Inventory	26,207,544	0.80%	22,104,361	0.82%	22,508,542	0.87%
Total Appraised Value Before Exemptions	\$ 3,266,514,776	100.00%	\$ 2,706,548,212	100.00%	\$ 2,585,307,294	100.00%
Less: Total Exemptions/Reductions	293,840,784		110,062,762		114,195,406	
Adjustments	-		-		55,199,945	
Taxable Assessed Value	<u>\$ 2,972,673,992</u>		<u>\$ 2,596,485,450</u>		<u>\$ 2,526,311,833</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2020		2019	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,933,172,196	77.97%	\$ 1,796,512,874	79.51%
Real, Residential, Multi-Family	77,565,178	3.13%	57,346,333	2.54%
Real, Vacant Lots/Tracts	69,260,941	2.79%	65,471,243	2.90%
Real, Acreage (Land Only)	27,029,820	1.09%	25,833,035	1.14%
Real, Farm and Ranch Improvements	15,708,247	0.63%	16,378,370	0.72%
Real, Commercial and Industrial	237,071,251	9.56%	182,989,811	8.10%
Oil and Gas	517,970	0.02%	849,160	0.04%
Real and Tangible Personal, Utilities	31,805,576	1.28%	38,266,545	1.69%
Tangible Personal, Business	49,106,449	1.98%	40,670,674	1.80%
Tangible Personal, Other	55,901	0.00%	57,375	0.00%
Real Inventory	12,178,958	0.49%	15,135,073	0.67%
Special Inventory	25,843,385	1.04%	20,085,487	0.89%
Total Appraised Value Before Exemptions	\$ 2,479,315,872	100.00%	\$ 2,259,595,980	100.00%
Less: Total Exemptions/Reductions	102,859,907		100,314,697	
Adjustments	(30,325,227)		-	
Taxable Assessed Value	<u>\$ 2,346,130,738</u>		<u>\$ 2,159,281,283</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2019	21,320	\$ 2,159,281,283	\$ 101,280	\$ 48,625,000	2.25%	\$ 2,281
2020	22,634	2,346,130,738	103,655	46,250,000	1.97%	2,043
2021	22,690	2,471,111,888	108,908	58,215,000	2.36%	2,566
2022	22,265	2,596,485,450	116,617	59,085,000	2.28%	2,654
2023	22,265	2,972,673,992	133,513	66,465,000 ⁽⁴⁾	2.24% ⁽⁴⁾	2,985 ⁽⁴⁾

(1) Source: City officials.

(2) As reported by the Appraisal District on City's annual State Property Tax Reports filed with the Comptroller of Public Accounts; subject to change during the ensuing year.

(3) Includes self-supporting debt.

(4) Projected, subject to change. Includes the Certificates and self-supporting debt.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Calculated Tax Levy	% Current Collections	% Total Collections
2019	\$ 0.53000	\$ 0.42711	\$ 0.10289	\$ 11,487,858	99.75%	99.90%
2020	0.54500	0.43211	0.11289	12,930,801	99.64%	99.76%
2021	0.57817	0.43923	0.13894	14,109,671	99.30%	99.53%
2022	0.56700	0.42700	0.14000	14,638,847	99.52%	99.52%
2023	0.54000	0.40200	0.13800	15,964,279	80.86% ⁽¹⁾	80.86% ⁽¹⁾

(1) Collections as of January 31, 2023.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2022/23 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oxford 2181 Inc	Apartments	\$ 39,461,662	1.33%
Millenium Place LP	Apartments	31,003,859	1.04%
Boulevard 2010 LLC	Apartments	30,310,024	1.02%
Denton County Electric CoOp	Electric Utility	27,794,542	0.94%
Oncor Electric Delivery Co	Electric Utility	17,600,626	0.59%
Meritage Homes of Texas LLC	Real Estate	16,944,404	0.57%
Tower Ridge Corinth I, Ltd	Real Estate	16,900,000	0.57%
Lelege Long Lake LP	Real Estate	15,073,653	0.51%
DATCU	Bank	13,400,000	0.45%
Kensington Square LP PS	Business Park	12,612,464	0.42%
		<u>\$ 221,101,234</u>	<u>7.44%</u>

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law (see "The Certificates - Tax Rate Limitation").

