



Addison City Council Meeting

August 8, 2023

Addison Conference Centre

15650 Addison Road

Addison, Texas 75001

AMENDED: 8/9/2023 w/Attachments Listed in Section 4

Email comments may be submitted using the Public Comment Form located on Addison's website by 3:00 PM on the meeting day. The meeting will be live-streamed at www.addisontexas.net.

WORK SESSION

The Addison City Council will convene for a Work Session in the Council Chambers beginning at 5:30 PM.

1. **Pledge of Allegiance.** United States and Texas Flags

2. **Citizen Comments on the Consent Agenda Items.** This item allows citizens to speak on any item listed on the Consent Agenda prior to its consideration. Citizen comments are limited to three (3) minutes, unless otherwise required by law. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the beginning of this item.

3. **Council Member Clarification Requests Regarding Listed Agenda Items.**

4. **Council Questions and Answers.** This item includes questions regarding agenda items from City Council members that have been answered by staff, compiled in a report, and provided to the City Council and the public. Any handouts distributed at the meeting will also be linked below. **AMENDMENTS INCLUDE:**
City Council Questions and Answers
These items attached to the Agenda Items Listed Below:
WORKSHOP - Section 7(a): FY2024 Budget Update Presentation (8/8/2023 Addition) - 40 pages

WORKSHOP - Section 7(b): Amended Taste Addison 2023 Recap Presentation (8/8/2023) 11 pages

WORKSHOP - Section 7(b): Oktoberfest 2023 Preview Presentation - (7 pages)

COUNCIL MEETING - Section 5(b): Ordinance No. O23-36 - CO Bond Series 2023 (8/8/2023 Addition) - 44 Pages

COUNCIL MEETING - Section 5(c): Ordinance No. O23-37 - GO Bond Series 2023 (8/8/2023 Addition) - 44 Pages

COUNCIL MEETING - Section 5(b) & 5(c) Sales Book Report - Hilltop Securities (8/8/2023 Addition) - 86 Pages

6. **Closed Meeting.** The Addison City Council will enter a Closed Meeting pursuant to Texas Government Code Sections 551-071 through 090 to discuss the following item(s):
 - a. Section 551.071(2) Consultation with the City Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.
 - Contract Negotiations Related to the Keller Springs Road Project.
 - b. Section 551.074 (a) (1) Personnel Matters to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
 - City Secretary Recruitment Process.
 - c. Section 551.076 (1) Deliberations Regarding Security Devices to discuss the deployment, or specific occasions for implementation, of security personnel or devices.
 - Addison Oktoberfest.
7. **Open Meeting.** In accordance with Texas Government Code Chapter 551, the Addison City Council will reconvene in an Open Meeting to consider action, if any, on the matters discussed in the Closed Meeting.
8. **Work Session Reports**
 - a. Discussion of the Fiscal Year 2024 Budget.

- b. Present and discuss a Taste Addison 2023 Recap and Oktoberfest 2023 Preview.

COUNCIL MEETING

The Addison City Council will convene for a Council Meeting beginning at 7:30 PM in the Council Chambers.

1. Proclamations / Presentations

- a. City Manager's Announcements
- b. Employee Recognition

2. **Public Comment.** The City Council invites citizens to address the City Council on any matter, including items on the agenda, except public hearings that are included on the agenda. Comments related to Public Hearings will be heard when the specific hearing starts. Citizen comments are limited to three (3) minutes, unless otherwise required by law. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the Public Comment item on the agenda. The Council is not permitted to take any action or discuss any item not listed on the agenda. The Council may choose to place the item on a future agenda.

3. **Consent Agenda.** All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.

- a. Consider action on the Minutes from July 25, 2023 City Council Meeting.

4. Public Hearings.

- a. Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) for property located at 16601 Addison Road, Suite 106, that is currently zoned Planned Development (PD), through Ordinance No. O83-043, to allow a restaurant with the sale of alcoholic beverages for on-premises consumption. Case 1882-SUP/16601 Addison Road, Suite 106 (Soulful Street Bites).
- b. Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) for property located at 4851 Keller Springs Road, Suite 203, that is currently zoned Planned Development (PD), through Ordinance No. O85-006, to allow an educational institution. Case 1887-SUP/4851 Keller Springs Road, Suite 203 (Vital Skills Training Center).

5. **Items for Individual Consideration.**

- a. Present, discuss, and consider action on an Ordinance authorizing the City Manager to execute contracts for vehicle purchases.
- b. Present, discuss, and consider action on an Ordinance providing for the issuance of Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023; levying a tax in payment thereof; prescribing the form of said certificates; approving and awarding the sale of the certificates; authorizing the execution and delivery of a paying agent/registrar agreement; approving the official statement; and enacting provisions incident and relating to the subject and purposes of this Ordinance.
- c. Present, discuss, and consider action on an Ordinance authorizing the issuance of Town of Addison, Texas, General Obligation Bonds, Series 2023; awarding the sale thereof; levying a tax, and providing for the security for and payment of said Bonds; authorizing the execution and delivery of a paying agent/registrar agreement; approving the official statement; enacting other provisions relating to the subject; and declaring an effective date.

6. **Items of Community Interest.** The City Council will have this opportunity to address items of community interest, including: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition; a reminder about an upcoming event organized or sponsored by the Town of Addison; information regarding a social, ceremonial, or

community event that was or will be attended by an Addison City Council member or an official; and, announcements involving an eminent threat to public health and safety in Addison that has arisen since posting this agenda.

7. **Adjourn Meeting.**

NOTE: The City Council reserves the right to meet in a Closed Meeting at any time during this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551. Any decision held on such matters will be conducted in an Open Meeting following the conclusion of the Closed Meeting.

THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES. PLEASE CALL (972) 450-7017 AT LEAST 48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.

Posted by: Irma Parker

Date posted: 8/3/2023 Online @ 7:30 PM

Date posted on the Bulletin Board: 8/4/2023 @ 10:00AM

Date removed from bulletin board: _____

Removed by: _____

City Council

4.

Meeting Date: 08/08/2023

Department: General Services

AGENDA CAPTION:

Council Questions and Answers. This item includes questions regarding agenda items from City Council members that have been answered by staff, compiled in a report, and provided to the City Council and the public. Any handouts distributed at the meeting will also be linked below. **AMENDMENTS INCLUDE:**

City Council Questions and Answers

These items attached to the Agenda Items Listed Below:

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COUNCIL MEETING - Section 5(b) & 5(c) Sales Book Report - Hilltop Securities (8/8/2023 Addition) - 86 Pages

BACKGROUND:

Attached please find the Council Questions and Answers document for this meeting and any additional supplemental documents provided at the meeting.

RECOMMENDATION:

Information only. No action required.

Attachments

Questions/Answers 8/8/2023 Meeting



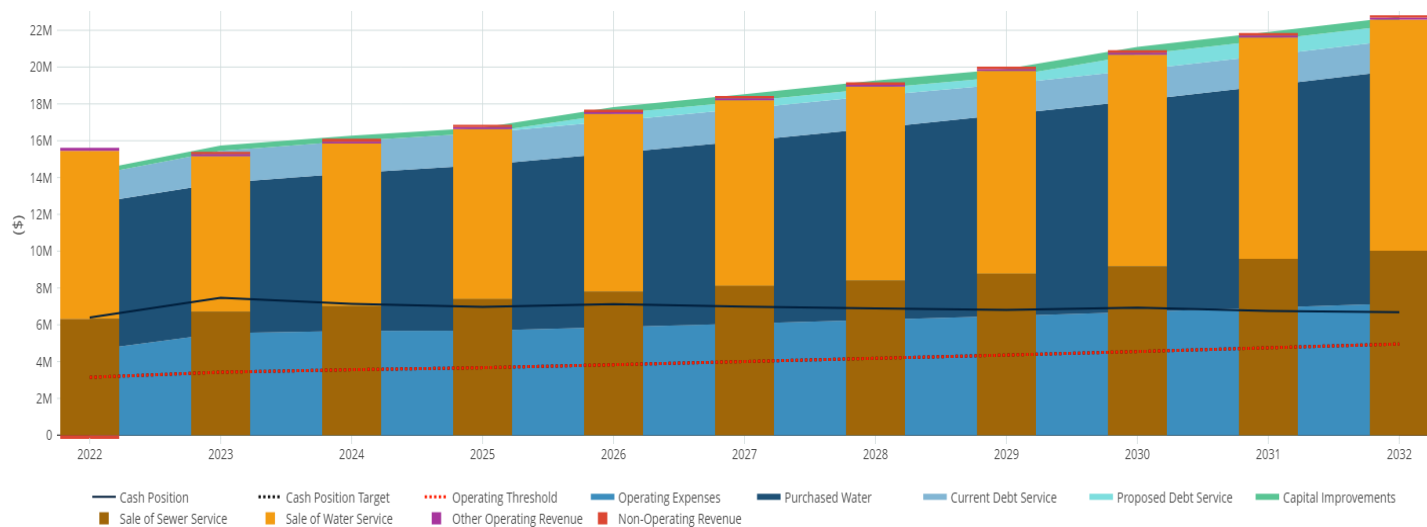
Answers to Council Questions – August 8, 2023

Work Session

Item # 7.a: Discussion of the Fiscal Year 2024 Budget.

Question 1: Can staff please share a Utility Fund Forecast with a constant 4.5% increase in water/sewer rates for the upcoming budget year and thereafter with no other changes to the assumptions?

Response:



Public Hearings

Item # 4.a: Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) for property located at 16601 Addison Road, Suite 106, that is currently zoned Planned Development (PD), through Ordinance No. O83-043, to allow a restaurant with the sale of alcoholic beverages for on-premises consumption. Case 1882-SUP/16601 Addison Road, Suite 106 (Soulful Street Bites).

Question 1: Is the Applicant currently occupying Suite 106 or Suite 110, or both?

Response: The business, Soulful Street Bites, is currently occupying Suite 106. They had previously occupied Suite 110 but have recently relocated. They are no longer occupying Suite 110. Both the current and past occupancy is for takeout only. The proposed SUP would allow for onsite dining and alcohol sales.



Answers to Council Questions – August 8, 2023

Question 2: Is the location of the additional designated handicapped accessible space up to the property owner solely?

Response: The proposed SUP encumbers both the business owner and property owner. For an exterior improvement such as this, the property owner would typically complete the improvement. Staff has been working with property management, Christon Company, to determine the most appropriate place for an additional accessible space. They have agreed to make the recommended improvements to the fire lane and accessible parking.

Item # 4.b: Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) for property located at 4851 Keller Springs Road, Suite 203, that is currently zoned Planned Development (PD), through Ordinance No. O85-006, to allow an educational institution. Case 1887-SUP/4851 Keller Springs Road, Suite 203 (Vital Skills Training Center).

Question 1: What are the Town's requirements by ordinance/code relating to when/where dumpsters are required to be located on commercial sites, when dumpster screening/enclosures are required, and any specifications as to design, materials, etc.; any rules as to maintenance surrounding the dumpsters, etc.? If easier to direct to this information in the Town Code of Ordinances, etc., please do so.

Response: The subject property is zoned Planned Development, [Ordinance No. 085-006](#). The PD stipulates that *"All trash dumpsters be screened by a 6-foot-high solid screening wall, including doors for the screening area."*

For nonresidential zoning districts, the Zoning Ordinance specifies that refuse containers must be screened from all public rights of way, have a reinforced concrete pad and approach, and be of an aesthetic material (See [Article IX, Section 11](#)). The standards do not directly address the location on site, height, or material of the enclosures. Lack of maintenance of a dumpster enclosure would be a code enforcement issue.

Question 2: Upon a recent site visit, it was observed that the neighboring property (which looks very similar to subject property, but could be different owner, did not investigate) does have a partially enclosed dumpster; are doors required on dumpster at this neighboring site? Will doors be required on the dumpster screening at the subject site?

Response: The two properties referenced, 4801 Keller Springs Road and 4851 Keller Springs Road, have different ownership. When staff conducted a site visit to the subject property, we also identified two code violations on the adjacent property, 4801 Keller



Answers to Council Questions – August 8, 2023

Springs. A Notice of Violation has been issued to the property owner of 4801 Keller Springs Road for a speed bump within the fire lane and the dumpster enclosure missing doors, which are required on both properties.

Individual Consideration

Item # 5.a: Present, discuss, and consider action on an Ordinance authorizing the City Manager to execute contracts for vehicle purchases.

Question 1: Are there any specifics on limits of authority other than “budgeted vehicles”? There was mention in the Background section of a “...current.... \$50,000” limit, is that still effective with this new resolution or overridden by language of new resolution? How/why was a period of three (3) years determined to be appropriate for this item?

Response: Under the proposed Ordinance, the City Manager would only be authorized to make ‘budgeted vehicle’ purchases exceeding \$50,000. The requirement to bring all other purchases exceeding \$50,000 forward for Council approval will remain in effect. A three-year period was chosen because it is anticipated that the market conditions will resolve in that time frame.

City Council

6. a.

Meeting Date: 08/08/2023

Department: Public Works

AGENDA CAPTION:

Section 551.071(2) Consultation with the City Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

- Contract Negotiations Related to the Keller Springs Road Project.

BACKGROUND:

Staff will give updates on the negotiations.

RECOMMENDATION:

Information only. No action required.

City Council

6. b.

Meeting Date: 08/08/2023

Department: General Services

AGENDA CAPTION:

Section 551.074 (a) (1) Personnel Matters to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.

- City Secretary Recruitment Process.

BACKGROUND:

Staff will discuss the upcoming City Secretary recruitment process with the Council.

RECOMMENDATION:

Information only. No action required.

City Council

6. c.

Meeting Date: 08/08/2023

Department: General Services

AGENDA CAPTION:

Section 551.076 (1) Deliberations Regarding Security Devices to discuss the deployment, or specific occasions for implementation, of security personnel or devices.

- Addison Oktoberfest.

BACKGROUND:

Staff will discuss security for Addison Oktoberfest.

RECOMMENDATION:

Information only. No action required.

City Council

8. a.

Meeting Date: 08/08/2023

Department: Finance

Pillars: Gold Standard in Financial Health

Milestones: Continue development and implementation of Long Term Financial Plan

AGENDA CAPTION:

Discussion of the Fiscal Year 2024 Budget.

BACKGROUND:

Staff will provide an update on the Fiscal Year 2024 Budget.

RECOMMENDATION:

Information only. No action necessary.

Attachments

Presentation - FY2024 Budget Update

FY2024 Budget Update

August 8, 2023

001

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Agenda

- ▶ Update on General Fund Decision Packages
- ▶ Development Services Budget Presentation
- ▶ Budget Workshop Update and Recap
 - ▶ Decision Packages
 - ▶ General Fund
 - ▶ Hotel Fund
 - ▶ Utility Fund
- ▶ Mormon Lane Lighting



Decision Packages

General Fund – Alternate - Recommended

Priority	Department	Program Title	FTEs	Recurring Costs	One-Time Costs	Revenue/ Cost Offset	Net Total Cost
1	Fire	Emergency Management Coord.	1.0	\$154,381			\$154,381
2	Police	Mental Health Wellness Program		\$30,000			\$30,000
3	Fire	AED 123 Monthly Inspections		\$18,000			\$18,000
4	Development Services	Building Inspector 3 rd Party Services		\$67,500		(\$31,147)	\$36,353
5	Development Services	Assistant Director of Development Services Position	1.0	\$157,592			\$157,592
6	Development Services	Code Enforcement Manager	1.0	\$132,429			\$132,429
7	Development Services	Code Enforcement Officer	1.0	\$109,974			\$109,974
8	General Services	Facility Attendant Position	0.5	\$28,777		(\$5,229)	\$23,548
9	City Manager's Office	Theatre Study			\$60,000		\$60,000
10	Parks	Spruill Dog Park Artificial Turf		\$29,102		(\$24,500)	\$4,602
		Total	4.5	\$727,755	\$60,000	(\$60,876)	\$726,879

Development Services

Department Presentation

Development Services Profile

Building Inspection

Reviews building plans, issues permits, registers contractors, conducts inspections and provides code information for new building construction, remodels, alterations, pools, fences, and signs.

Environmental Health

Monitors and conducts inspections on public-health and environmental related issues.

Code Enforcement

Investigates property maintenance concerns to protect the vitality and integrity of Addison by verifying that properties are kept safe and attractive.

Planning & Zoning

Oversees long-range land use planning and reviews platting, zoning, and other development requests to ensure that development and redevelopment are in compliance with Town standards.



Accomplishments FY2023

Planning and Zoning

- ▶ Managed rezoning of Addison Circle TOD and assisted with economic development agreement negotiations
- ▶ Facilitated community meeting on housing and redevelopment policy
- ▶ Issued RFQ for comprehensive plan
- ▶ Re-initiated UDC project and facilitated development review processes for various redevelopment and reuse projects

Building Inspections

- ▶ Completed permit review for JPI Addison Heights, Firehawk Aerospace and managed complex inspections processes for Addison Grove, Greenhill MSI building, Baumann office building, and various redevelopment and reuse projects
- ▶ Initiated 2021 code set update, to be adopted in October, 2023



Accomplishments FY2023 (Continued)

Environmental Health

- ▶ Supported new restaurant openings and continued to implement inspection program for 200+ existing restaurants
- ▶ Provided all health inspection services for Town events and private events on Town property
- ▶ Sandra Long appointed to the Environmental Health Science and Protection Accreditation Council (EHAC)

Code Enforcement

- ▶ Initiated code updates to be considered concurrently with adoption of the 2021 property maintenance code
- ▶ Worked with neighborhoods and commercial businesses to address recurring compliance issues (yard waste bags, high weeds, trash, etc.)