TABLE 6 – TAX ADEQUACY ⁽¹⁾

2023 Net Principal and Interest Requirements.....	\$ 4,231,025
\$ 0.1438 Tax Rate at 99% collection produces.....	\$ 4,231,958
Average Annual Net Principal and Interest Requirements, 2023-2043.....	\$ 3,707,776
\$ 0.1260 Tax Rate at 99% collection produces.....	\$ 3,708,114
Maximum Net Principal and Interest Requirements, 2025.....	\$ 5,067,703
\$ 0.1722 Tax Rate at 99% collection produces.....	\$ 5,067,755

(1) Excludes the self-supporting debt; includes the Certificates.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2022/23 Taxable Assessed Valuation	2022/23 Tax Rate	Total Tax Supported Debt as of 1/1/2023	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 1/1/2023	Authorized But Unissued Debt as of 1/1/2023
City of Corinth	\$ 2,972,673,992	\$ 0.5400	\$ 59,238,116 ⁽¹⁾	100.00%	\$ 59,238,116 ⁽¹⁾	\$ -
Denton County	149,854,372,945	0.2180	559,930,000	1.99%	11,142,607	659,690,625
Denton ISD	24,853,496,991	1.3450	1,268,695,283	5.30%	67,240,850	-
Lake Dallas ISD	2,550,886,507	1.4429	141,513,624	46.31%	65,534,959	35,000,000
Total Direct and Overlapping Funded Debt.....					\$ 203,156,532	
Ration of Direct and Overlapping Funded Debt to Taxable Assessed Valuation.....					6.83%	
Per Capita Direct and Overlapping Funded Debt.....					\$ 9,124	

(1) Excludes self-supporting debt, includes the Certificates.

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DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service ⁽¹⁾			The Certificates ⁽²⁾			Less: Self- Supporting Debt ⁽³⁾	Net Tax Supported Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total			
2023	\$ 3,600,000	\$ 2,050,816	\$ 5,650,816	\$ -	\$ -	\$ -	\$ 1,419,791	\$ 4,231,025	
2024	3,760,000	1,888,798	5,648,798	180,000	654,367	834,367	1,421,178	5,061,987	
2025	3,925,000	1,731,966	5,656,966	360,000	474,100	834,100	1,423,363	5,067,703	
2026	4,085,000	1,563,548	5,648,548	375,000	455,725	830,725	1,419,951	5,059,322	
2027	4,280,000	1,372,491	5,652,491	395,000	436,475	831,475	1,421,800	5,062,166	29.92%
2028	2,865,000	1,203,766	4,068,766	415,000	416,225	831,225	583,545	4,316,446	
2029	2,995,000	1,073,891	4,068,891	435,000	394,975	829,975	583,567	4,315,299	
2030	3,125,000	950,804	4,075,804	460,000	372,600	832,600	583,724	4,324,680	
2031	3,230,000	838,341	4,068,341	480,000	349,100	829,100	583,058	4,314,383	
2032	3,345,000	730,279	4,075,279	505,000	324,475	829,475	583,910	4,320,844	55.40%
2033	3,450,000	624,315	4,074,315	535,000	298,475	833,475	583,731	4,324,059	
2034	3,555,000	521,006	4,076,006	560,000	271,100	831,100	584,853	4,322,253	
2035	3,660,000	412,568	4,072,568	590,000	242,350	832,350	583,930	4,320,988	
2036	3,775,000	299,051	4,074,051	615,000	215,300	830,300	583,944	4,320,407	
2037	2,755,000	204,359	2,959,359	640,000	190,200	830,200	470,735	3,318,824	84.14%
2038	2,460,000	134,314	2,594,314	665,000	164,100	829,100	357,974	3,065,440	
2039	2,520,000	67,502	2,587,502	695,000	136,900	831,900	356,504	3,062,898	
2040	1,140,000	22,036	1,162,036	725,000	108,500	833,500	-	1,995,536	
2041	560,000	5,435	565,435	750,000	79,000	829,000	-	1,394,435	
2042	-	-	-	785,000	48,300	833,300	-	833,300	98.84%
2043	-	-	-	815,000	16,300	831,300	-	831,300	100.00%
	<u>\$ 59,085,000</u>	<u>\$ 15,695,286</u>	<u>\$ 74,780,286</u>	<u>\$ 10,980,000</u>	<u>\$ 5,648,567</u>	<u>\$ 16,628,567</u>	<u>\$ 13,545,558</u>	<u>\$ 77,863,295</u>	

(1) "Outstanding Debt" does not include lease/purchase obligations.

(2) Average life of the Certificates – 12.004 years.