Objectives FY2024

- ▶ Complete Unified Development Code update & implementation tasks
- ▶ Substantially complete Comprehensive Plan Update
- ▶ Complete all TOD Phase I Entitlements and manage pre-construction process
- ▶ Procure and implement new permit management software
- ▶ Establish neighborhood services program and reorganize department
 - ▶ Create rental inspections program
 - ▶ Create neighborhood engagement program
 - ▶ Expand code enforcement program
 - ▶ Transition animal control to the department
- ▶ Workspace improvements



Assistant Director of Development Services Position

Decision Package

- ▶ Strategic leader to expand our code enforcement operations, create and implement rental inspection and community engagement programs, and transition of animal control to Development Services.
- ▶ Leadership support for Director – Development Services is the largest department without an Assistant Director position.
- ▶ Cost: \$157,592 (Recurring – General Fund)
\$9,900 (One-Time – Self-Funded Special Projects Fund)

Code Enforcement Manager Position

Decision Package

- ▶ This position is needed to expand our code enforcement program and to allow our department to be more proactive in our code enforcement approach.
- ▶ This position will be instrumental in developing and implementing a rental inspections program and will also support relationship building efforts with HOAs, business property owners, and multifamily property managers and community stakeholders.
- ▶ Management of the code enforcement program is currently shared by the Environmental Health and Planning managers.
- ▶ Cost: \$132,429 (Recurring – General Fund)
\$51,400 (One-Time – Self-Funded Special Projects Fund)

Code Enforcement Officer Position

Decision Package

- ▶ This position is needed to expand our code enforcement program and to allow our department to be more proactive in our code enforcement approach.
- ▶ This position will supplement existing enforcement efforts and will also allow us to implement a rental inspection program.
- ▶ Cost: \$109,974 (Recurring – General Fund)
\$49,900 (One-Time – Self-Funded Special Projects Fund)

Building Inspector Supplemental 3rd Party Services

Decision Package

- ▶ Since 2014, the Town has employed a retired building inspections professional as a part-time, on-call inspector. This part-time employee recently retired.
- ▶ The below funding will cover 30 business days of commercial inspections services at \$125 per address/building inspection and our average inspection rate of 18 inspections per day.
- ▶ Cost: \$36,353 (Recurring – General Fund)

Neighborhood Services Program Startup Funding

Decision Package

- ▶ This funding will serve as startup funding for developing and implementing a neighborhood services strategic plan, with more refined funding requests to be developed for future budget years as implementation of the plan takes shape.
- ▶ Key funding elements will include establishment of rental inspections and community engagement programs, and transition needs for animal control.
- ▶ Cost: \$60,000 (One-Time – Self-Funded Special Projects Fund)

Rental/Hotel Inspections Program Offsetting Revenues

- ▶ Typical annual registration fee for comparator cities:
 - ▶ Multifamily: \$250 per complex + \$13 per unit
 - ▶ Hotel: \$250 per hotel + \$13 per room
 - ▶ Single-Family: \$50 per property
- ▶ Projected Revenue: \$124,156 (Multifamily – 9,012 units*)
 \$57,789 (Hotel – 4,003 rooms)
 \$10,000 (Single-Family – 200 properties)

TOTAL = \$191,945

** Does not include housing currently under construction*

Unfunded Priorities



Neighborhood Services Specialist Position

Decision Package (Unfunded Priorities)

- ▶ This position would support implementation of a neighborhood and multifamily development engagement program.
- ▶ In the near-term, this need can be addressed by the Comprehensive Planning Manager. Future need for this position can be re-evaluated in future budget years.
- ▶ Cost: \$116,818 (Recurring – General Fund)
\$7,900 (One-Time – Self-Funded Special Projects Fund)

FY2024 Budget Workshop Recap and Update

017

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Decision Packages

Self-Funded Special Projects Fund - Recommended

018

Department	Program Title	FTEs	Recurring Costs	One-Time Costs	Total Cost
Fire	Emergency Management Coordinator			\$7,600	\$7,600
Fire	AED 123 Purchase			\$75,000	\$75,000
Fire	Two (2) Fire Administration Vehicles			\$120,000	\$120,000
Development Services	Assistant Director of Development Services			\$9,900	\$9,900
Development Services	Code Enforcement Manager			\$51,400	\$51,400
Development Services	Code Enforcement Officer			\$49,900	\$49,900
Development Services	Neighborhood Services Program Startup Funding			\$60,000	\$60,000
Parks	Parks Planned Asset Replacement			\$196,000	\$196,000
Parks	Addison Circle Park Vision Plan			\$205,000	\$205,000

Decision Packages

Self-Funded Special Projects Fund (Continued)

Department	Program Title	FTEs	Recurring Costs	One-Time Costs	Total Cost
Parks	Pickleball Court Shade Structure			\$217,000	\$217,000
Parks	Spruill Dog Park Artificial Turf			\$235,287	\$235,287
Parks	Public Art Installation			\$150,000	\$150,000
Parks	NTTA Pedestrian Crossing, Gateway & Landscape			\$156,000	\$156,000
Recreation	Recreation Van			\$98,274	\$98,274
Recreation	Addison Athletic Club (AAC) Building Improvements			\$57,000	\$57,000
Recreation	Addison Athletic Club (AAC) Outdoor Pool Renovation			\$339,743	\$339,743
	Total			\$2,028,104	\$2,028,104

Decision Packages

Streets Self-Funded Special Projects Fund

Department	Program Title	FTEs	Recurring Costs	One-Time Costs	Total Cost
Streets	Paver Replacements on Arapaho			\$300,000	\$300,000
Streets	Brick Paver Repairs in Vitruvian Area			\$105,000	\$105,000
	Total			\$405,000	\$405,000

020

Decision Packages

Enterprise Funds

021

Department	Program Title	FTEs	Recurring Costs	One-Time Costs	Revenue/ Cost Offset	Total Cost
Airport Fund	Airport Insurance Administrative Program		\$30,000			\$30,000
Stormwater Fund	Asphalt Trailer			\$75,000		\$75,000
Stormwater Fund	Hutton Branch Outfall Reconstruction			\$755,000		\$755,000
Stormwater Fund	Annual Stormwater Maintenance Plan		\$450,000			\$450,000
Stormwater Fund	Street Sweeper – Street Maintenance Worker Position	1.0	\$89,157	\$225,000	(\$90,000)	\$224,157
Stormwater Fund	GIS Analyst Position	0.5	\$49,062	\$1,000	(\$57,500)	(\$7,439)
Stormwater Fund	Public Works Superintendent Position	1.0	\$144,333	\$5,000		\$149,333

Decision Packages

Enterprise Funds (Continued)

Department	Program Title	FTEs	Recurring Costs	One-Time Costs	Revenue/ Cost Offset	Total Cost
Utility Fund	GIS Analyst Position	0.5	\$49,062	\$1,000	(\$57,500)	(\$7,439)
Utility Fund	New Utility Billing Customer Portal		\$20,000	\$10,000		\$30,000
Utility Fund	Contracted Utility Repairs		\$100,000			\$100,000
Utility Fund	Kellway Wet Well Structural Inspection			\$55,000		\$55,000
Utility Fund	Non-Destructive Testing of 24 Inch Water Transmission Main			\$110,000		\$110,000
	Total	3.0	\$931,613	\$1,237,000	(\$205,000)	\$1,963,613

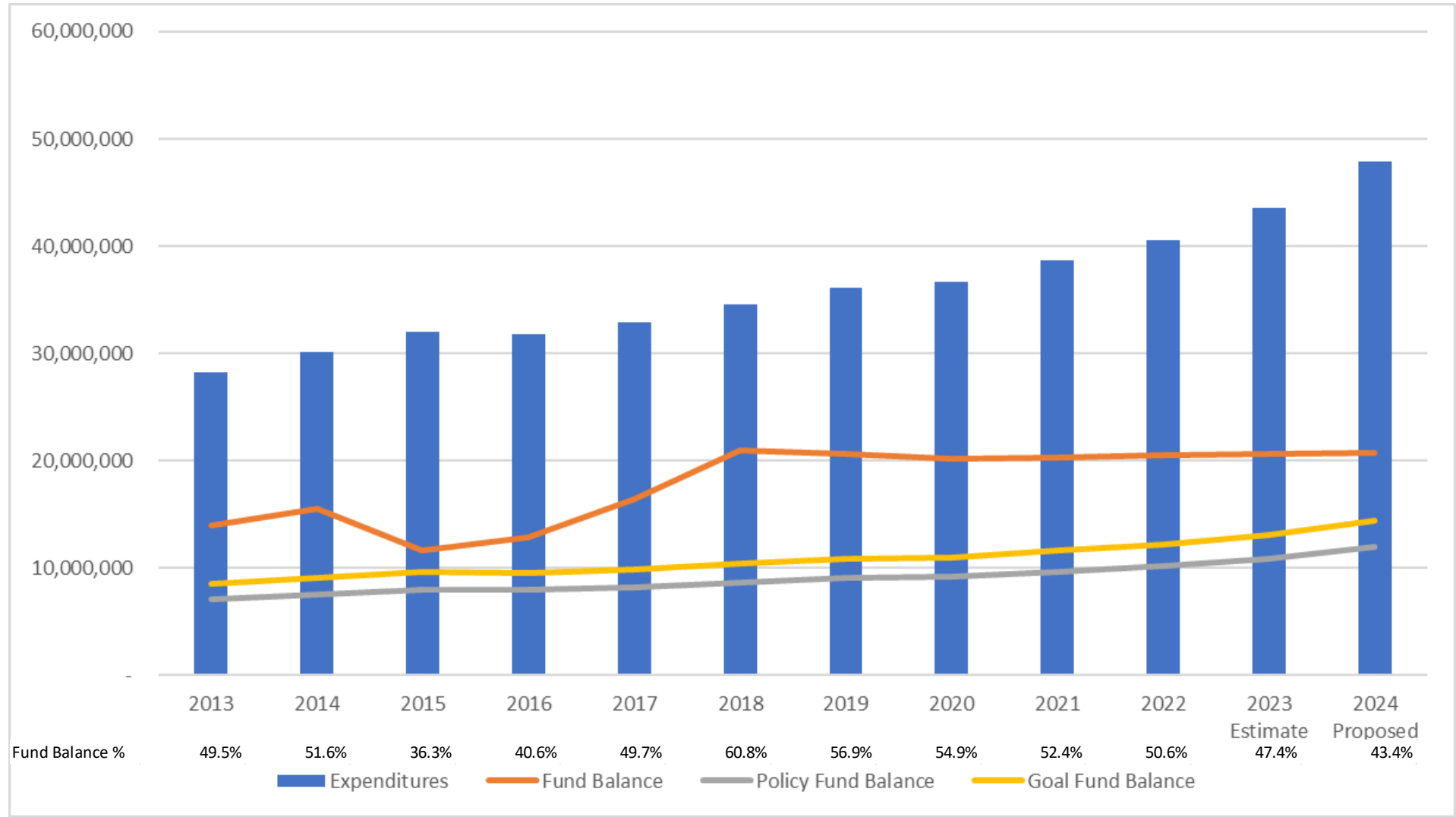
General Fund Revenue

	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
BEGINNING BALANCES	\$ 20,243,675	\$ 20,149,761	\$ 20,515,381	\$ 20,661,068
REVENUES:				
Ad valorem Taxes	\$ 20,454,052	\$ 22,409,394	\$ 22,409,394	\$ 24,800,254
Non-Property Taxes	17,347,888	15,625,000	16,750,000	16,300,000
Franchise Fees	2,078,651	2,155,000	2,184,536	2,060,000
Licenses and Permits	1,120,552	1,170,100	1,170,100	1,109,500
Service Fees	2,063,371	2,068,490	2,070,790	2,442,350
Fines and Penalties	301,404	245,000	330,000	330,000
Rental Income	8,300	8,000	8,000	8,600
Interest and Other Income	(679,979)	490,500	690,500	872,500
TOTAL OPERATIONAL REVENUE	\$ 42,694,239	\$ 44,171,484	\$ 45,613,320	\$ 47,923,204
TOTAL REVENUES	\$ 42,694,239	\$ 44,171,484	\$ 45,613,320	\$ 47,923,204
TOTAL AVAILABLE RESOURCES	\$ 62,937,914	\$ 64,321,245	\$ 66,128,701	\$ 68,584,272

General Fund Expenditures by Department

	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
EXPENDITURES:				
General Government:				
City Secretary	\$ 187,884	\$ 232,150	\$ 230,989	\$ 250,696
City Manager	1,246,441	1,309,782	1,253,444	1,198,568
Finance	1,742,329	1,861,940	1,856,272	2,032,835
General Services	1,271,406	1,108,609	1,124,433	1,589,012
Municipal Court	692,928	741,479	750,995	689,463
Human Resources	660,144	758,481	736,088	787,091
Information Technology	1,952,454	2,418,608	2,306,537	2,479,745
Combined Services	1,215,036	1,485,125	1,443,725	1,157,281
City Council	332,678	342,850	342,850	361,738
	<u>\$ 9,301,300</u>	<u>\$ 10,259,024</u>	<u>\$ 10,045,333</u>	<u>\$ 10,546,429</u>
Public Safety:				
Police	\$ 10,597,376	\$ 11,362,815	\$ 11,048,969	\$ 12,387,059
Emergency Communications	1,607,261	1,764,387	1,764,387	1,788,857
Fire	9,267,049	9,907,123	9,905,603	10,923,429
	<u>\$ 21,471,686</u>	<u>\$ 23,034,325</u>	<u>\$ 22,718,959</u>	<u>\$ 25,099,345</u>
Development Services				
	<u>\$ 1,643,483</u>	<u>\$ 1,982,282</u>	<u>\$ 1,933,153</u>	<u>\$ 2,749,768</u>
Streets				
	<u>\$ 2,047,734</u>	<u>\$ 2,236,000</u>	<u>\$ 2,372,000</u>	<u>\$ 2,279,100</u>
Parks and Recreation:				
Parks	\$ 4,607,087	\$ 4,751,045	\$ 4,666,281	\$ 5,177,295
Recreation	1,476,485	1,903,972	1,831,907	1,991,829
	<u>\$ 6,083,572</u>	<u>\$ 6,655,017</u>	<u>\$ 6,498,188</u>	<u>\$ 7,169,124</u>
Debt Service				
	<u>\$ 32,883</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATIONAL EXPENDITURES				
	<u>\$ 40,580,658</u>	<u>\$ 44,166,648</u>	<u>\$ 43,567,633</u>	<u>\$ 47,843,766</u>
Transfers to other funds				
	1,841,875	-	1,900,000	-
TOTAL EXPENDITURES				
	<u>\$ 42,422,533</u>	<u>\$ 44,166,648</u>	<u>\$ 45,467,633</u>	<u>\$ 47,843,766</u>
ENDING FUND BALANCES				
	<u>\$ 20,515,381</u>	<u>\$ 20,154,597</u>	<u>\$ 20,661,068</u>	<u>\$ 20,740,506</u>
Fund Balance Percentage				
	50.6%	45.6%	47.4%	43.4%

General Fund 10 Year Fund Balance History



025

Sales Tax Projection

- Additional sales tax information will be available on Wednesday, August 9th.
- That data may be used to adjust sales tax estimates and allow for:
 - Property tax rate reduction from the proposed property tax rate of \$0.609822 or;
 - Other programs or service enhancements

General Fund Grant Expenditures

	FY2024 Requested	FY2024 Proposed
Addison Arbor Foundation	\$65,000	\$50,000
Addison Arbor Foundation (matching funds)	-	15,000
Dallas Cat Lady	5,000	5,000
Dallas County MH&MR – Metrocare Services	10,000	2,500
Metrocrest Services*	82,650	82,650
Woven Health Clinic	8,000	5,000
Total General Fund	\$170,650	\$160,150

*Provided revised request of \$139,653



Metrocrest Services Payment History

Payment Type	Amount	Funding Source
Non-Profit Grant Funding	\$66,120.00	General Fund
CARES Act Resident Assistance	<u>\$126,484.27</u>	Grants Fund
Fiscal Year 2020 Total	<u><u>\$192,604.27</u></u>	

Payment Type	Amount	Funding Source
Non-Profit Grant Funding	\$66,120.00	General Fund
CARES Act Resident Assistance	\$54,450.18	Grants Fund
Resident Assistance	<u>\$68,352.09</u>	General Fund
Fiscal Year 2021 Total	<u><u>\$188,922.27</u></u>	



Metrocrest Services Payment History

Payment Type	Amount	Funding Source
Non-Profit Grant Funding	\$66,120.00	General Fund
Metrocrest Gala Table	\$1,000.00	General Fund
Resident Assistance	\$14,506.59	General Fund
Capital Campaign	\$60,000.00	Self-Funded Projects Fund
Fiscal Year 2022 Total	<u>\$141,626.59</u>	

Payment Type	Amount	Funding Source
Non-Profit Grant Funding	\$82,650.00	General Fund
Keyholder Breakfast Table	\$750.00	General Fund
Capital Campaign	\$60,000.00	Self-Funded Projects Fund
Fiscal Year 2023 Total	<u>\$143,400.00</u>	



Hotel Fund

030

	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
BEGINNING BALANCES	\$ 2,710,600	\$ 4,615,668	\$ 4,641,300	\$ 4,106,831
REVENUES:				
Hotel/Motel Occupancy Taxes	\$ 4,353,355	\$ 4,800,000	\$ 5,100,000	\$ 5,250,000
Proceeds from Special Events	1,051,805	1,127,000	1,135,000	1,127,000
Rental Income	115,545	30,000	50,000	70,000
Intergovernmental - Federal	2,018,853	-	-	-
Interest Earnings and Other	(89,725)	20,100	80,100	75,100
TOTAL OPERATIONAL REVENUE	\$ 7,449,833	\$ 5,977,100	\$ 6,365,100	\$ 6,522,100
Transfers from other funds	41,875	-	-	-
TOTAL REVENUES	\$ 7,491,708	\$ 5,977,100	\$ 6,365,100	\$ 6,522,100
TOTAL AVAILABLE RESOURCES	\$ 10,202,308	\$ 10,592,768	\$ 11,006,400	\$ 10,628,931
EXPENDITURES:				
Tourism	\$ -	\$ -	\$ -	\$ 644,711
Addison Theatre Centre	273,261	283,279	283,893	322,452
Conference Centre	229,056	220,510	220,510	274,752
General Hotel Operations	151,625	186,197	178,544	188,550
Marketing	887,942	1,193,362	1,193,524	1,070,682
Performing Arts	377,500	379,089	379,089	379,089
Special Events	2,431,962	2,757,275	2,757,275	2,715,937
Special Events Operations	825,662	1,088,337	1,088,734	1,139,888
TOTAL OPERATIONAL EXPENDITURES	\$ 5,177,008	\$ 6,108,049	\$ 6,101,569	\$ 6,736,061
Transfer to Economic Development Fund	384,000	768,000	768,000	-
One-Time Decision Packages	-	30,000	30,000	-
TOTAL EXPENDITURES	\$ 5,561,008	\$ 6,906,049	\$ 6,899,569	\$ 6,736,061
ENDING FUND BALANCES	\$ 4,641,300	\$ 3,686,719	\$ 4,106,831	\$ 3,892,871
Fund Balance Percentage	89.7%	60.4%	67.3%	57.8%

Hotel Fund Non-Profit Grants

	FY2024 Requested	FY2024 Proposed
WaterTower Theatre*	\$450,000	\$226,589
WaterTower Theatre (matching funds)	-	150,000
Outcry Theatre	10,000	2,500
Total Hotel Fund	\$460,000	\$379,089

*Does not include in-kind funding. If in-kind funding is included \$16,400 for office rent and \$32,011 for production rent for a total of \$425,000 net value of WaterTower Theatre grant funding.

Additionally, WaterTower Theatre has received the following for exclusive naming rights:

<u>Area Named</u>	<u>Name</u>	<u>Terms</u>
Main Stage starting 4/26/2023	"The Terry Martin Main Stage"	\$30,000 paid in three \$10,000 payments..... naming rights last 3 Years
Theatre Centre Lobby starting 4/26/2023	"Delynda Moravec Johnson Lobby"	\$75,000 paid in three \$25,000 payments..... naming rights last 3 Years
Studio Theatre	The Karol Omlor Studio Theatre	\$50,000 paid in lump sum 5 Years 2017

Hotel Fund

Addison Theatre Centre

	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
REVENUES:				
Rental Income	61,690	30,000	50,000	30,000
EXPENDITURES:				
Personnel Services	\$ 117,358	\$ 125,023	\$ 125,637	\$ 144,346
Supplies	11,976	27,300	27,300	\$ 27,300
Maintenance	56,390	45,311	45,311	\$ 54,601
Contractual Services	451,659	451,356	451,356	\$ 461,916
Capital Replacement / Lease	13,378	13,378	13,378	\$ 13,378
Capital Outlay	-	30,000	30,000	-
TOTAL EXPENDITURES	<u>\$ 650,761</u>	<u>\$ 692,368</u>	<u>\$ 692,982</u>	<u>\$ 701,541</u>
NET	(589,071)	(662,368)	(642,982)	(671,541)

Note: Expenditure totals are the combined operating costs of the Theatre Centre and grants to WaterTower Theatre and Outcry Theatre.