(3) General obligation debt in the amounts shown for which repayment is currently provided from the surplus net revenues of the City's waterworks and sewer system. It is the City's current policy to provide these payments from the respective revenue sources; provided this policy is subject to change in the future. In the event payment is not made from revenues, the City will be required to levy and collect an ad valorem tax sufficient to make such debt service payments.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Net Tax Obligation Debt Service Requirements, Fiscal Year Ending 9/30/23 ⁽¹⁾		\$ 4,231,025
Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/22	\$ 617,849	
Budgeted Interest and Sinking Fund Tax Levy Collection	4,102,290	\$ 4,720,139
Estimated Balance, Fiscal Year Ending 9/30/23		<u>\$ 489,114</u>

(1) Excludes self-supporting debt.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City has no authorized but unissued ad valorem tax bonds.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . After the issuance of the Certificates, the City does not anticipate the issuance of additional debt in calendar year 2023.

TABLE 11 – OTHER OBLIGATIONS

Lessee Activities

The City entered into various lease agreements as lessee for the use of buildings, machinery and equipment, and infrastructure. As of September 30, 2022, the value of the lease liability was \$2,481,120. The City is required to make monthly principal and interest payments ranging from \$213 to \$3,906 and annual principal and interest payments ranging from \$10,000 to \$97,287. The leases terminate ranging from October 2022 to November 2028. The lease liability was valued using a discount rate ranging from 0.25% to 6.63% as determined by the City’s management based on the City’s estimated incremental borrowing rate.

Lessor Activities

The City has accrued a receivable for one land lease and two infrastructure leases. The remaining receivable fro these leases was \$113,682 for the year ended September 30, 2022. Deferred inflows related to these leases were \$112,955 as of September 30, 2022. Interest revenue recognized on these leases was \$635 for the year ended September 30, 2022. Principal receipts of \$108,884 were recognized during the fiscal year. The interest rate on the leases ranged from 0.427% - .901%. Final receipt is expected in fiscal year 2024.

The annual requirements to retire lease obligations, including interest, as of September 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2023	\$ 824,473	\$ 59,283	\$ 883,756
2024	564,780	36,606	601,386
2025	466,014	22,163	488,177
2026	374,765	12,181	386,946
2027	124,342	4,927	129,269
2028-2029	126,746	2,493	129,239
Total	<u>\$ 2,481,120</u>	<u>\$ 137,653</u>	<u>\$ 2,618,773</u>

The annual requirements to retire notes payable, including interest, as of September 30, 2022 are as follows:.

Fiscal Year	Principal	Interest	Total Requirements
2023	\$ 132,872	\$ -	\$ 132,872
2024	256,008	58,495	314,503
2025	280,953	33,550	314,503
2026	284,352	30,151	314,503
2027	154,957	26,675	181,632
2028-2032	829,788	78,370	908,158
2033	177,558	4,075	181,633
Total	<u>\$ 2,116,488</u>	<u>\$ 231,316</u>	<u>\$ 2,347,804</u>

PENSION FUND

Plan Description – The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided - TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provision are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Members may work for more than on TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries currently receiving benefits)	104
Inactive employees entitled to but not yet receiving benefits	156
Active employees	158
	<u>418</u>

Contributions – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.45% and 15.03% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$1,950,232 and were equal to the required contributions.

Net Pension Liability - The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.65% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates of healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males

and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment of younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without and adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term
	Allocation	Expected Real Rate of Return
Global Public Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private equity	10.00%	10.00%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in net pension liability (asset):

Entity Wide	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(c)
Balance at 12/31/20	\$ 49,294,868	\$ 44,415,965	\$ 4,878,903
Changes for the year:			
Service cost	2,195,301	-	2,195,301
Interest	3,351,329	-	3,351,329
Change of benefit terms	-	-	-
Difference between expected and actual experience	257,440	-	257,440
Changes of assumptions	-	-	-
Contributions-employer	-	1,882,874	(1,882,874)
Contributions-employees	-	831,553	(831,553)
Net investment income	-	5,799,034	(5,799,034)
Benefit payments, including refunds of employee contributions	(1,486,392)	(1,486,392)	-
Administrative expense	-	(26,791)	26,791
Other changes	-	184	(184)
Net changes	<u>4,317,678</u>	<u>7,000,462</u>	<u>(2,682,784)</u>
Balance at 12/31/21	<u>\$ 53,612,546</u>	<u>\$ 51,416,427</u>	<u>\$ 2,196,119</u>