Utility Fund

033

	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
BEGINNING WORKING CAPITAL	\$ 6,510,582	\$ 6,244,689	\$ 7,466,956	\$ 7,164,062
REVENUES:				
Water Sales	\$ 9,115,862	\$ 8,452,239	\$ 8,452,239	\$ 8,832,590
Sewer Charges	6,328,760	6,709,962	6,709,962	7,011,910
Tap Fees & Other	37,780	15,345	15,345	10,324
Penalties	125,985	91,874	91,874	93,711
Interest and Other Income	(241,134)	130,356	130,356	157,422
TOTAL OPERATIONAL REVENUE	<u>\$ 15,367,253</u>	<u>\$ 15,399,776</u>	<u>\$ 15,399,776</u>	<u>\$ 16,105,957</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 21,877,835</u>	<u>\$ 21,644,465</u>	<u>\$ 22,866,732</u>	<u>\$ 23,270,019</u>
EXPENSES:				
Personnel Services	\$ 2,451,670	\$ 2,833,900	\$ 2,833,900	\$ 3,048,220
Supplies	240,249	232,112	232,112	238,671
Maintenance	936,177	803,462	803,462	925,922
Contractual Services				
Water Purchases	4,339,663	4,327,486	4,327,486	4,620,482
Wastewater Treatment	3,631,976	3,831,839	3,831,839	3,950,773
Other Services	1,053,241	1,337,058	1,383,258	1,282,972
Capital Replacement / Lease	231,584	206,584	206,584	206,584
Debt Service	1,526,320	1,744,029	1,744,029	1,744,170
Capital Outlay	-	-	-	-
TOTAL OPERATIONAL EXPENSES	<u>\$ 14,410,879</u>	<u>\$ 15,316,470</u>	<u>\$ 15,362,670</u>	<u>\$ 16,017,794</u>
One-Time Decision Packages	-	340,000	340,000	175,000
Capital Projects (Cash Funded)				
Beltway Drive/Belt Line Road Water Main Replacement	-	79,000	-	79,000
TOTAL EXPENSES	<u>\$ 14,410,879</u>	<u>\$ 15,735,470</u>	<u>\$ 15,702,670</u>	<u>\$ 16,271,794</u>
ENDING WORKING CAPITAL	<u>\$ 7,466,956</u>	<u>\$ 5,908,995</u>	<u>\$ 7,164,062</u>	<u>\$ 6,998,225</u>
Working Capital Percentage	51.8%	38.6%	46.6%	43.7%

Morman Lane Street Lighting



Current Street Lighting Overview

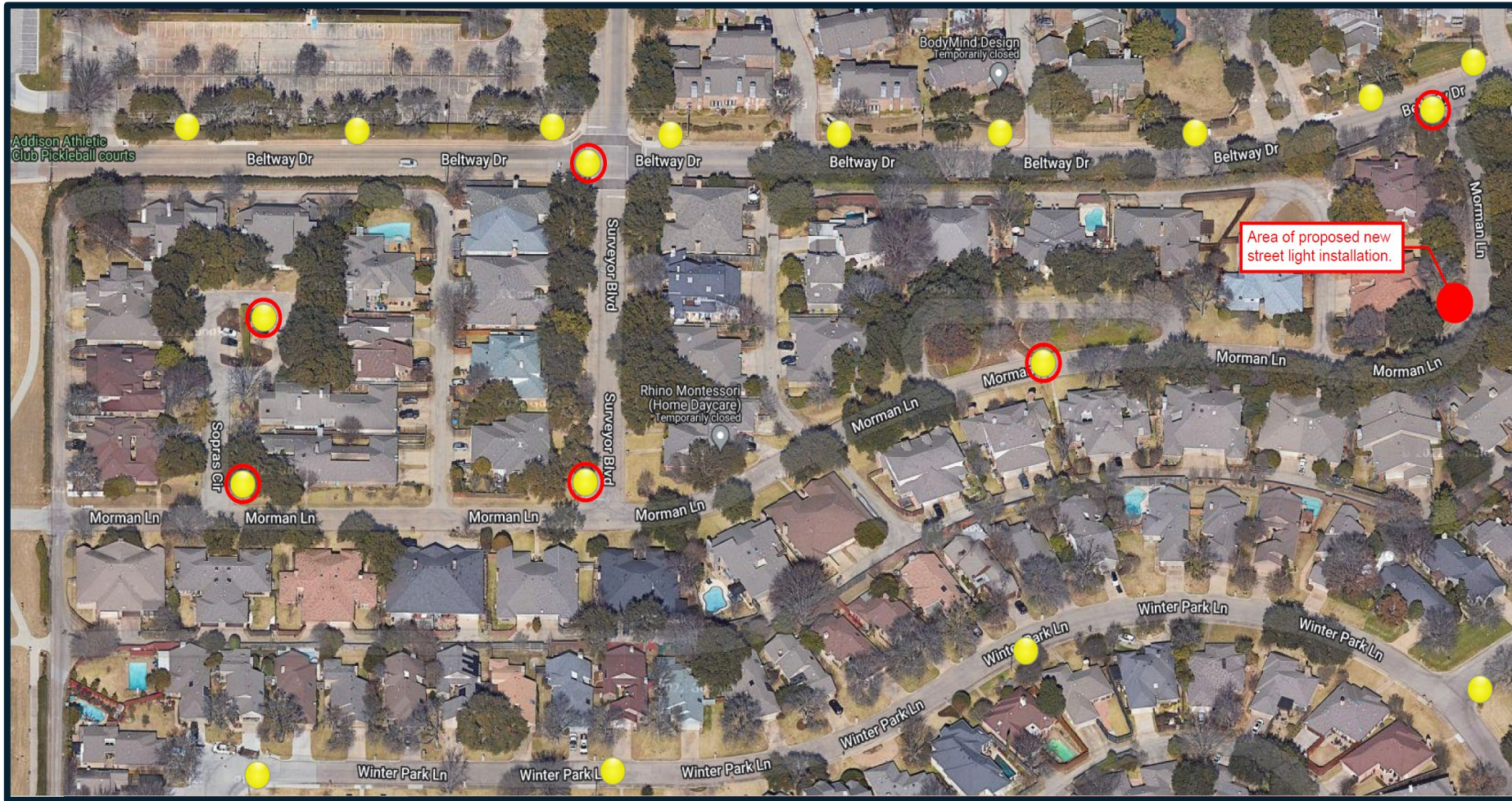


Current Plan

- ▶ Convert six street lights to LEDs - \$1,501.76.
- ▶ Add one additional street light - \$17,743.26.
- ▶ Project total of \$19,245.02.
- ▶ Evaluate and consider other options.
- ▶ Will be funded from existing budget.
- ▶ Develop processes / policies for future street light requests.
- ▶ *Council Member requested consideration of alternative street light poles.*



Current Plan Overview



Street Lighting Options



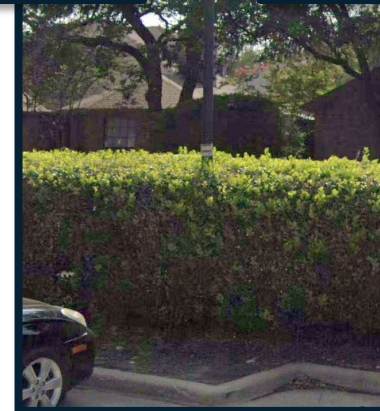
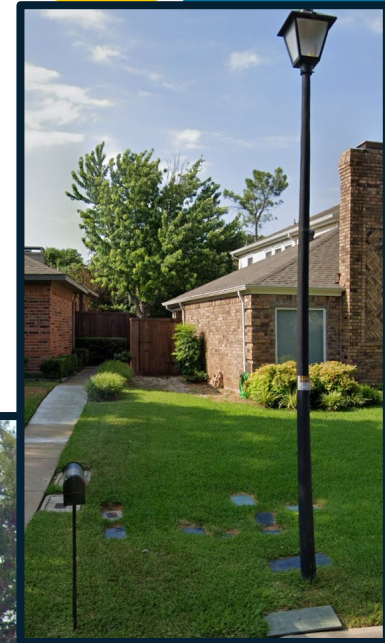
Standard Light Pole
No Foundation



Decorative Light Pole
Foundation

Considerations for decorative poles

- ▶ Primarily intended for pedestrian areas.
- ▶ Need additional room to drill foundations.
- ▶ Current locations may need to be adjusted depending on the location of existing utilities.
- ▶ One location is in the Town owned median surrounded by shrubs.
- ▶ May need to trim privately owned trees depending on locations.
- ▶ Estimated cost could be anywhere from \$50k-\$85k to replace existing six lights and install a new light.





Questions?



City Council

8. b.

Meeting Date: 08/08/2023

Department: Special Events

Pillars: Optimize the Addison Brand

AGENDA CAPTION:

Present and discuss a Taste Addison 2023 Recap and Oktoberfest 2023 Preview.

BACKGROUND:

Taste Addison is a major annual festival produced by the Town to promote tourism while supporting Addison hotels, restaurants, and other businesses. This two-day event features food, music, shopping and activities. The 2023 event was held June 2-3 at Addison Circle Park.

The Special Events and Finance Departments have prepared a report on the marketing, operational, and financial outcomes of Taste Addison 2023.

Oktoberfest 2023 will be held from September 14 through the 17th.

RECOMMENDATION:

Information only. No action required.

Attachments

Presentation (Updated) - Taste Addison 2023

Presentation - Oktoberfest 2023 Preview



Council Presentation

August 8, 2023

AN EXPERIENCE FOR EVERY VIBE

002

ADDISON

2022 STRATEGIC PLAN...

- Continue with 2-day festival to maximize ROI for event participants
- Design for and market to 3 target groups: **foodies, music lovers, and families**
- Improve operations of VIP experience
- Continue enhanced specialty areas for children and 21+ adults focusing on sponsorship partnerships



NUMBERS AT A GLANCE

003

ADDISON

Taste Addison kicks off!



29 RESTAURANTS & CONCESSIONAIRES

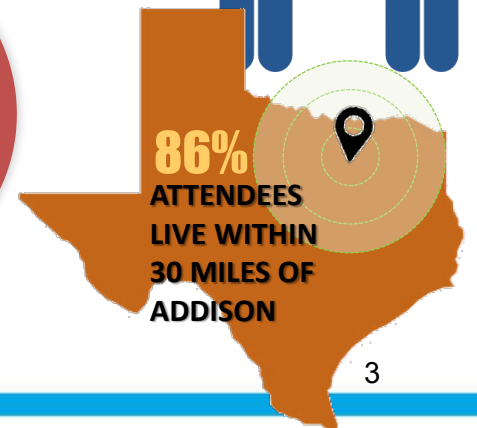
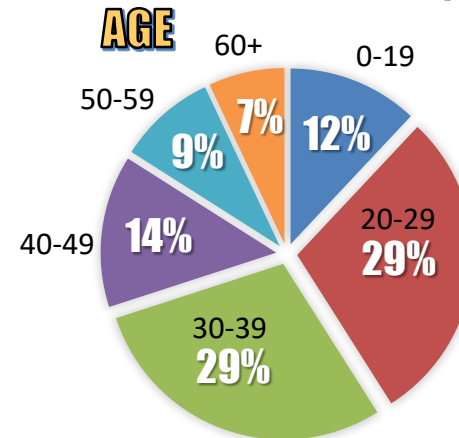
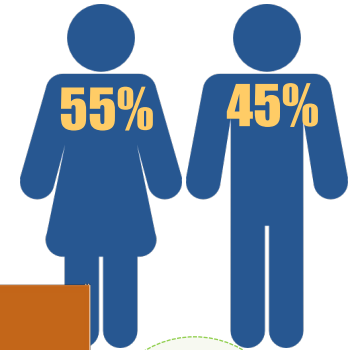
25 MARKETPLACE VENDORS

3 STAGES WITH NATIONAL, REGIONAL & LOCAL ACTS

21,500+
COMPLIMENTARY WINE & SPIRIT TASTINGS PROVIDED IN 2 AREAS

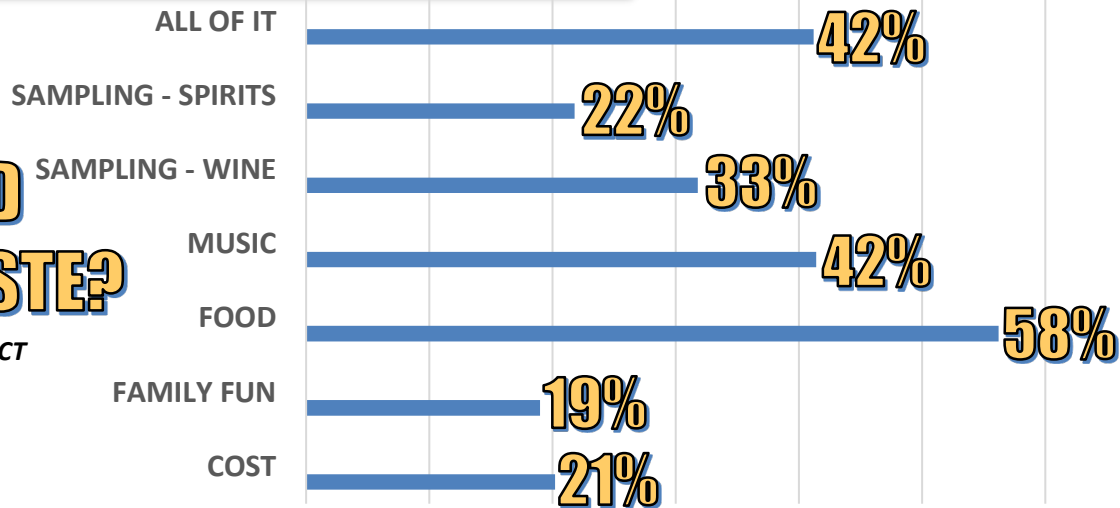
FESTIVAL DEMOGRAPHICS

AVERAGE HOUSEHOLD INCOME **\$100K**



WHAT ATTRACTED YOU TO TASTE?

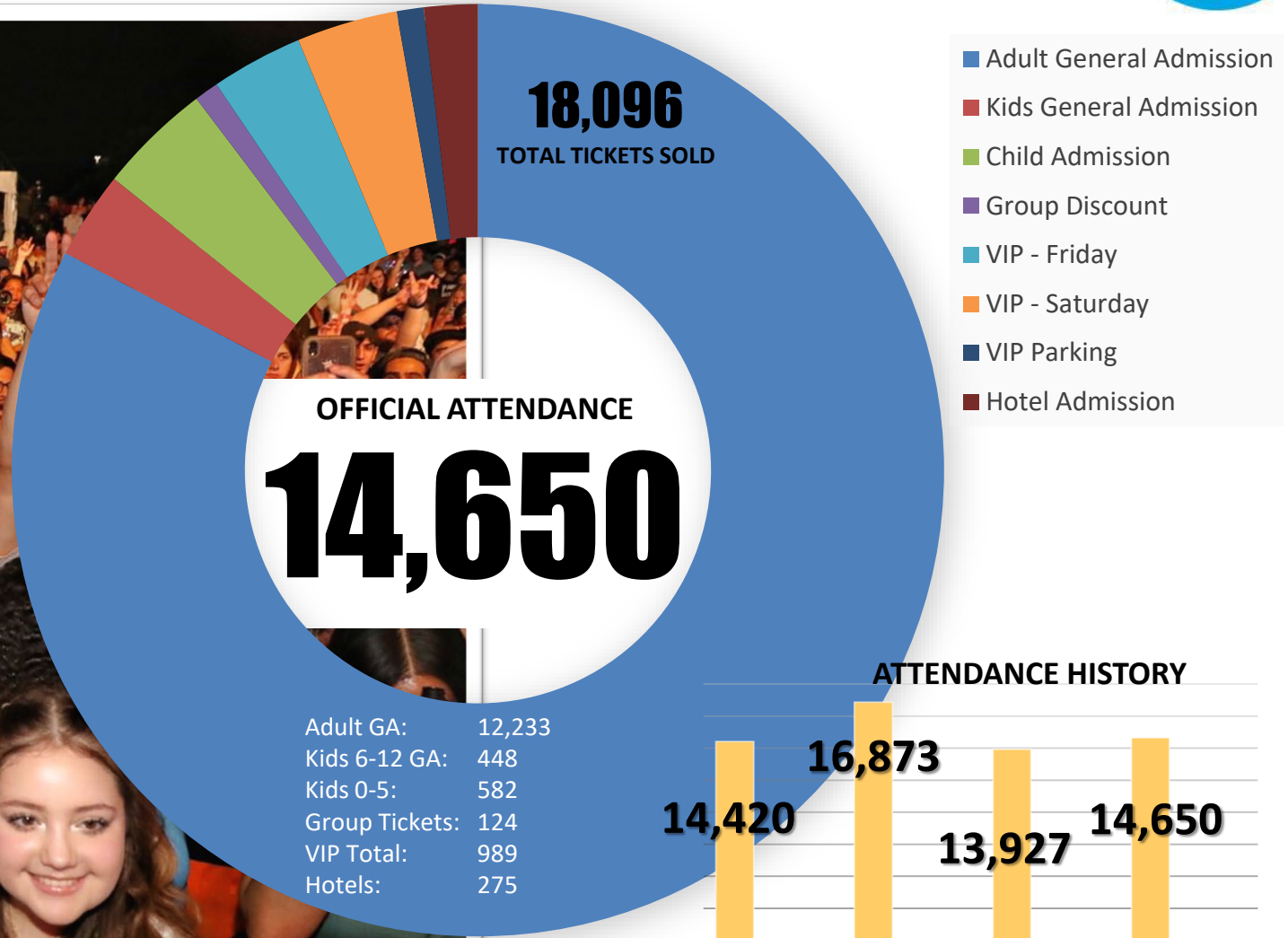
*ATTENDEES COULD SELECT ALL THAT APPLIED



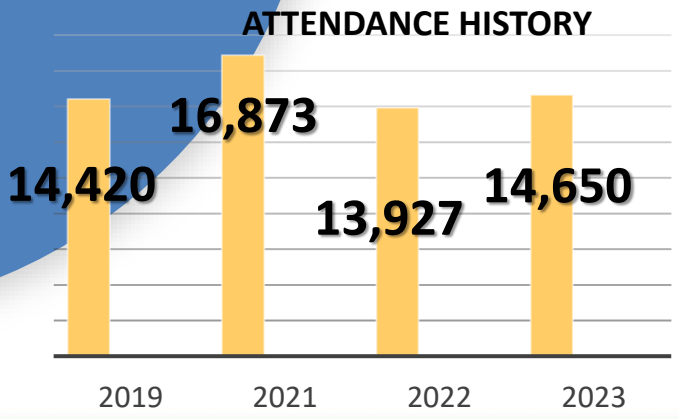
ATTENDANCE

004

ADDISON



Adult GA:	12,233
Kids 6-12 GA:	448
Kids 0-5:	582
Group Tickets:	124
VIP Total:	989
Hotels:	275