Primary Government	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(c)
Balance at 12/31/2020	\$ 48,760,188	\$ 43,937,739	\$ 4,822,449
Changes for the year:			
Service cost	2,165,892	-	2,165,892
Interest	3,306,433	-	3,306,433
Change of benefit terms	-	-	-
Difference between expected and actual experience	253,991	-	253,991
Changes of assumptions	-	-	-
Contributions-employer	-	1,857,650	(1,857,650)
Contributions-employees	-	820,413	(820,413)
Net investment income	-	5,721,193	(5,721,193)
Benefit payments, including refunds of employee contributions	(1,466,480)	(1,466,480)	-
Administrative expense	-	(18,770)	18,770
Other changes	-	1,580	(1,580)
Net changes	4,259,836	6,915,586	(2,655,750)
Balance at 12/31/21	<u>\$ 53,020,024</u>	<u>\$ 50,853,325</u>	<u>\$ 2,166,699</u>

CEDC	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(c)
Balance at 12/31/2020	\$ 534,680	\$ 478,226	\$ 56,454
Changes for the year:			
Service cost	29,409	-	29,409
Interest	44,896	-	44,896
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,449	-	3,449
Changes of assumptions	-	-	-
Contributions-employer	-	25,224	(25,224)
Contributions-employees	-	11,140	(11,140)
Net investment income	-	77,841	(77,841)
Benefit payments, including refunds of employee contributions	(19,912)	(19,912)	-
Administrative expense	-	(8,021)	8,021
Other changes	-	(1,396)	1,396
Net changes	57,842	84,876	(27,034)
Balance at 12/31/2021	<u>\$ 592,522</u>	<u>\$ 563,102</u>	<u>\$ 29,420</u>

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Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability/(Asset)	\$ 11,380,030	\$ 2,196,119	\$ (5,167,303)
Reported by Governmental Activities	9,951,183	1,920,380	(4,518,510)
Reported by Business-Type Activities	1,276,396	24,639	(579,570)
Reported by Component Unit, CEDC	152,451	29,420	(69,223)
	<u>\$ 11,380,030</u>	<u>\$ 1,974,439</u>	<u>\$ (5,167,303)</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of \$637,412.

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Entity-Wide</u>		<u>Primary Government</u>		<u>CEDC</u>	
	Deferred Outflows of Resources	Deferred inflows of Resources	Deferred Outflows of Resources	Deferred inflows of Resources	Deferred Outflows of Resources	Deferred inflows of Resources
Difference in expected and actual economic experience	\$ 205,093	\$ 192,248	\$ 202,346	\$ 189,673	\$ 2,747	\$ 2,575
Changes in actual assumptions	50,536	-	49,859	-	677	-
Difference between projected and actual investment earnings	-	2,957,928	-	2,928,087	-	29,841
Contributions subsequent to the measurement date	1,413,039	-	1,397,173	-	15,866	-
Total	<u>\$ 1,668,668</u>	<u>\$ 3,150,176</u>	<u>\$ 1,649,378</u>	<u>\$ 3,117,760</u>	<u>\$ 19,290</u>	<u>\$ 32,416</u>

\$1,413,039 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	<u>Entity-Wide</u>	<u>Primary Govt</u>	<u>CEDC</u>
2023	\$ (544,967)	\$ (539,509)	\$ (5,458)
2024	(1,221,022)	(1,208,792)	(12,230)
2025	(568,369)	(562,676)	(5,693)
2026	(560,189)	(554,578)	(5,611)
	<u>\$ (2,894,547)</u>	<u>\$ (2,865,555)</u>	<u>\$ (28,992)</u>

Other Post-Employment Benefits

Supplemental Death Benefits Fund

Plan Description - The City participates in a single employer, defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees.

Benefits Provided - The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. As the SDBF covers both active and retiree employees, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. Texas Local Government Code Section 177.001 assigns the authority to establish and amend benefit provisions to the City Council.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	30
Active employees	158
	<u>253</u>

Contributions - The City contributes to the SDBF at a contractually required rate. An annual actuarial valuation is performed, and contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The SDBF program is voluntary and employers can cease participation by adopting an ordinance before November 1 of any year to be effective the following January 1. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers. The City's contribution, which equaled the required contribution, was as follows for the year ended September 30:

	<u>2022</u>
Employer Rate	0.16%
Employer Contributions	\$ 20,125

Actuarial Assumptions - The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Discount rate	1.84%

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The Rates are projected on a fully generational basis with scale UMP.

Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2021 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. A discount rate of 1.84% was based on the 20-Year Municipal GO AA Index as of December 31, 2021.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At September 30, 2022, the City reported a total OPEB liability of \$565,895 measured at December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$71,069.

As of December 31, 2021, the discount rate used in the development of the total OPEB liability was 1.84% compared to 2.00% as of December 31, 2020.

Changes in the total OPEB liability for the measurement year ended December 31, 2021 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability		
	Entity-Wide	Primary Government	CEDC
Balance at December 31, 2020	\$ 510,714	\$ 505,220	\$ 5,494
Changes for the year:			
Service cost	41,578	41,096	482
Interest on total OPEB Liability	10,559	10,446	113
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(9,779)	(9,675)	(104)
Effect of assumption changes on inputs	19,951	19,822	129
Benefit payments*	(7,128)	(7,052)	(76)
Balance as of December 31, 2021	<u>\$ 565,895</u>	<u>\$ 559,857</u>	<u>\$ 6,038</u>

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Discount Rate Sensitivity Analysis - The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's total OPEB liability	\$ 712,764	\$ 565,895	\$ 455,455
Reported by Governmental Activities	622,123	493,931	397,535
Reported by Business-Type Activities	83,036	65,926	53,060
Reported by Component Unit, CEDC	7,605	6,038	4,860
	<u>\$ 712,764</u>	<u>\$ 565,895</u>	<u>\$ 455,455</u>

At December 31, 2021, the City reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Entity-Wide		Primary Government		CEDC	
	Deferred Outflows of Resources	Deferred inflows of Resources	Deferred Outflows of Resources	Deferred inflows of Resources	Deferred Outflows of Resources	Deferred inflows of Resources
Difference in expected and actual economic experience	\$ 10,155	\$ 48,560	\$ 10,047	\$ 48,042	\$ 108	\$ 518
Changes in actual assumptions	117,001	11,106	115,783	10,994	1,218	112
Contributions subsequent to the measurement date	15,042	-	14,882	-	160	-
Total	<u>\$ 142,198</u>	<u>\$ 59,666</u>	<u>\$ 140,712</u>	<u>\$ 59,036</u>	<u>\$ 1,486</u>	<u>\$ 630</u>

Deferred outflows of resources related to OPEB resulting from contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2023 in the amount of \$15,042. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ended			
September 30,	Entity-Wide	Primary Govt	CEDC
2023	\$ 18,932	\$ 18,884	\$ 48
2024	17,406	17,358	48
2025	14,700	14,652	48
2026	11,374	11,326	48
2027	4,578	4,530	48
Thereafter	500	468	32
	<u>\$ 67,490</u>	<u>\$ 67,218</u>	<u>\$ 272</u>

FINANCIAL INFORMATION

TABLE 12 - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
	2022	2021	2020	2019	2018
Revenues					
Program Revenues:					
Charges for Services	\$ 6,749,791	\$ 5,266,853	\$ 4,604,822	\$ 5,994,577	\$ 4,626,596
Operating Grants and Contributions	802,798	713,760	1,528,396	370,016	277,286
Capital Grants and Contributions	3,426,005	1,437,849	1,258,616	810,401	1,266,428
General Revenues:					
Property Taxes	14,683,023	14,134,421	12,974,859	11,514,505	10,587,532
Sales Taxes	3,091,696	2,743,610	2,635,407	2,463,471	2,370,316
Franchise Taxes	1,283,833	1,048,013	1,195,130	1,083,553	1,120,653
Hotel Occupancy Taxes	109,825	77,878	71,707	82,835	61,181
Vehicle Tax	42,361	577			
Investment Earnings	98,336	104,170	335,182	455,456	251,014
Gain (Loss) on Sale of Fixed Assets	(53,482)	199,726	54,204	-	94,205
Miscellaneous	40,314	23,831	10,436	(806)	57,042
Total Revenues	<u>\$ 30,274,500</u>	<u>\$ 25,750,688</u>	<u>\$ 24,668,759</u>	<u>\$ 22,774,008</u>	<u>\$ 20,712,253</u>
Expenditures					
Community Services	\$ 2,172,726	\$ 2,062,111	\$ 1,612,246	\$ 1,445,580	\$ 1,511,542
Public Works	5,273,963	4,076,489	4,425,877	2,915,701	1,595,297
City Administration	4,482,255	5,612,646	2,592,272	2,660,731	2,128,443
Finance and Administrative Services	1,192,590	987,844	1,105,611	1,026,613	886,880
Interest on Long-Term Debt	1,338,507	1,886,621	1,126,076	1,201,636	828,591
Planning and Community Development	864,967	1,041,345	1,229,618	1,169,750	1,034,510
Public Safety	12,229,945	12,059,685	11,917,879	13,272,969	12,945,976
Total Expenses	<u>\$ 27,554,953</u>	<u>\$ 27,726,741</u>	<u>\$ 24,009,579</u>	<u>\$ 23,692,980</u>	<u>\$ 20,931,239</u>
Increase (Decrease) in Net Assets Before Transfers	\$ 2,719,547	\$ (1,976,053)	\$ 659,180	\$ (918,972)	\$ (218,986)
Net Transfers	612,937	776,330	1,657,055	80,370	498,018
Increase (Decrease) in Net Assets	<u>\$ 3,332,484</u>	<u>\$ (1,199,723)</u>	<u>\$ 2,316,235</u>	<u>\$ (838,602)</u>	<u>\$ 279,032</u>
Net Assets - Beginning	41,186,098	42,385,821	40,069,586	40,908,188	40,954,292
Prior Period Adjustment	-	-	-	-	(325,136)
Net Assets - Ending	<u>\$ 44,518,582</u>	<u>\$ 41,186,098</u>	<u>\$ 42,385,821</u>	<u>\$ 40,069,586</u>	<u>\$ 40,908,188</u>