MARKETING

005

ADDISON

PAID ADVERTISING

\$115,295

OUTLET	DELIVERED IMPRESSIONS	COST
DIGITAL	4,243,157	\$30,120
PAID SOCIAL	11,513,178	\$5,054.95
BILLBOARDS	10,158,999	\$30,120
RADIO	30,372,000	\$35,000.00
TELEVISION	3,127,000	\$15,000

GROSS IMPRESSIONS/REACH

59,414,334

TOTAL PR PIECES

418



IN-KIND ADVERTISING

\$262,000

GROSS IMPRESSIONS/REACH

18,694,000

FORMAT	DELIVERED IMPRESSIONS
PR DIGITAL - 227	3,963,192
PR BROADCAST - 179	21,735,450
PR PRINT - 12	881,322

OUTLET	DELIVERED IMPRESSIONS	TRADE VALUE
88.1 INDIE	222,000	\$2,500
CBS TEXAS	6,700,000	\$30,000
iHEART MEDIA	11,598,000	\$225,000
SPECTRUM	174,000	\$4,000



TOWNWIDE HOTEL OCCUPANCY

FRIDAY **63.8%** SATURDAY **69.7%**

13	38	79
participating Addison hotels offered special rates	Total Packages Redeemed	Total Room Nights Booked

Packages included: General Admission for 4 ■ Exclusive Stage Front Viewing Area

FOOD & BEVERAGE

007

ADDISON



RESTAURANT GROSS SALES

\$369,402

RESTAURANT AVE. GROSS SALES

\$10,888

GROSS SALES PER PERSON

\$25

BEVERAGE GROSS SALES

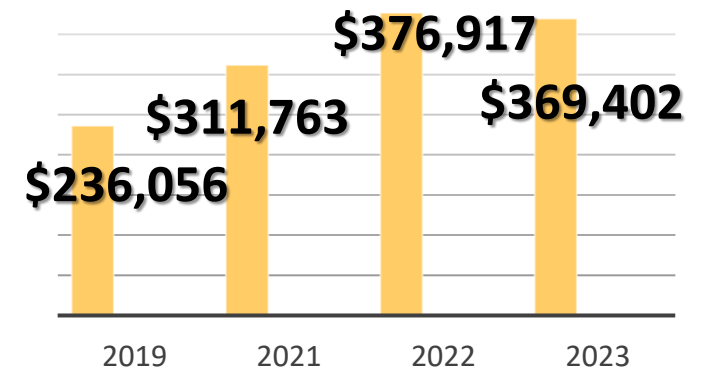
\$83,908

REV-SHARE / BOOTH FEES

- 25 ADDISON RESTAURANTS
- 4 CONCESSIONAIRES
- 2 BEVERAGE CONCESSIONAIRES
- 1 NON-PROFIT PARTNER



RESTAURANT GROSS SALES HISTORY



REVENUE / EXPENDITURES

008

ADDISON

\$412,625



ON-LINE &
ON-SITE
PURCHASES

TICKET SALES

\$259,073

CASH ONLY –
IN-KIND TOTAL:
\$274,300

SPONSORSHIP

\$96,000

RESTAURANT &
MARKETPLACE
VENDOR FEES

VENDORS

\$25,350

CONCESSIONAIRE
REV-SHARE (20%)

CONCESSIONS

\$25,929

MERCH SALES,
ATM & MISC.
REVENUE

MERCH / MISC.

\$6,273

ENTERTAINMENT

\$311,759

PERFORMERS,
AGENCY FEES, RIDER
FULLFILLMENT, RVs

STAFF COMPENSATION

\$100,205

TRASH, ELECTRIC,
STAGE PROD, TICKET
SCANNERS, PARKING

INCLUDES OT +
RETIREMENT

CONTINGENCY / MISC.

\$53,452

RENTALS

\$113,547

TENTS, RESTROOMS,
FENCING, GOLF CARTS,
GAMES, EQUIPMENT,
DÉCOR

OUTSIDE SECURITY

\$15,675

WEATHER
INSURANCE, KIDS
AREA, SIGNAGE,
CREDENTIALS

CREDIT CARD FEES

\$18,167

INCLUDES
TICKETSAUCE +
PAYPAL

SECURITY, OUTSIDE
PD, BOMB DOGS

\$874,259

4-YEAR COMPARISON

009

ADDISON

■ Revenue ■ Expenses

2023

\$(461,634)

\$412,625

\$874,259

\$339,000

\$1,032,631

122%

85%

2022

\$(553,718)

\$366,389

\$920,108

\$355,000

\$813,473

103%

(113%)

2021

\$(256,858)

\$429,928

\$686,786

\$333,000

\$814,909

129%

84%

2019

\$(653,956)

\$381,391

\$1,035,347



ECONOMIC IMPACT

010

ADDISON

Number of Tickets Sold: 12513

Price per Ticket: \$ 15.00

Direct Ticket Spending: \$ 187,695.00

Number of Attendees: 14650

Percent from outside community: 86%

Total Outside Attendees: 12599

Average Number of Days Attended: 1

Average Number of Nights in Market: 0

Percent of Attendees Staying at Commercial Lodging: 0%

Average Nightly Lodging Cost: \$ 100.00

Total Lodging Nights: 0

Direct Lodging Spend: \$ -

Average Daily Spend on Food and Beverage: \$ 25.00

Total Food and Beverage Spending: \$ 366,250.00

Total Outside Food and Beverage Spending: \$ 314,975.00

Average Daily Spending on Other: \$ 30.00

Total Other Spending: \$ 439,500.00

Total Outside Other Spending: \$ 377,970.00

Ticket Sales, Outside: \$ 161,417.70

Total Direct Economic Impact: \$ 993,445.00



QUESTIONS?

011

ADDISON





Addison Oktoberfest Update

August 8, 2023

Das Info

002

ADDISON

THURSDAY
SEPT. 14
6PM – 11PM

FRIDAY
SEPT. 15
6PM – MIDNIGHT

SATURDAY
SEPT. 16
12PM –
MIDNIGHT

SUNDAY
SEPT. 17
12PM – 6PM



GRUPPEN TICKETS: \$8
Requires purchase of 20 or more



Ticket Pakets

003

ADDISON



ADDISON OKTOBERFEST PAKET

\$20

- Commemorative Stein
- Commemorative Lapel Pin
- One (1) Paulaner Bier
does not include admission

PARTYHALLE DECK TABLE

- THURS/SUN: **\$300** | FRI: **\$400** | SAT: **\$500**
- Admission for 8 (*Friday/Saturday*)
- Private Bar
- 8 Commemorative Steins
- 8 Paulaner Biers
- 8 Commemorative Lapel Pins

HOTEL PAKET

- 2 single-day admission tickets
- 2 Paulaner biers
- 2 commemorative lapel pins
- 2 commemorative .5L steins

Fun for die Familie

004

ADDISON



KIDSGARTEN: free, hands-on activities & games designed for kids 12 & under; open until 9pm Thursday-Saturday, and all-day Sunday

SUNDAY HUND-DAY: not just for Dachshunds anymore! Dachshund Dash is back – moving to the Partyhalle

PARTYPLATZ: for the teens -- this Platz for you! Open green space featuring activities, selfie areas and space to just hang out

MARKTPLATZ: Dirndl, Steins, Alpine Hats & more... official Oktoberfest merch, too!

Rootbier Garten
Silent Disco
Oversized Lawn
Games
Masskrug –
Mini + Minor



PARTYHALLE: open-air tent layout returns

MUSIKZELT: live music & performances

DRAUGHT HAUS BIERGARTEN:

outdoor screens & football watching

KLEINHALLE: indoor seating with live entertainment and Texas flair to Oktoberfest traditions

PAULANER BIERGARTEN:

outdoor seating and games

PARTYPLATZ: outdoor seating, lawn games and Silent Disco

Bier Maiden Stein
Biergarten Bingo
Bier Barrel Rolling
Masskrug

Prost Y'all!

006

ADDISON

10,000+

STEINS ORDERED



300+

KEGS OF BEER

6 DIFFERENT BIERS

OKTOBERFEST BIER

The pinnacle of German brewing: deep golden color, full-bodied and wonderfully mellow

OKTOBERFEST MÄRZEN

Full bodied beer with rich malt flavor, dark toffee notes and an underlying fruitiness

HEFE WEIZEN

A hint of banana aroma, traces of mango and pineapple

WEIZEN-RADLER (Non-Alcoholic Bier)

Wheat beer with citrus notes of lime, orange, and lemon

GRAPEFRUIT RADLER

Natural. Fruity. Not too sweet. The perfect mixture: 50% smooth Münchner Lager and 50% natural grapefruit with only 2.5% alcohol. **available in the Kleinhalle Only*

PILS

Paulaner has brought back a classic German pilsner, that delivers a clean crisp taste

Questions?

007

ADDISON



City Council

1. a.

Meeting Date: 08/08/2023

Department: Information Technology

AGENDA CAPTION:

City Manager's Announcements

BACKGROUND:

The City Manager will make announcements of interest to the Town.

RECOMMENDATION:

Information only.

City Council

1. b.

Meeting Date: 08/08/2023

Department: Information Technology

AGENDA CAPTION:

Employee Recognition

BACKGROUND:

The City Manager will recognize an employee for his/her service to the Town.

RECOMMENDATION:

Information only.

City Council

3. a.

Meeting Date: 08/08/2023

Department: City Secretary

AGENDA CAPTION:

Consider action on the Minutes from July 25, 2023 City Council Meeting.

BACKGROUND:

The minutes for the July 25, 2023 City Council Meeting have been prepared for consideration.

RECOMMENDATION:

Administration recommends approval.

Attachments

Minutes - July 25, 2023

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL

July 25, 2023

Addison Conference Center
15650 Addison Road, Addison, TX 75001
5:00 p.m. Work Session and Closed Session
7:30 p.m. Regular Meeting

Present: Mayor Bruce Arfsten; Mayor Pro-Tempore Eileen Resnik; Deputy Mayor Pro-Tempore Guillermo Quintanilla; Council Member Nancy Craig; Council Member Darren Gardner; Council Member Dan Liscio, Marlin Willesen

WORK SESSION

The Addison City Council convened for a Work Session in the Council Chambers – Buckthorn & Sycamore Rooms beginning at 5:00 PM.

1. **Pledge of Allegiance.** United States and Texas Flags
2. **Citizen Comments on the Consent Agenda Items.** *This item allows citizens to speak on any item listed on the Consent Agenda prior to its consideration. Citizen comments are limited to three (3) minutes, unless otherwise required by law. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the beginning of this item.*
3. **Requests for Clarification of Agenda Items Listed on this Agenda.** *This item includes questions regarding agenda items from City Councilmembers that have been answered by staff, compiled in a report, and provided to the City Council and the public. The report will be available prior to the start of the meeting and linked below. Any handouts distributed at the meeting will also be linked below by 12:00 PM on the business day following the meeting.*
4. **Closed Meeting.**

The Addison City Council entered a Closed Meeting pursuant to Texas Government Code Sections 551-071 through 090 to discuss the following items:

- a. Section 551.071(2): Consultation with an Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter - *Zoning Case 1868-Special Use Permit (SUP)*
-

- b. Section 551.074, Tex. Gov. Code, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pertaining to: *City Secretary Recruitment Process*

Mayor Arfsten closed the open meeting to convene the City Council into Closed Session at 5:05 pm in the Acacia Room.

- 5. **Open Meeting.** In accordance with Texas Government Code Chapter 551, the Addison City Council will reconvene in an Open Meeting to consider action, if any, on the matters discussed in the Closed Meeting.

Mayor Arfsten reconvened the City Council into Open Session at 7:36 pm in the Council Chambers - Buckthorn/Sycamore Rooms. No action was taken as a result of closed session.

6. **Work Session Reports**

- a. Present and discuss a Capital Improvement Plan update.
- b. Present and discuss information on employee residency incentives.

Items not addressed at this time.

COUNCIL MEETING

The Addison City Council convened for a Council Meeting beginning at 7:30PM in the Council Chambers Buckthorn & Sycamore Rooms.

1. **Proclamations / Presentations**

- a. Staff Recognition
 - i. Shannon Hicks, Director of Public Works & Engineering – William Gilleland
 - ii. Paul Spencer, Police Chief – Presentation of Preservation of Life Award to Officers Daniel Gutierrez and Mark Meraz
- b. City Manager's Announcements

2. **Public Comment.** *The City Council invites citizens to address the City Council on any matter, including items on the agenda, except public hearings that are included on the agenda. Comments related to Public Hearings will be heard when the specific hearing starts. Citizen comments are limited to three (3) minutes, unless otherwise required bylaw. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the Public Comment item on the agenda. The Council is not permitted to take any action or discuss any item not listed on the agenda. The Council may choose to place the item on a future agenda.*

No Public Comment requests received.

3. **Consent Agenda.** *All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.*

- a. Consider action on the Minutes from the July 11, 2023 City Council Meeting.
-

- b. Consider action on a **Resolution No. R23-065** denying Oncor's rate increase.
- c. Consider action on a **Resolution No. R23-066** authorizing acceptance of an Airport Improvement Program (AIP) grant offer from the Texas Department of Transportation (TxDOT) Aviation Division in the estimated amount of \$1,050,000 for an Airport Master Plan update and authorizing the execution of documents relative to the acceptance of the grant.

MOTION: Mayor Pro-Tempore Resnik moved to approve CONSENT AGENDA Items a-c as presented. Council Member Willesen seconded the motion. Motion carried unanimously.

4. **Public Hearings.**

- a. Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) to allow a Religious Institution on 1.28± acres located at the northwest corner of Celestial Road and Winnwood Road (5555 Celestial Road) that is currently zoned Planned Development (PD), through Ordinance No. O91-038. Case 1868-SUP/5555 Celestial Road (White Rock Chapel). *[Director of Development Services Ken Schmidt]*

The subject property is located at 5555 Celestial Road and is comprised of 1.28± acres (inclusive of 0.13 acres of public right-of-way that bisects the property) located at the northwest corner of Celestial Road and Winnwood Road.

This property, coupled with a segment of land in the City of Dallas that is situated on the east side of White Rock Creek, has a long history of worship use and is recognized by the Texas Historical Commission for its rich legacy of African American history. Former slaves and their descendants established the original White Rock Chapel east of the creek in 1884, and after enduring flooding for years, moved the church to its current location in 1918, following the donation of land by a white landowner who frequently worshipped with their congregation. Following the loss of the original worship hall due to a storm and the establishment of a new congregation one mile to the south on Montfort Drive, a new worship hall was built in 1960, and shortly thereafter, was lost in a structure fire. Until a new worship hall was built in 1981, the congregation worshipped in the original 1918 parsonage. Following unsuccessful efforts to restore the parsonage in 2008, the parsonage was replaced with the current fellowship hall, which exists on the property today along with the 1981 worship hall. A summary of the historical significance of the property was provided in the 2013 Comprehensive Plan.

Following years of declining use, the property was acquired by Dr. Donald Wesson and his family, in 2018. The Wesson's formed White Rock Chapel of Addison Inc. for the purpose of re-establishing a religious congregation at the site and to celebrate its unique contribution to African American history in North Texas. Following acquisition of the property in 2018, the new owners did not obtain a Certificate of Occupancy for their desired use and the property has largely been dormant in the years that followed.

The Town's Zoning Ordinance allows a religious institution through approval of an SUP in any zoning district. The past worship use on this property was established prior to the Town's incorporation and subsequent annexation and zoning of this property and the surrounding land. This property, as well as the surrounding Winnwood and Celestial Road properties, were annexed by the Town in 1980, following disannexation by the City of Dallas. In 1991, these properties were zoned Planned Development (PD), through PD Ordinance 91-038. That PD restricted the zoning of this property to single-family use and did not make the existing religious assembly use a legal use.

Since 2019, the applicant has engaged Town staff in various discussions on the future disposition of the property, with limited progression prior to this current application. In February of 2022, the applicant approached Town staff with a vision that served as a nexus for this current proposal. Due to the recent ongoing dormancy of this property and the change in the nature of the use and site improvements proposed by the applicant, the Director of Development Services made an administrative determination at that time, that required the applicant to obtain an SUP to establish a new religious institution use on the property.

With this SUP application, the applicant is presenting detailed site development plans and SUP conditions that were shaped by months of community engagement, which included four neighborhood meetings and seven small group meetings with concerned neighbors and their legal counsel. These plans and SUP conditions will help facilitate the establishment of a new congregation that will be served by faith leaders from an existing Dallas congregation, Cornerstone Baptist Church.

Proposed Plan: With this request, the applicant proposes to use the site as a church and to provide accessory educational programming addressing the unique history of the site and surrounding area. The church will utilize the existing Fellowship Hall and Worship Hall. There is also an existing decomposed granite parking lot with one paved handicap accessible space that will be modified.

Improvements to the site include interior and exterior modifications to the Worship Hall, a new pavilion, new landscaping, a small water feature internal to the site, pedestrian pathways, and improvements to the parking lot. There are no proposed modifications to the existing Fellowship Hall.

The proposed Worship Hall improvements include modifications to the interior floor plan and exterior façade; however, the applicant is not proposing to expand the existing building. The structure is 1,961 square feet and will accommodate a 54-occupant assembly hall, an office, restroom facilities, a classroom, and storage area. The 618 square foot Fellowship Hall, which is not proposed to be modified, offers an assembly area, kitchen, restroom facilities, and storage.

The proposed pavilion will provide 600 square feet in covered area and will be 17 feet tall at its highest point. The pavilion will be located to the northeast of the existing Fellowship Hall. A decomposed granite courtyard with a water feature and pedestrian pathways will provide access to the pavilion from the parking lot. To the east of the courtyard will be a formal lawn area.

Proposed SUP Conditions: The proposed SUP conditions are intended to allow for worship and religious assembly and accessory educational programming to occur on the property while

mitigating the potential impacts of the proposed use.

******The SUP conditions that follow reflect the conditions acted on by the Planning and Zoning Commission. A summary of changes that were negotiated between the applicant and neighborhood representatives following the Planning and Zoning Commission meeting, is provided at the conclusion of this section.******

Land Use Definitions: The proposed SUP formally defines the permitted religious institution and accessory educational uses and provides a robust list of uses that are not permitted on the property as either a primary or accessory use. These land use definitions also require the church to demonstrate that it is a tax-exempt organization as a religious institution or nonprofit, or alternatively, to employ faith leaders that are fully accredited by their affiliated faith group. All of these conditions will need to be satisfied prior to issuance of a Certificate of Occupancy for the property. This section also requires the church to post the SUP conditions in each building and to provide the SUP conditions to organizers of religious and educational functions permitted on the property.

Compliance with Plans: As part of this application, the applicant was required to submit a site plan, landscape plan, façade, and floor plans. Compliance with these plans must be achieved prior to issuance of a Certificate of Occupancy for the property. Key improvements reflected in these plans include:

- Exterior Façades: The Worship Hall façade improvements include the replacement of the exterior doors, the replacement and addition of exterior lighting fixtures at building entrances, and the replacement of the porch canopy at the primary entrance on the southern façade. The brick veneer will be preserved for the remainder of the exterior façades. The proposed pavilion will be constructed of limestone and steel. The pavilion will be open on all sides. The existing façade of the Fellowship Hall is not proposed to change.
- Landscaping and Open Space: To preserve the historic nature of the site, the applicant is requesting the following deviations from the landscape and open space requirements:
 - A reduction of the required 20-foot landscape buffer along Celestial Road to 9 feet 4 inches to allow the existing parking lot area to be utilized; and
 - To allow 12 uninterrupted parking spaces along Celestial Road without one required parking island.

These deviations are appropriate and necessary in order to respect the existing context of the site and the applicant has appropriately mitigating the impact of these deviations by exceeding the Town's landscape requirements in other areas. The applicant is providing 71.8% landscaped open space on site, significantly exceeding the required 20%. Additionally, 72 new trees (47 shade trees and 25 ornamental trees) will be installed throughout the site to provide screening from adjacent properties. Various shrubs and ground cover will be provided along the south and east property lines to meet the parking lot and street landscaping requirements. A bioretention pond is also proposed at the southeast corner of the site.

Floor Area: This application does not include any additional floor area for either building, and does include a pavilion comprising 600 square feet in covered floor area. Any future increase in floor area would require amendment of any approved SUP for the property.

Hours of Operation: The proposed hours of operation establish a baseline restriction of 9 am to 6 pm each day. Morning bible study preparation and evening bible study groups are permitted to meet once weekly no earlier than 5 am and no later than 9 pm, provided that each group is comprised of 10 members or fewer on site, and all activities are conducted indoors. For no more than one weekday per month during the baseline operating hours, educational activities related to the history of the site may be carried out on the property.

This section also introduces the term "other religious function" where allowances for religious ceremonies, namely weddings, baptisms, funerals, and memorial services may occur on the property. These other religious functions are limited to 12 per calendar year, with no more than 4 of those functions allowed to be weddings, which may not exceed a frequency of one per month. This section also establishes restrictions on alcohol use on the property, where it may not be sold, and it cannot be served outside of how it would be traditionally served as part of a faith ceremony. This section also establishes requirements for a member of the church to be present for other religious functions, as well as

a reporting requirement to ensure the Town can appropriately track the number and frequency of the educational and other religious functions that are occurring.

Lighting: This section establishes standards for preventing nuisance lighting on the site by requiring downward lighting and shielding and prohibiting the use of pole lighting.

Parking: This section establishes a parking ratio of one space for each three seats provided within the primary assembly area of the church. This parking ratio is a best practice for religious assembly uses in North Texas. The applicant has proposed 54 seats within the worship hall of the church, requiring a total of 18 parking spaces. The applicant has met this requirement by providing 18 spaces on site, including two handicap accessible spaces. A drop off and loading area is proposed at the northeast corner of the parking lot. Due to the narrow condition of the streets in this neighborhood, a critical consideration of these SUP conditions was to ensure that on-street parking is not permitted under any circumstance.

Additionally, through engagement with the neighborhood, staff and the applicant learned that the current decomposed granite paving treatment was preferred, and that has been achieved with the exception of the two accessible spaces, which will be constructed of concrete. Additional restrictions prohibiting valet operations and the prohibition of bus and commercial vehicle use and storage on the property. An exception is granted to allow for school buses transporting school-aged children in support of the permitted monthly educational programming that is proposed.

Property Maintenance: This section establishes broad requirements for maintaining the buildings, site landscape, and hardscape in a state of good repair and establishes prohibitions on the storage of materials and equipment outside.

Sound Mitigation: This section prohibits the establishment of nuisance noise conditions such as the use of amplified sound outdoors and sound generated by any device or apparatus that can be heard 50 feet from its source. It also establishes time limitations on construction activity and noise generating landscape maintenance activities.

Solid Waste Receptacles: This section requires solid waste containers to be serviced at least once per week, and it requires containers to be closed and screened from public view when not being serviced.

Maximum Property Occupancy: This section establishes a more restrictive site occupancy than what would otherwise be allowed by the building and fire codes. This nexus of this more stringent requirement was the limited amount of off-street parking provided on site. This allows for up to 72 occupants in the main worship hall and up to 90 occupants on site when concurrent programming such as children's bible study occurs concurrently with the main service.

Prevention of Trespassing: This section establishes broad requirements for preventing unauthorized guests from entering the property.

SUP Condition Changes Since the P & Z Meeting

Following the Planning and Zoning Commission meeting, representatives from the neighborhood continued to share concerns with the applicant and ultimately requested additional revisions to the proposed SUP conditions. Through this dialogue, many conditions requested by the neighborhood were accepted by the applicant, but agreement could not be achieved on all requests. Some of these requests were limited by the Town due to concerns with enforceability. Final changes accepted by the applicant include:

- Prohibition on outreach programs targeted to the formerly incarcerated, the mentally ill, or current or former drug addicts/alcoholics.
- Requiring the applicant to meet both of the previously listed standards for confirmation of religious group status, in lieu of only meeting one of the previously listed standards.
- Prohibition on the owner allowing alcohol consumption outside of religious services.

- Limiting site occupancy to 54 occupants in the worship hall (with an additional 18 occupants in the Fellowship Hall only where concurrent programming is provided), with a permitted site occupancy of 90 occupants for the once monthly educational programming.
- Limiting parking to maximum of 18 spaces.
- Inclusion of language addressing code enforcement, up to and including revocation of the SUP.
- Providing for a 5-year prohibition on the submittal of new SUP applications where changes to building floor area, site occupancy, and the quantity of parking spaces may be proposed.

Community Input: Town staff notified adjacent property owners within 200 feet of the subject property in accordance with Town and State requirements. As of the date of agenda posting, the Town has received eight letters of opposition from property owners within the 200-foot notice area. Additionally, staff has received thirteen letters of opposition, two letters that were neutral, and three letters of support from property owners outside of the 200-foot notice area.

At the May 16th Planning and Zoning Commission meeting, five speakers spoke in favor of the application (two in support who did not wish to speak), one speaker neutrally addressed the content of the application, and fifteen speakers spoke in opposition of the application (sixteen in opposition who did not wish to speak).

In accordance with Section 4 (Written Protest), Article XXIX (Changes and Amendments), Appendix A (Zoning) of the Addison Code of Ordinances, a favorable vote of three-fourths of the City Council (6 votes) is required to approve this request due to receipt of written protest from the owners of more than 20 percent of the land immediately adjoining the subject property and extending 200 feet therefrom.

The proposed SUP conditions are stringent, but they meet the intended purpose of allowing religious assembly while mitigating potential use and development impacts on surrounding property owners. This process will give both the applicant and surrounding neighbors the predictability and protections that are provided by zoning, while providing clear criteria for Town staff to enforce. When this property previously operated as a church, most of these proposed conditions would not have applied, as the Town's zoning ordinance does little to address religious uses. Through this SUP process, the neighborhood is benefiting from the conditions that can be applied by the Town via a Special Use Permit. Staff recommends approval of this SUP request, subject to the use and site development conditions presented by the applicant.

Mayor Arfsten opened the Public Hearing. The following individuals spoke or had their emails/letters read into the record by a member of the City Council. Those addressing the City Council at the Public Hearing were:

- Opposition: Citing such issues as traffic, noise, parking, spot zoning, issues with deed, future growth, increased crime, the following made comments:
 - Not Speaking:
 - Judy Robbins, 14770 Maiden Ct.; Arthur and Collen Coerver, 14868 Oaks N. Place; John Finken, 14764 Maiden Ct.; Louise Peters, 14729 Stanford Ct.; Michael P. Douglas and Vandana Rajagopalan, 14916 Winnwood Rd.;

- Don Schaded, 14737 Celestial Pl.; Jim Decuir, 14982 Trafalgar;
 - Addressing Council:
 - Merle Bruneman, 14848 Winnwood; Howard Freed, 14932 Winnwood Rd.; Marshall Robbins, 14770 Maiden Ct.; Marilee Madan, 14900 Winnwood Rd.; Dan Kondos, 5535 Celestial Rd.; Bob Heckman, 14776 Maiden Ct.; Robert Kantner, 14853 Winnwood; Bill Pratt, 14710 Celestial Pl.; Jithendra Kudrekod, 14908 Havenshire Pl.; Blake Clemens, 14754 Celestial Pl.; Jack Gerrits, 17118 Knots Landing; Timothy Nelson, 14714 Celestial Pl.
 - Letters/Emails Received:
 - Sara Brown, 14811 Bellbrook Dr.;
- In Favor: historically been a church, historic/landmark in Addison, approved by Planning & Zoning Commission, the right thing to do.
 - Addressing Council
 - Mary Jo Cater, 17043 Vinland Dr.; John Oliver, 14605 Hemmingway Ct.; George Davis King, Jr., 14929 Havenshire Pl.; Al Angell, 14540 Winnwood Rd.; Ron Whitehead, 3919 Bobbin Lane; Jim Duffy, 3887 Ridgelake Ct.; Ann Sudduth, 3919 Winter Park; Mary Reed, 3778 Vitruvian Way; J.T. McPherson, 14517 Winnwood; Robert Goodfriend, 14725 Celestial Pl.; Don Wesson, 3111 Welborn St., Dallas; Robert Balwin, 3904 Elm #13, Dallas; Angela Hunt, 500 N. Akard St., Dallas; Suzann Oliver, 14605 Hemmingway Ct.;
 - Letters/Emails Received
 - Anita Braun, 14616 Lexus Avenue; Liz Oliphant, 14700 Marsh #313; Richard Lane, 14516 Winnwood; Paul Walden, 14806 LeGrande Dr.; Katherine & Bob Weeks, 14766 Maiden Ct.; Lorrie Semler, 14821 LeGrande Dr.; Jan & Cindy Salit, 14831 Bellbrook Dr.; Susan Milholland & Don Kuntezendorf, 14810 LeGrande Dr.

Council Member Gardner wished to state for the record: *“In meeting with some of you, the SUP has evolved, and it is, I think, there are a lot of things in the SUP that are very good and thank you for the people working on it. Again, thank you.”*

MOTION: Mayor Pro-Tempore Resnik moved to approve request for a Special Use Permit (SUP) to allow a Religious Institution on 1.28± acres located at the northwest corner of Celestial Road and Winnwood Road (5555 Celestial Road) that is currently zoned Planned Development (PD), through Ordinance No. O91-038. Case 1868-SUP/5555 Celestial Road (White Rock Chapel) as submitted. Council Member Craig seconded the motion.

AMENDED MOTION: Council Member Willesen moved to amend the main motion by amending Section 7 (d) by striking out alcohol, and by adding in its place the word ‘wine’ making this section to read: *“The owner of the Property shall not allow alcohol to be consumed on the Property except for ~~aleohol~~ wine used in religious services.”* Mayor Pro-Tempore Resnik seconded the amended Motion. Motion carried unanimously.

AMENDED MOTION: Council Member Gardner moved to amend the main motion by

amending Section 13 (a) to delete 54 occupants and insert 36 to read: “*For primary activities of the religious institution use described in Section 1(a) and other religious functions described in Section 7, occupancy for the Property shall not exceed ~~54~~ **36** occupants during the week.”;*

in Section 13(b) delete 90 and insert 72 making Section 13(b) to read as follows: “*For educational activities described in Section 1(a), occupancy for the Property shall not exceed ~~90~~ **72** occupants.*”

Council Member Liscio seconded the motion. Motion is lost as the noes have it with 3 in favor (Liscio, Gardner, Willesen) and 4 noes (Arfsten, Resnik, Quintanilla, Craig).

MOTION: Council Member Gardner moved to postpone the question. Council Member Liscio seconded the motion.

Council Member Willesen called for a point of parliamentary inquiry and requested to move the previous question. Mayor Arfsten concurred and called for a roll call vote to be administered by the city secretary.

Name	For	No	Abstain
Mayor Arfsten	X		
Mayor Pro-Tempore Resnik	X		
Deputy Mayor Pro-Tempore Quintanilla	X		
Council Member Willesen	X		
Council Member Craig	X		
Council Member Liscio		X	
Council Member Gardner		X	

Motion is lost as vote requires a super-majority of 6 in Favor.

MOTION: Deputy Mayor Pro-Tempore Quintanilla moved to deny Agenda Item 4(a) the application for the SUP from White Rock Chapel of Addison, Inc. without prejudice to refile. Council Member Gardner seconded the motion. Motion carried with 6 For and 1 Against (Willesen).

5. Items for Individual Consideration.

- a. Present, discuss, and consider action on Resolution No. R23-067 for appointments to the Parkland Dedication and Development Fee Study Advisory Committee.
[Assistant Director of Parks Joe Pack]

On April 25, 2023, Council approved a resolution for professional planning services with 110% Inc. to conduct a Parkland Dedication and Development Fee Study. The study is a recommendation of the Parks, Recreation and Open Space (PROS) plan which listed identifying future funding strategies to help address long-term sustainability for Addison Parks as a priority. The plan recommends the Town analyze the incorporation of parkland dedication fee in lieu of land dedication and park development impact fees to address redevelopment and growth in Addison. \$132,500 was included in the FY 2022/23 Budget to ensure Addison Parks are being invested in insure the Town meets future park demands and needs while maintaining the Town's current level of service. Allocated funds are intended for consultant fees and reimbursable expenses to conduct a study and develop an ordinance to define the application and use of Parkland dedication and fees associated with Park Development.

The consultant has begun work on the study's Data Collection & Analysis phase. Gathering input from the community is an important component of this process, and the consultant's scope includes meeting with a Public Advisory Committee to represent the community's needs and help guide the process. Staff solicited volunteers interested in participating on the committee between June 2-21 and July 12-19. The sixteen applications that were received during the first solicitation period were presented to the Council during the July 11th meeting. Staff presented a complete list of applications for Council review and information. The final listing includes a total of seventeen residents requesting appointment on this committee.

As a reminder, staff and the consultant advise that an ideal advisory committee would include representatives from all areas of Addison and reflect diversity in age and length of residency. Additionally, the ideal committee would consist of those who work in Addison and those who live in Addison. The recommended committee size would be eight participants. Staff recommends that each Council Member appoint one member and the Mayor appoint two members to the committee. Staff also advises that another Advisory Committee will be formed for the Comprehensive Plan that will begin soon. It would be ideal for the Public Advisory Committee to have a liaison that also serves on the Comprehensive Plan Committee.

Mayor Arfsten called on each member to appoint a representative to this Committee. Appointments are shown below:

FIRST NAME	LAST NAME	APPOINTED BY
Mike	O'Neal	Mayor Arfsten
Jessica	Zazzara	Mayor Arfsten
Ron	Whitehead	Mayor Pro-Tempore Resnik
Adam	Gordon	Deputy Mayor Pro-Tempore Quintanilla
Lauren	Smart	Council Member Craig
Adrienne	Wright	Council Member Gardner
Logan Nichole	Nevonen	Council Member Liscio
Ken	Pittman	Council Member Willeesen

6. **Items of Community Interest.** *The City Council will have this opportunity to address items of community interest, including: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition; a reminder about an upcoming event organized or sponsored by the Town of Addison; information regarding a social, ceremonial, or community event that was or will be attended by an Addison City Council member or an official; and, announcements involving an eminent threat to public health and safety in Addison that has arisen since posting this agenda.*

Adjourn Meeting.

There being no further business, Mayor Arfsten adjourned the meeting at 11:30 p.m.

TOWN OF ADDISON, TEXAS

Bruce Arfsten, Mayor

ATTEST:

Irma G. Parker, City Secretary

City Council

4. a.

Meeting Date: 08/08/2023

Department: Development Services

AGENDA CAPTION:

Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) for property located at 16601 Addison Road, Suite 106, that is currently zoned Planned Development (PD), through Ordinance No. O83-043, to allow a restaurant with the sale of alcoholic beverages for on-premises consumption. Case 1882-SUP/16601 Addison Road, Suite 106 (Soulful Street Bites).

BACKGROUND:

The Addison Planning and Zoning Commission, meeting in regular session on July 18, 2023, voted to recommend approval of the request for a Special Use Permit (SUP) to allow a restaurant with the sale of alcoholic beverages for on-premises consumption on property located at 16601 Addison Road, Suite 106, that is currently zoned Planned Development, though Ordinance Nos. O83-043 and O11-012, with the following conditions:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.
- Prior to issuance of a Certificate of Occupancy for this restaurant, the existing fire lane on site shall be brought into compliance, establishing the appropriate turning radii for a fire apparatus.
- Prior to issuance of a Certificate of Occupancy for this restaurant, the site shall provide one additional handicap accessible parking space on site, for a total of three accessible spaces.

Voting Aye: Catalani, Chavez, DeFrancisco, Fansler, Meleky

Voting Nay: none

Absent: Branson, Faircloth

Please refer to the Staff Report for additional details.

RECOMMENDATION:

Administration recommends approval.

Attachments

1882-SUP Presentation
1882-SUP Ordinance
1882-SUP Staff Report
1882-SUP Letter of Intent
1882-SUP Plans

Soulful Street Bites Special Use Permit (1882-SUP)

The logo for the City of Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes a diagonal white line separating a blue area from a dark grey area.

Case 1882-SUP Soulful Street Bites

LOCATION:

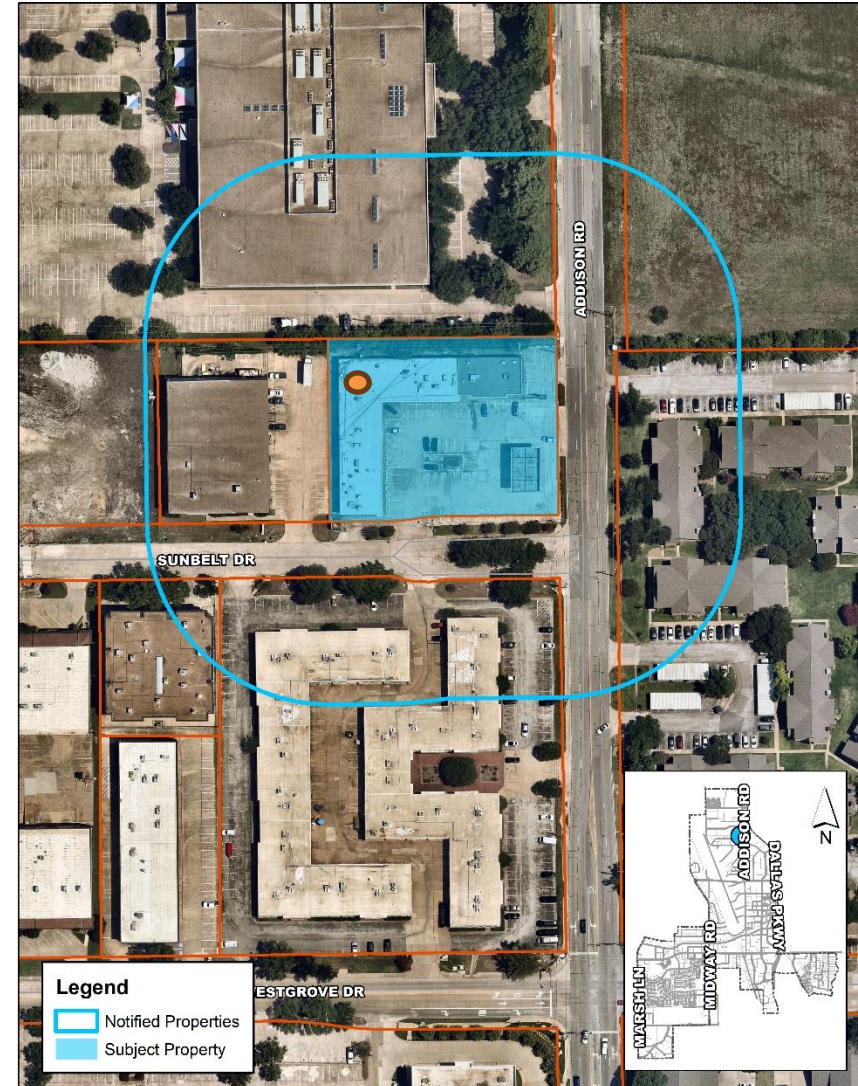
16601 Addison Road, Suite 106

REQUEST:

Approval of a Special Use Permit for a restaurant with the sale of alcohol for on-premises consumption.

ACTION REQUIRED:

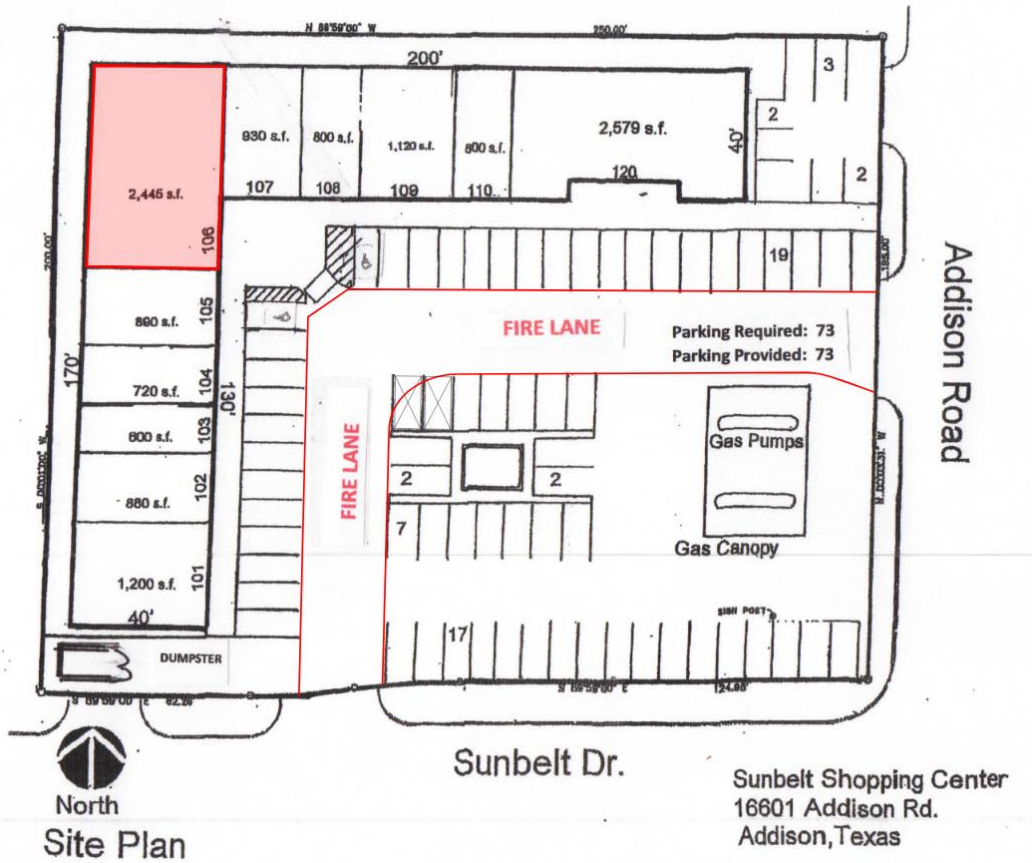
Discuss, consider, and take action on the appropriateness of the proposed restaurant use and the sale of alcohol for on-premises consumption, and associated site conditions at the subject property.



Case 1882-SUP Soulful Street Bites

SITE HISTORY:

- 1983 – Rezoning from Commercial to PD, Ord. No. O83-043.
- 2011 – PD Amendment & SUP, Ord. No. O11-012, to define permitted uses and allow a convenience store with the sale of alcohol for off-premises consumption.
- Present – Proposed SUP to allow a dine in restaurant, Soulful Street Bites, with alcohol sales.

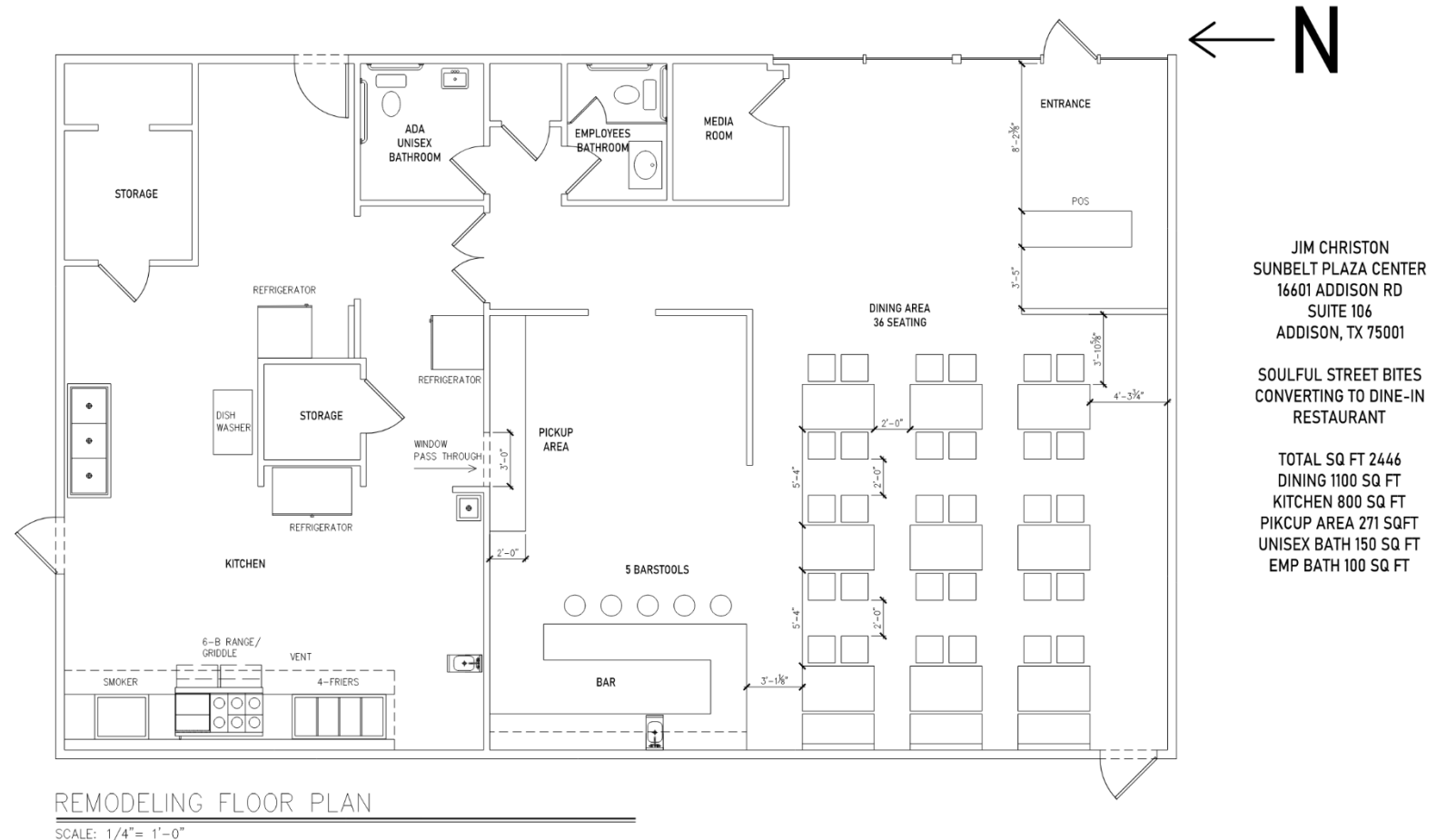


Case 1882-SUP Soulful Street Bites

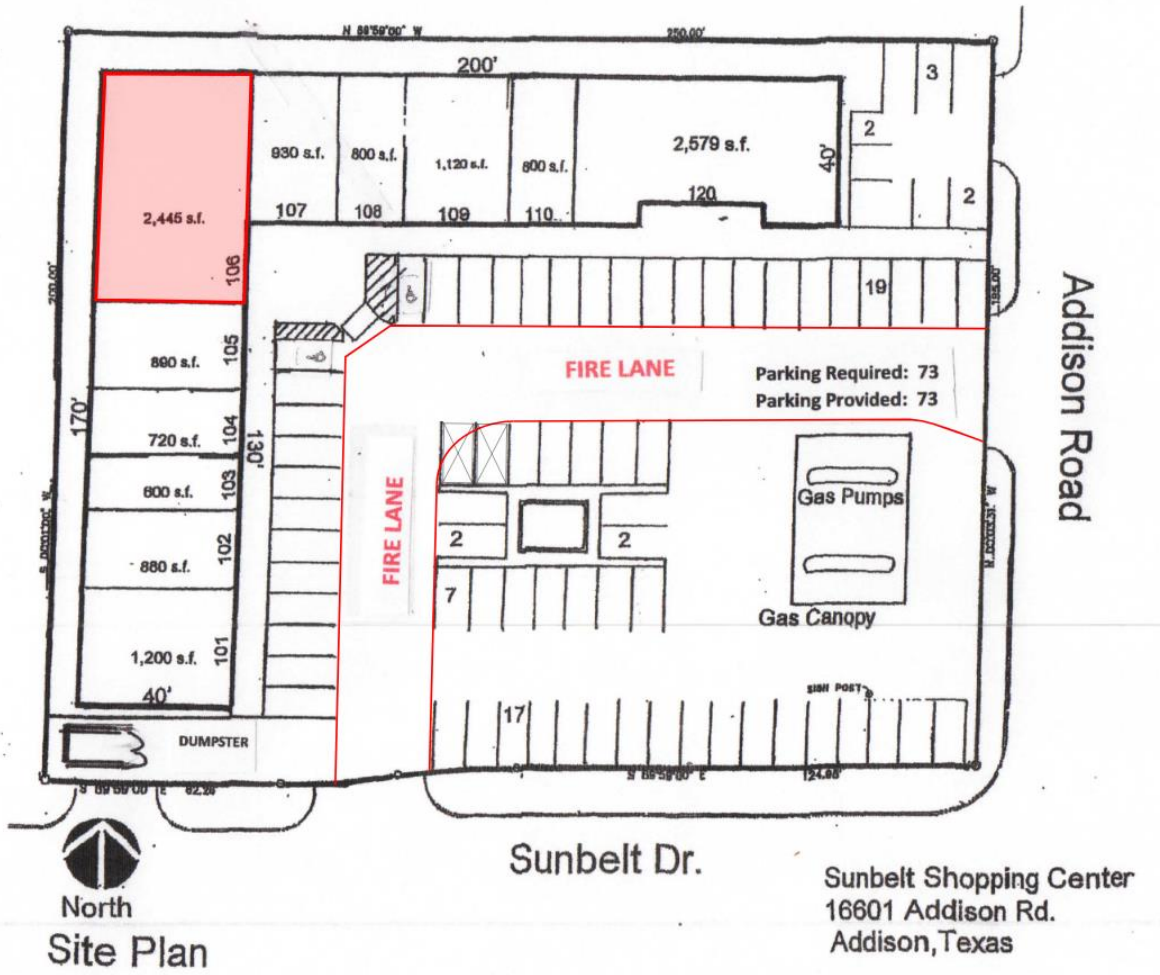
ADDISON

FLOOR PLAN:

- 2,445 SF of interior floor area for dine in restaurant
- Seating for 41 individuals
- Sale of alcoholic beverages
- Hours of operation:
 - 11:00 am – 7:00 pm, Tuesday through Thursday
 - 12:00 pm – 9:00 pm, Friday and Saturday
 - 12:00 pm – 5:00 pm, Sundays



Case 1882-SUP Soulful Street Bites



PARKING:

- The existing parking lot provides 73 spaces. With the recommended improvements of the fire lane, the site will lose 2 spaces. One additional accessible space is also recommended on site.
 - Required: 73 spaces
 - Provided: 71 spaces

OPEN SPACE AND LANDSCAPE:

- No modifications are proposed to the open space or landscaping.
- The site provides approximately 5% open space, which was approved with PD, Ord. No. O11-012.

EXTERIOR APPEARANCE:

- There are no modifications proposed to the exterior of the structure.

Case 1882-SUP Soulful Street Bites

ADDISON

PUBLIC NOTICE:

Notice of public hearing was provided to property owners within 200 feet of the subject property in accordance with Town and State law.

NOTICE RECIPIENTS: 8

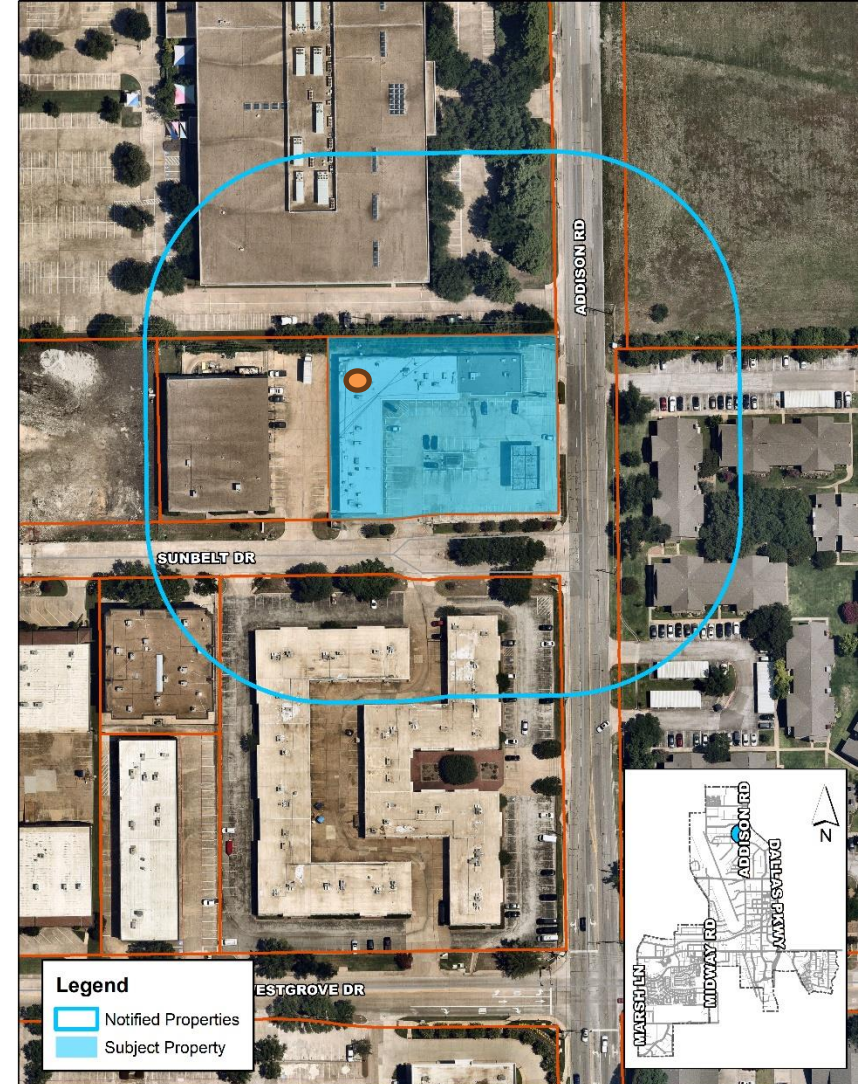
FOR: None.

AGAINST: None.

NEUTRAL: None.

PLANNING & ZONING COMMISSION ACTION:

Approval: 5-0



RECOMMENDATION:

Staff recommends **approval of the request with the following condition:**

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.
- Prior to issuance of a Certificate of Occupancy for this restaurant, the existing fire lane on site shall be brought into compliance.
- Prior to issuance of a Certificate of Occupancy for this restaurant, the site shall provide one additional handicap accessible parking space on site.

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE BY GRANTING A SPECIAL USE PERMIT (SUP) FOR A RESTAURANT AND FOR THE SALE OF ALCOHOLIC BEVERAGES FOR ON-PREMISES CONSUMPTION FOR THE PROPERTY LOCATED AT 16601 ADDISON ROAD, SUITE 106; PROVIDING A PENALTY NOT TO EXCEED TWO THOUSAND DOLLARS (\$2,000.00) FOR EACH OFFENSE; PROVIDING A SAVINGS CLAUSE, SEVERABILITY CLAUSE, AND AN EFFECTIVE DATE.

WHEREAS, at its regular meeting held on July 18, 2023, the Planning & Zoning Commission considered and made recommendations on a request for a Special Use Permit (Case No.1882-SUP) for a restaurant and for the sale of alcoholic beverages for on-premises consumption at the property located at 16601 Addison Road, Suite 106 (the “Subject Property”); and

WHEREAS, the Subject Property is presently zoned Planned Development (PD), Ordinance No. O83-043, as amended by Ordinance No. O11-012; and

WHEREAS, this change of zoning is in conformance with the adopted Comprehensive Plan of the Town of Addison, as amended; and

WHEREAS, after due deliberations and consideration of the recommendation of the Planning and Zoning Commission, the information received at a public hearing, and other relevant information and materials, the City Council of the Town of Addison, Texas finds that this amendment promotes the general welfare and safety of this community.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

SECTION 1. The recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

SECTION 2. A Special Use Permit authorizing a restaurant and authorizing the sale of alcoholic beverages for on-premises consumption for the Subject Property, is hereby granted subject to the following conditions:

- (a) Prior to issuance of a Certificate of Occupancy, the Subject Property shall be improved in accordance with the site plan and floor plan which are attached hereto as **Exhibit A** and made a part hereof for all purposes.
- (b) The SUP granted herein for a restaurant and for the sale of alcoholic beverages for on-premises consumption, shall be limited to that particular area encompassing a total area not to exceed 2,446 square feet as designated on the final site plans attached hereto as **Exhibit A**.

- (c) Prior to the issuance of a Certificate of Occupancy, the existing fire lane on the Subject Property shall be brought into compliance by establishing the appropriate turning radii for a fire apparatus.
- (d) Prior to the issuance of a Certificate of Occupancy, the site shall provide one additional handicap accessible parking space on site, for a total of three accessible spaces.
- (e) No signs advertising sale of alcoholic beverages shall be permitted other than those authorized under the Liquor Control Act of the State of Texas, and any sign ordinance of the Town of Addison, Texas (hereinafter “City”).
- (f) The sale of alcoholic beverages under this SUP shall be permitted in restaurants. For the purposes of this ordinance, the term “restaurant” means an establishment which receives at least sixty percent (60%) of its gross revenues from the sale of food.
- (g) Said establishment shall, upon request by the City, make available to the City or its agents, during reasonable hours its bookkeeping records for inspection to ensure that the conditions of subparagraph (f) above are being met.
- (h) Any nonconforming use of the Subject Property that is not considered a legal nonconforming use under the City’s Comprehensive Zoning Ordinance shall not be permitted to receive a license or permit for the sale of alcoholic beverages.
- (i) If the Subject Property is not used for the purposes for which said permit was granted within one (1) year after the adoption of this ordinance, the City Council may authorize hearings to be held for the purpose of considering a change of zoning and repeal of the Special Use Permit granted herein.
- (j) If a license or permit to sell alcoholic beverages on the Subject Property is revoked, terminated, or cancelled by any authority with jurisdiction over the same, the City Council may authorize hearings to be held for the purpose of considering a change of zoning and repeal of the Special Use Permit granted herein.
- (k) The establishment shall not use the term “bar”, “tavern”, or any other terms or graphic depictions that relate to the sale of alcoholic beverages on any signs visible from the exterior of the premises.

SECTION 3. Any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon conviction shall be punished by a fine set in accordance with Chapter 1, Section 1-7 of the Code of Ordinances for the Town of Addison.

SECTION 4. Should any word, sentence, paragraph, subdivision, clause, phrase, or section of this ordinance or of the Zoning Ordinance for the Town of Addison, as amended hereby, be adjudged or held, in whole or in part, to be invalid, voided or unconstitutional, the same shall not affect the validity of the remaining portions of said ordinances, as amended hereby, which shall remain in full force and effect.

SECTION 5. All ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

SECTION 6. This ordinance shall become effective from and after its passage and approval and after publication as may be required by law or by the City Charter.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas, on this the 8TH day of AUGUST 2023.

TOWN OF ADDISON, TEXAS

Bruce Arfsten, Mayor

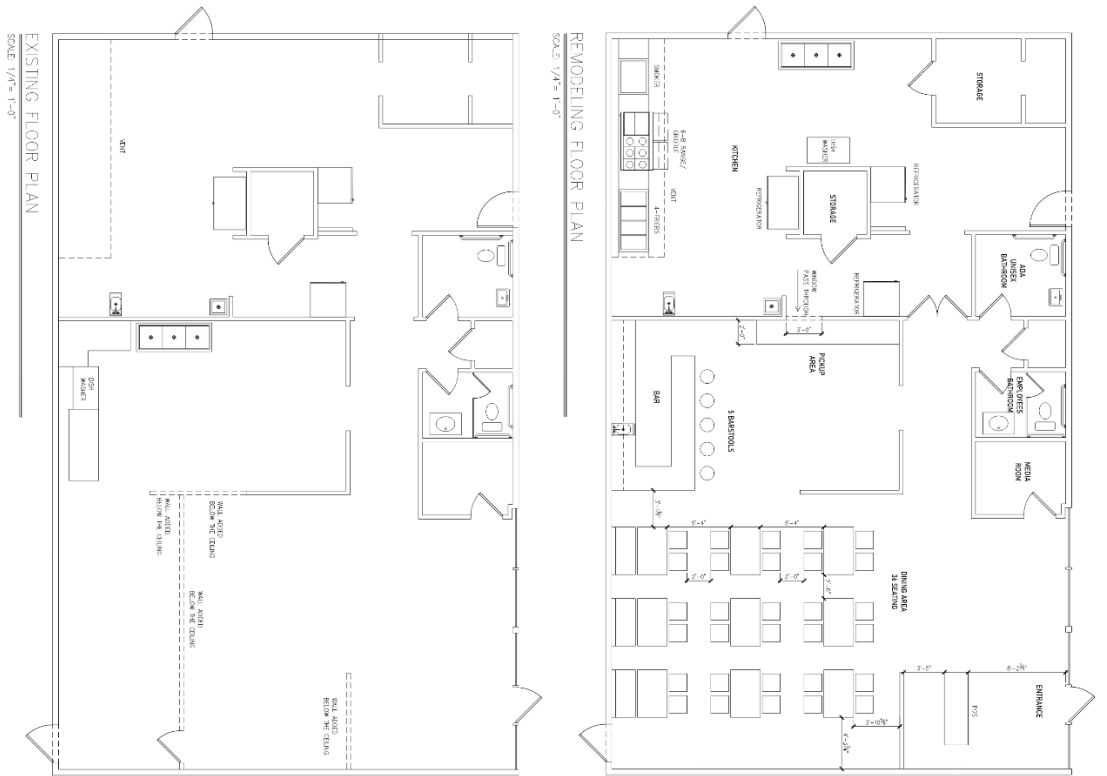
ATTEST:

APPROVED AS TO FORM:

Irma Parker, City Secretary

Whitt Wyatt, City Attorney

EXHIBIT A



JIM CHRISTON
 SUNBELT PLAZA CENTER
 16401 ADDISON RD
 SUITE 106
 ADDISON, TX 75001
 SOULFUL STREET BITES
 CONVERTING TO DINE-IN
 RESTAURANT
 TOTAL SQ FT 2444
 DINING 1000 SQ FT
 KITCHEN 800 SQ FT
 BREAKFAST AREA 270 SQ FT
 MEDIA ROOM 200 SQ FT
 BATH 100 SQ FT

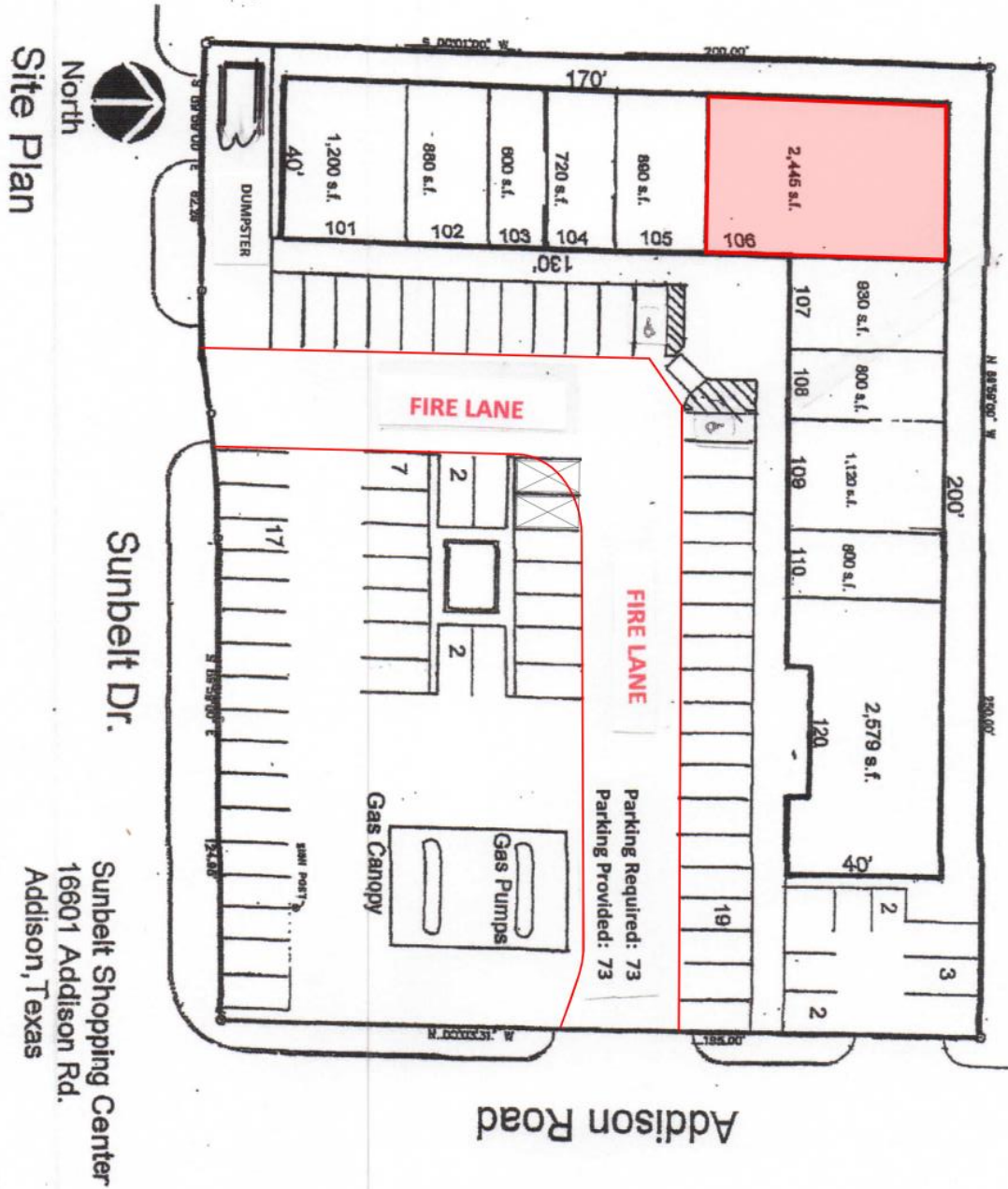
A1

REMODELING RESIDENCE FOR
SOULFUL STREET BITES
 16601 ADDISON ROAD #106, ADDISON, TX 75001

ADDISON, TEXAS 75001
 714.643.3764
 INFO@WONDARCH.COM



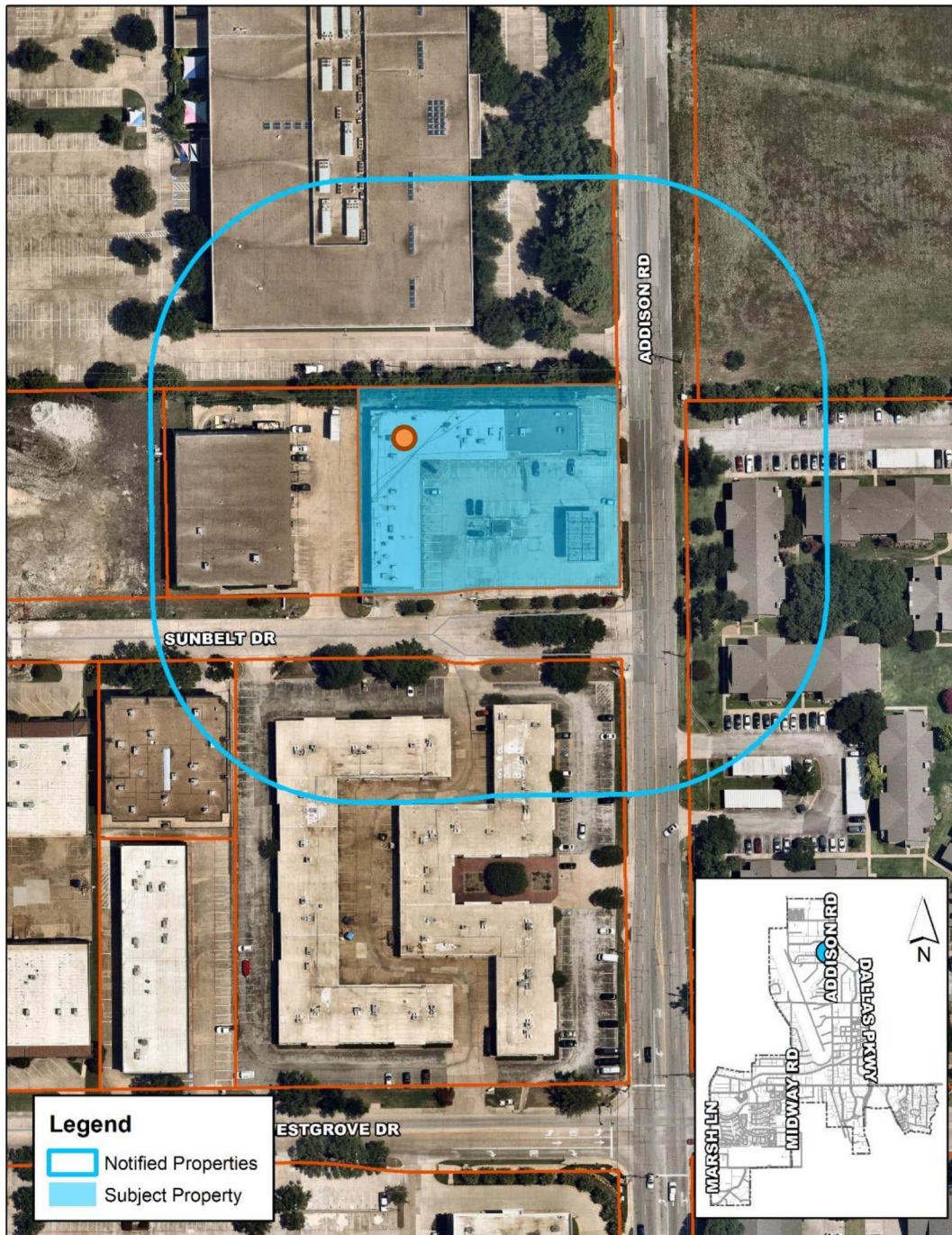
EXHIBIT A



1882-SUP

PUBLIC HEARING Case 1882-SUP/16601 Addison Road, Suite 106 (Soulful Street Bites). Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) for property located at 16601 Addison Road, Suite 106, that is currently zoned Planned Development (PD), through Ordinance No. O83-043, to allow a restaurant with the sale of alcoholic beverages for on-premises consumption.

LOCATION MAP





July 18, 2023

STAFF REPORT

RE: 1882-SUP/16601 Addison Road, Suite 106 (Soulful Street Bites)

LOCATION: 16601 Addison Road, Suite 106

REQUEST: Approval of a Special Use Permit for a restaurant and the sale of alcoholic beverages for on-premises consumption. (Application Date: 03/28/2023)

APPLICANT: Elizabeth Smith

DISCUSSION:

Background: The subject property is located at 16601 Addison Road. The proposed dine in restaurant would occupy Suite 106 within the existing multi-tenant building. The site is zoned Planned Development (PD), Ordinance No. O83-043, as amended by Ordinance No. O11-012.

Soulful Streets Bites is a full-service restaurant specializing in New Orleans-inspired soul food. The restaurant operators, Michael and Elizabeth Smith, began as a food truck, expanded to an 800 square foot storefront at 16601 Addison Road, Suite 110 for catering and takeout only, and has expanded further to 2,445 square feet within Suite 106. Currently Soulful Street Bites offers catering and takeout only service within Suite 106. With this SUP request, they are proposing to offer dine in service with alcohol sales for on-premises consumption.

The operating hours are Tuesday through Thursday 11:00 AM – 7:00 PM, Friday and Saturday 12:00 PM – 9:00 PM, and Sunday 12:00 PM – 5:00 PM. The restaurant proposed to include interior seating, including approximately 41 seats.

The PD Ordinance allows restaurants and the sale of alcoholic beverages for on-premises consumption through the approval of an SUP. The proposed use complies with the ordinance.

Proposed Plan: With this request, Soulful Street Bites would utilize their 2,445 square foot suite for a dine in restaurant with the sale of alcohol for on-premises consumption. There are no proposed modifications to the site or exterior of the building. Minor interior improvements are proposed to expand the dining room area to include 1,100 square feet to provide 41 seats for patrons. The interior floor plan is comprised of kitchen and service areas, a bar, and table, booth, and bar seating in the dining areas.

Parking: The existing parking lot is shared between the eleven tenant spaces on site which are currently occupied with a mixture of retail, office, and takeout food service. Based upon the

current uses and the proposed dine in restaurant, 73 parking spaces are required. The site meets this requirement by providing 73 spaces. With this request, staff is requesting that the existing fire lane be brought into compliance to establish the appropriate turning radius for a fire apparatus to navigate the site. This would result in the loss of two parking spaces, resulting in 71 spaces provided on site.

The site currently does not comply with the required number of handicap accessible parking spaces. Staff is requesting that one additional accessible space be added on site to bring this site into compliance with a total of three spaces.

Exterior Facades: This request does not include modifications to the exterior of the building.

Landscaping and Open Space: The request does not include modifications to the landscaping or open space. The site currently provides approximately 5% open space, which was approved with PD, Ordinance No. O11-012. The opportunity for additional landscaping and open space is severely constrained by the existing conditions and modifications are likely to disrupt existing emergency access or required parking.

RECOMMENDATION: **APPROVAL WITH CONDITIONS**

Soulful Street Bites has operated at the subject property since Summer 2022. During that time, they have quickly amassed a loyal following seeking out their southern cuisine and warranting the need to expand. The restaurant intends to continue their catering and take out operations as a large share of the business operations and floor plan, however, adding the dine in component will offer diversity to the shopping center and create new opportunities for a local business.

Staff recommends approval of these requests, subject to the following condition:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.
- Prior to issuance of a Certificate of Occupancy for this restaurant, the existing fire lane on site shall be brought into compliance, establishing the appropriate turning radii for a fire apparatus.
- Prior to issuance of a Certificate of Occupancy for this restaurant, the site shall provide one additional handicap accessible parking space on site, for a total of three accessible spaces.



Case 1882-SUP/16601 Addison Road, Suite 106 (Soulful Street Bites)

July 18, 2023

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on July 18, 2023, voted to recommend approval of the request for a Special Use Permit (SUP) to allow a restaurant with the sale of alcoholic beverages for on-premises consumption on property located at 16601 Addison Road, Suite 106, that is currently zoned Planned Development, though Ordinance Nos. O83-043 and O11-012, with the following conditions:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.
- Prior to issuance of a Certificate of Occupancy for this restaurant, the existing fire lane on site shall be brought into compliance, establishing the appropriate turning radii for a fire apparatus.
- Prior to issuance of a Certificate of Occupancy for this restaurant, the site shall provide one additional handicap accessible parking space on site, for a total of three accessible spaces.

Voting Aye: Catalani, Chavez, DeFrancisco, Fansler, Meleky

Voting Nay: none

Absent: Branson, Faircloth

Letter of Intent:

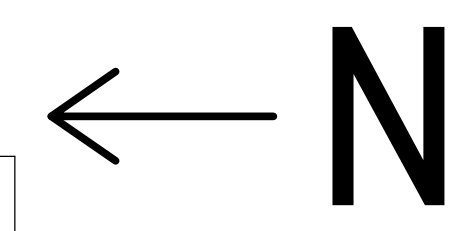
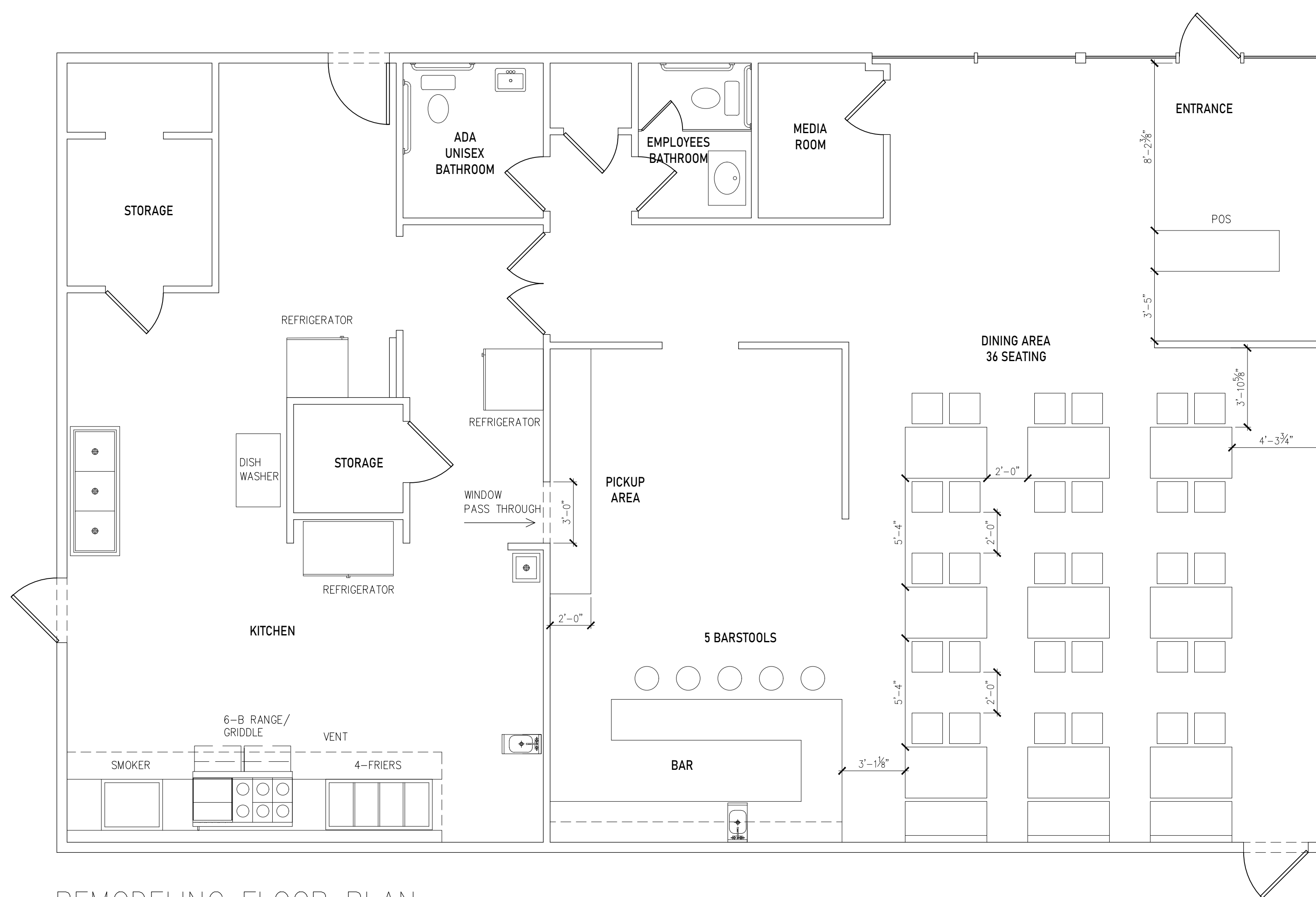
We are owners of Soulful Street Bites. Our restaurant is Family Owned, we serve southern soul food as well as bbq and many other foods. We currently operate a Take-out restaurant on 16601 Addison Rd Addison, TX 75001. We have been giving the opportunity to lease a bigger and much needed space in the same shopping center as we currently are located. The demand for our product has been outstanding and so many customers have requested a bigger space that they can dine-in as well. Our intent is to create a Family-Friendly atmosphere that all can dine in and enjoy our Southern Comfort Food as well as have a bigger establishment that will allow us to grow our Catering Business that is currently in High Demand at this time.

Michael Smith



Elizabeth Smith





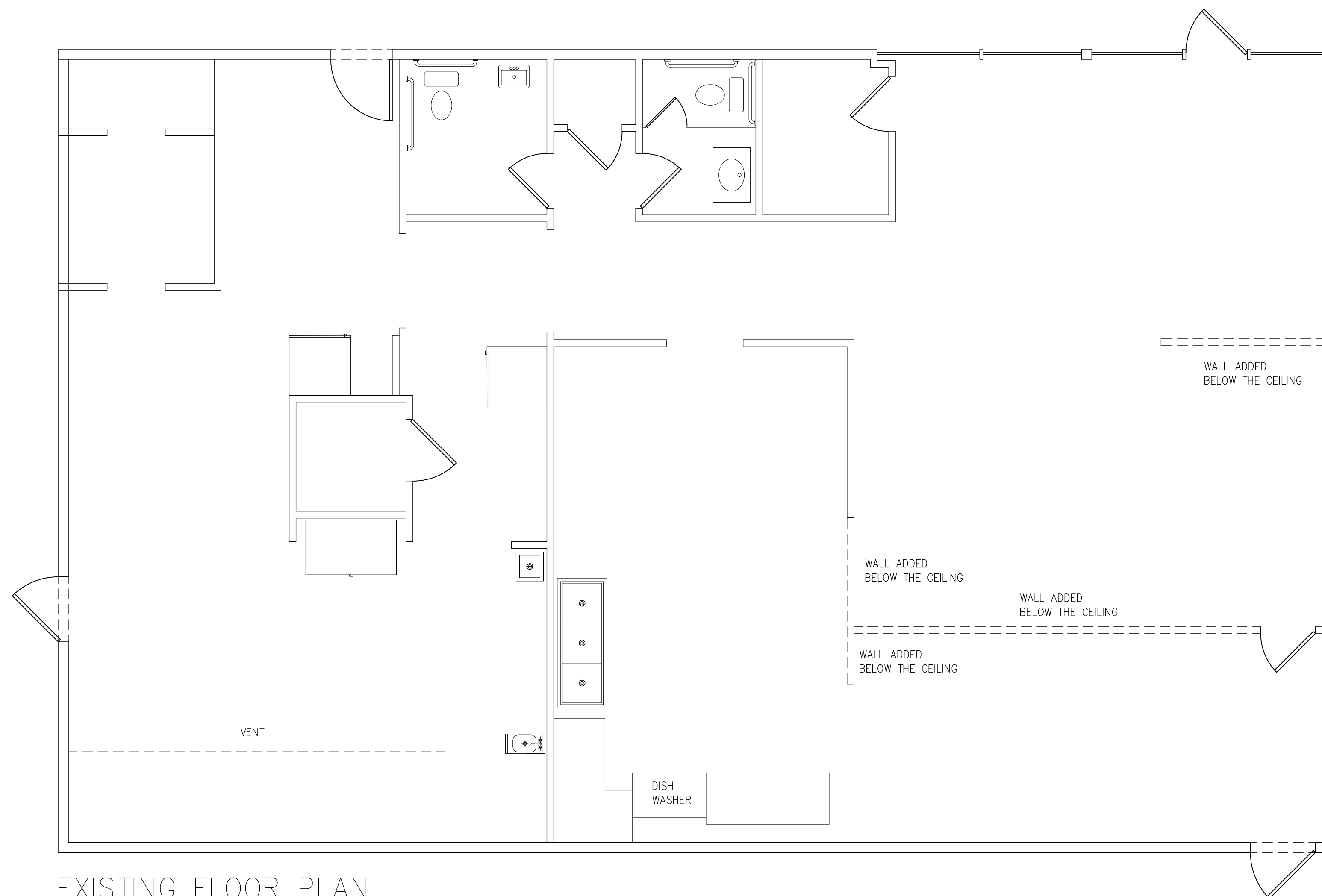
JIM CHRISTON
 SUNBELT PLAZA CENTER
 16601 ADDISON RD
 SUITE 106
 ADDISON, TX 75001

SOULFUL STREET BITES
 CONVERTING TO DINE-IN
 RESTAURANT

TOTAL SQ FT 2446
 DINING 1100 SQ FT
 KITCHEN 800 SQ FT
 PICKUP AREA 271 SQ FT
 UNISEX BATH 150 SQ FT
 EMP BATH 100 SQ FT

REMODELING FLOOR PLAN

SCALE: 1/4" = 1'-0"



EXISTING FLOOR PLAN

SCALE: 1/4" = 1'-0"



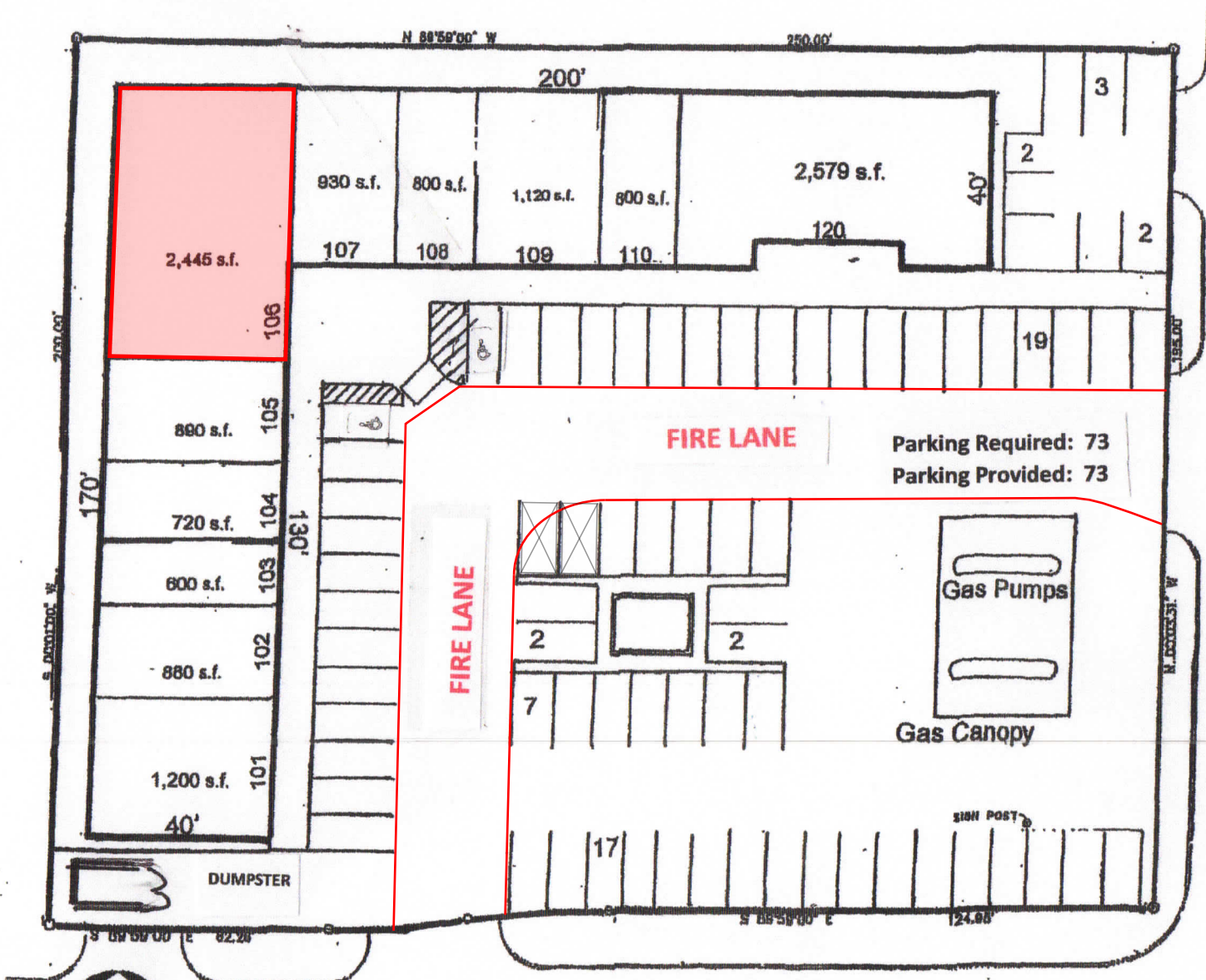
ADDISON, TEXAS 75001
 214.945.3296
 INFO@WONDARCH.COM

REMODELING RESIDENCE FOR
SOULFUL STREET BITES
 16601 ADDISON ROAD # 106, ADDISON, TX 75001

0029

FINAL
 03-07-23

A1



Addison Road

Sunbelt Dr.



North

Site Plan

Sunbelt Shopping Center
 16601 Addison Rd.
 Addison, Texas

CONTROLLING ORDINANCE: Planned Development Ordinance (#83-043)

100 - Classic Cleaners – Retail

102 – DJ Tacos – Take Out Rest.

103 – OneStop – Retail

104 – Babe Factory – Office

105 – Donut Palace - Retail

106 – Soulful Bites – Take Out Rest.

107 – Tattoo – 6 - Office

108 – Tattoo – 6 – Office

109 – Haru Hankki – Take Out Rest.

110 – Vacant – Take Out Rest.

120 – C Store – Retail

Parking Required: 73

Parking Provided: 73

PARKING CALCULATIONS:

<u>Category</u>	<u>Sq. Ft Size</u>	<u>Required Parking</u>
Dine – In Restaurant:	2,445	24.5
Take – Out Restaurant:	2,800	14.0
Retail:	5,269	26.3
Office:	2,450	8.2
Total:	12,964sf	73.0

City Council

4. b.

Meeting Date: 08/08/2023

Department: Development Services

AGENDA CAPTION:

Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) for property located at 4851 Keller Springs Road, Suite 203, that is currently zoned Planned Development (PD), through Ordinance No. O85-006, to allow an educational institution. Case 1887-SUP/4851 Keller Springs Road, Suite 203 (Vital Skills Training Center).

BACKGROUND:

The Addison Planning and Zoning Commission, meeting in regular session on July 18, 2023, voted to recommend approval of a request for a Special Use Permit (SUP) to allow an educational institution on property located at 4851 Keller Spring Road, Suite 203, that is currently zoned Planned Development, through Ordinance No. O85-006.

Voting Aye: Catalani, Chavez, DeFrancisco, Fansler, Meleky

Voting Nay: none

Absent: Branson, Faircloth

Please refer to the Staff Report for additional details.

RECOMMENDATION:

Administration recommends approval.

Attachments

1887-SUP Presentation

1887-SUP Ordinance

1887-SUP Staff Report

1887-SUP Letter of Intent

1887-SUP Plans

Vital Skills Training Center Special Use Permit (1887-SUP)

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes diagonal lines and a grey triangle in the top right corner.

ADDISON

Case 1887-SUP Vital Skills Training Center

ADDISON

LOCATION:

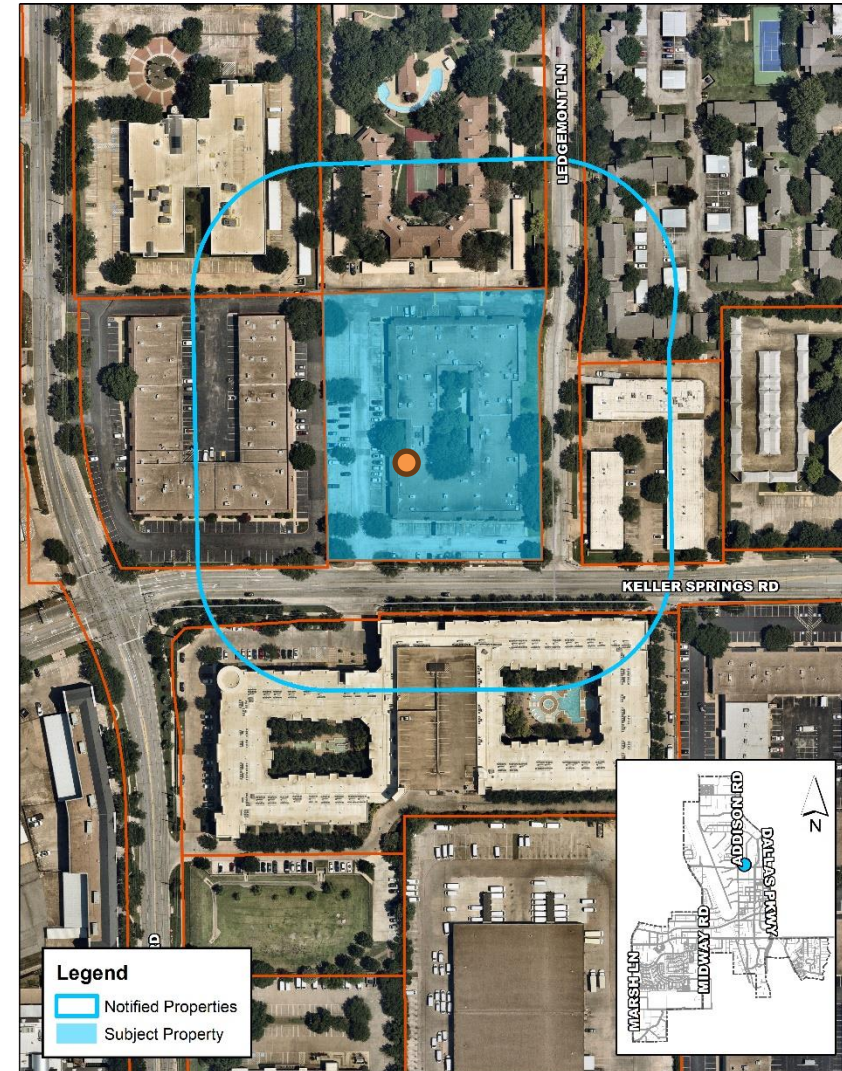
4851 Keller Springs Road, Suite 203

REQUEST:

Approval of a Special Use Permit for an educational institution.

ACTION REQUIRED:

Discuss, consider, and take action on the appropriateness of the proposed educational institution and associated site conditions at the subject property.



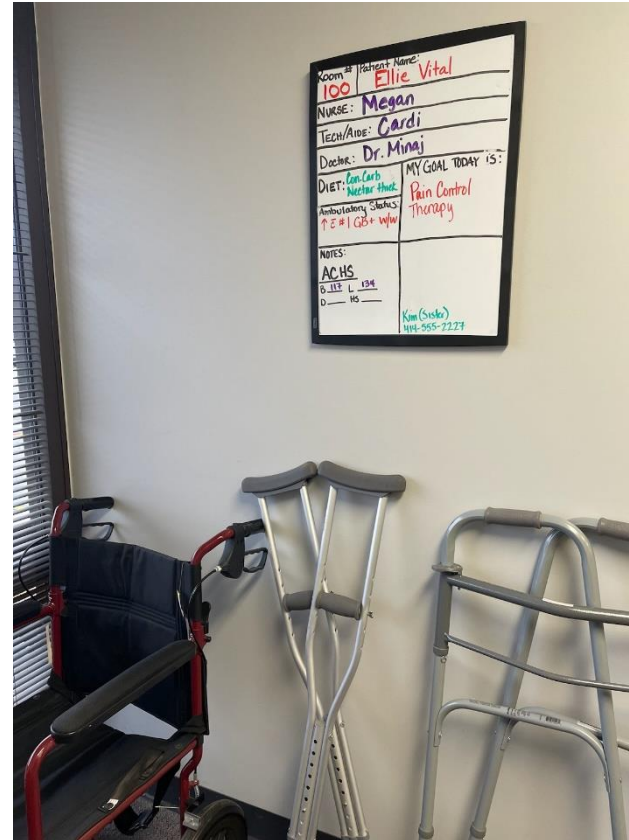
Case 1887-SUP Vital Skills Training Center

SITE HISTORY:

- 1985 – Rezoning from Commercial to PD, Ord. No. 085-006
- Present – Proposed SUP to allow an educational institution, Vital Skills Training Center



Classroom



Skills Room