TABLE 12 -A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2022	2021	2020	2019	2018
Revenues:					
Property Taxes	\$ 11,079,621	\$ 10,620,141	\$ 10,276,726	\$ 9,321,877	\$ 8,407,599
Franchise Taxes	1,151,664	940,178	1,152,865	1,083,553	1,120,653
Sales Taxes	2,127,305	1,956,672	1,785,680	1,672,402	1,609,767
Fees and Permits	1,703,514	494,682	666,440	626,566	924,915
Fine and Forfeitures	592,629	598,444	495,146	600,875	722,634
Charges for Services	3,894,422	176,700	3,349,660	3,318,594	3,313,174
Interest Income	39,226	23,572	104,964	176,943	123,266
Park Donations	-	63,095	52,706	40,000	-
Miscellaneous	108,691	3,801,275	609,094	367,946	61,502
Total Revenues	\$ 20,697,072	\$ 18,674,759	\$ 18,493,281	\$ 17,208,756	\$ 16,283,510
Expenditures:					
Public Safety	\$ 11,231,452	\$ 11,005,110	\$ 10,452,489	\$ 10,007,429	\$ 9,965,972
Planning and Community Development	898,977	939,645	955,335	1,070,273	985,423
City Administration	3,707,774	5,069,966	2,070,073	2,363,858	1,957,650
Finance and Administrative Services	1,095,601	1,015,624	1,108,038	1,014,807	893,640
Public Works	798,836	807,577	775,592	724,949	751,837
Community Services	1,760,427	1,603,641	1,425,287	1,413,640	1,366,918
Total Expenditures	\$ 19,493,067	\$ 20,441,563	\$ 16,786,814	\$ 16,594,956	\$ 15,921,440
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 1,204,005	\$ (1,766,804)	\$ 1,706,467	\$ 613,800	\$ 362,070
Other Sources (Uses)	(380,801)	(296,977)	(369,862)	(964,544)	(207,958)
Other Miscellaneous Adjustments	-	-	-	10	-
Beginning Fund Balance	\$ 4,358,095	\$ 6,421,876	\$ 5,085,271	\$ 5,436,005	\$ 5,438,806
Prior Period Adjustment	-	-	-	-	(156,913)
Ending Fund Balance	\$ 5,181,299	\$ 4,358,095	\$ 6,421,876	\$ 5,085,271	\$ 5,436,005

TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. Voters of the City approved the imposition of an additional sales and use tax of half of one percent (1/2 of 1%) for economic development, an additional one-fourth of one percent (1/4 of 1%) for crime control and an additional one-fourth of one percent (1/4 of 1%) for street maintenance. The sales tax for economic development is collected solely for the benefit of the City's Economic Development Corporation.

Fiscal Year Ended 9/30	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽²⁾
2019	\$ 2,546,306	22.17%	\$ 0.1179	\$ 119.43
2020	2,707,114	20.94%	0.1154	119.60
2021	2,822,065	20.00%	0.1117	124.37
2022	3,156,230	21.53%	0.1216	141.76
2023	1,077,123 ⁽³⁾	6.75%	0.0362	#DIV/0!

- (1) Includes tax levied for Hotel Occupancy. Excludes the tax levied for the City's Economic Development Corporation.
- (2) Based on population estimates of the City.
- (3) Collections as of January 2023.

FINANCIAL POLICIES

Basis of Accounting . . . All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

The more significant revenues which are treated as susceptible to accrual under the modified accrual basis are property taxes, sales tax, intergovernmental revenues, charges for services, and interest. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

General Fund Balance . . . The City policy is to maintain surplus and unencumbered funds equal to at least 20% of expenditures in the General Fund. This allows the City to avoid interim borrowing pending tax receipts.

Use of Bond Proceeds, Grants, etc . . . The City's policy is to use bond proceeds, grants, or other non-recurring revenues for capital expenditures or other one-time purposes only. Such revenues are never to be used to fund on going City operations.

Budgetary Procedures . . . The fiscal year of the City is the twelve-month period beginning October 1. The departments submit to the City Administrator a budget of estimated expenditures for the ensuing fiscal year by the first of July. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 1. The City Council then holds a public hearing on the budget. The Council shall then make any changes in the budget as it deems advisable and shall adopt a budget prior to September 30.

The City prepares its annual budgets on a basis which substantially conforms to generally accepted accounting principles (GAAP basis).

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law, including particularly Texas Government Code, as amended, Chapter 2256 (the "PFIA"), in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under the PFIA, the City is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain

bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under the PFIA, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under the PFIA, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to

preclude investment transactions conducted between the City and the business organization that are not authorized by the Board's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

TABLE 14 - CURRENT INVESTMENTS

As of January 31, 2023, the City's investable funds were invested in the following categories:

Description	Percent of Portfolio	Market Value
U.S. Federal Agency Coupon	11.87%	\$ 7,500,000
U.S. Federal Agency Callable	18.99%	12,000,000
Managed Pools	37.76%	23,862,452
Bank/Checking	31.38%	19,830,069
Total	100.00%	\$ 63,192,521

TAX MATTERS

OPINION . . . On the date of initial delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") (1) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Certificates will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See Appendix C - Form of Bond Counsel's Opinion.

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Certificates and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Certificates to become includable in gross income retroactively to the date of issuance of the Certificates.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Certificates in order for interest on the Certificates to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Certificates to be included in gross income retroactively to the date of issuance of the Certificates. The opinion of Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Certificates.

A ruling was not sought from the Internal Revenue Service (the "Service") by the City with respect to the Certificates or the projects financed or refinanced with proceeds of the Certificates. No assurances can be given as to whether the Service will commence an audit of the Certificates, or as to whether the Service would agree with the opinion of Bond Counsel. If a Service audit is commenced, under current procedures the Service is likely to treat the City as the taxpayer and the holder of the Certificates may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Certificates (the "Original Issue Discount Certificates") may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year. In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE CERTIFICATES.

Interest on the Certificates may be includable in certain corporation's "adjusted financial statement income" determined section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Certificates, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Certificates, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such obligation; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of an obligation issued at an original issue discount, the "revised issue

price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates will be sent to each registered holder and to the Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Certificates under Federal or state law and could affect the market price or marketability of the Certificates. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Certificates. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Marketplace Access website ("EMMA"). The public may access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 14 and Appendix B. The City will update and provide the information in the numbered tables within six months after the end of each fiscal year ending in and after 2022. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2022. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

EVENT NOTICES . . . The City will provide notice in a timely manner not in excess of ten business days after the occurrence of the event of any of the following events with respect to the Certificates, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. As used above in event notice (12), the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the existing City Council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. (Neither the Certificates nor the Ordinance make any provision for debt service reserves, liquidity enhancement or credit enhancement).

In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

AVAILABILITY OF INFORMATION FROM MSRB . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Certificates and the presently outstanding tax-supported debt of the City is rated "AA+" by S&P and "Aa2" by Moody's, without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective view of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Certificates.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Certificates are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Texas Public Funds Investment Act, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL MATTERS

The City will furnish to the Initial Purchaser a complete transcripts of proceedings had incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinions of the Attorney General of Texas approving the Certificates and to the effect that the Certificates are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel, to like effect, and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein. Though it may represent the Financial Advisor and the Initial Purchaser from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates which would affect the provision made for their payment or security, or in any manner questioning the validity of said Certificates will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement to verify that such information conforms to the provisions of the Ordinance.

The legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER

After requesting competitive bids for the Certificates, the City accepted the bid of BOK Financial Securities, Inc. (the "Initial Purchaser") to purchase the Certificates at the interest rates shown on page 2 of this Official Statement at a price of \$11,635,404.92, which produces compensation to the Initial Purchaser in the amount of \$73,881.13. The Initial Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser. The initial yields shown on page 2 of this Official Statement will be established by and are the sole responsibility of the Initial Purchaser and may subsequently be changed at the sole discretion of the Initial Purchaser. The City has no control over the determination of the initial yields and has no control over the prices at which the Certificates are sold in the secondary market.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of payment for and delivery of the Certificates, the City will furnish the Initial Purchaser a certificate, executed by an authorized representative of the City, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Certificates and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Ordinance authorizing the issuance of the Certificates also approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Initial Purchaser.

BILL HEIDERMAN
Mayor
City of Corinth, Texas

ATTEST:

LANA WYLIE
City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

LOCATION AND HISTORY . . . The City of Corinth, Texas (the “City”) is a north central Texas city located in north Denton County on Interstate Highway 35, approximately 8 miles south of Denton, Texas and approximately 30 miles north of Dallas, Texas. The City is primarily a residential community. The City is a home rule municipality operating under Article XI, Section 5 of the Texas Constitution. The City was incorporated in 1960 and operates as a Council/Manager form of government.

The City is approximately 7.8 square miles in area and has 166 full time employees. The City has 7,180 single-family residences and contains approximately 90 miles of streets.

CITY SERVICES . . . The City provides the basic governmental services to the citizens such as police protection, fire protection, water and sewer and parks and recreation programs.

EDUCATION . . . The City is served by the Denton Independent School District and the Lake Dallas Independent School District. Secondary education is provided by North Central Texas College, located in Corinth, University of North Texas and Texas Woman’s University, approximately 10 miles away in Denton; in nearby Dallas (approximately 30 miles) is a choice of University of Texas at Dallas, University of Dallas, Southern Methodist University, Paul Quinn College, the Dallas County College District and in Fort Worth (approximately 45 miles) is the Tarrant County Junior College District, Texas Wesleyan University and Texas Christian University.

TRANSPORTATION . . . Interstate Highway 35 divides the City on a north/south axis and is the State’s major north-south freeway, south to Austin and San Antonio and north into Oklahoma.

RECREATION . . . The primary recreational facilities available to the residents of the City is the 184 acre park system that includes a 118 acre Community Park with eight football fields, six baseball fields, eight soccer fields, nine softball fields, a covered pavilion, a basketball court, walking and jogging trails, and a 19 acre nature area with fishing pond and boardwalk. The parks system also includes 13 neighborhood parks with playscapes and swing sets and 12.74 miles of walking and jogging trails that make up the remainder of the park system.

UTILITIES. . . Gas is provided by Atmos. Electric power was deregulated, OnCor owns the service lines, however citizens can choose any provider.

BUILDING PERMITS

Year Ended	Commercial		Residential		Grand Total
	Number	Value	Number	Value	
9/30					
2017	28	\$ 37,040,000	80	\$ 25,990,000	\$ 63,030,000
2018	5	2,948,000	239	36,772,000	39,720,000
2019	64	4,360,042	500	18,114,811	22,474,853
2020	54	32,627,485	573	18,782,638	51,410,123
2021	98	2,197,920	613	23,598,484	25,796,404
2022	15	46,369,428	778	27,924,618	74,294,046

MAJOR BUSINESSES

Major Businesses	Type of Business	Number of Employees
CoServ	Utility	500
North Central Texas College ⁽¹⁾	Education	275
Lake Dallas ISD ⁽¹⁾	Education	255
City of Corinth	Municipality	185
Denton ISD	Education	161
Bill Utter Ford	Auto Dealership	153
Denton Area Teachers Credit Union	Banking	127
Albertsons	Grocery	122
Metroplex Cabinets	Banking	100
Huffines Kia and Subaru	Auto Dealership	97

EMPLOYMENT

Employment statistics for Denton County are as follows:

Denton County	Average Annual				
	2022	2021	2020	2019	2018
Civilian Labor Force	553,460	528,401	508,668	497,471	479,070
Total Employed	536,147	505,287	475,991	482,704	463,617
Total Unemployed	17,313	23,114	32,677	14,767	15,453
Unemployment Rate	3.1%	4.4%	6.4%	3.0%	3.2%

Source: Texas Employment Commission, Austin, Texas.

APPENDIX B

EXCERPTS FROM THE

CITY OF CORINTH, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2021

The information contained in this Appendix consists of excerpts from the City of Corinth, Texas Annual Financial Report for the Year Ended September 30, 2021, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION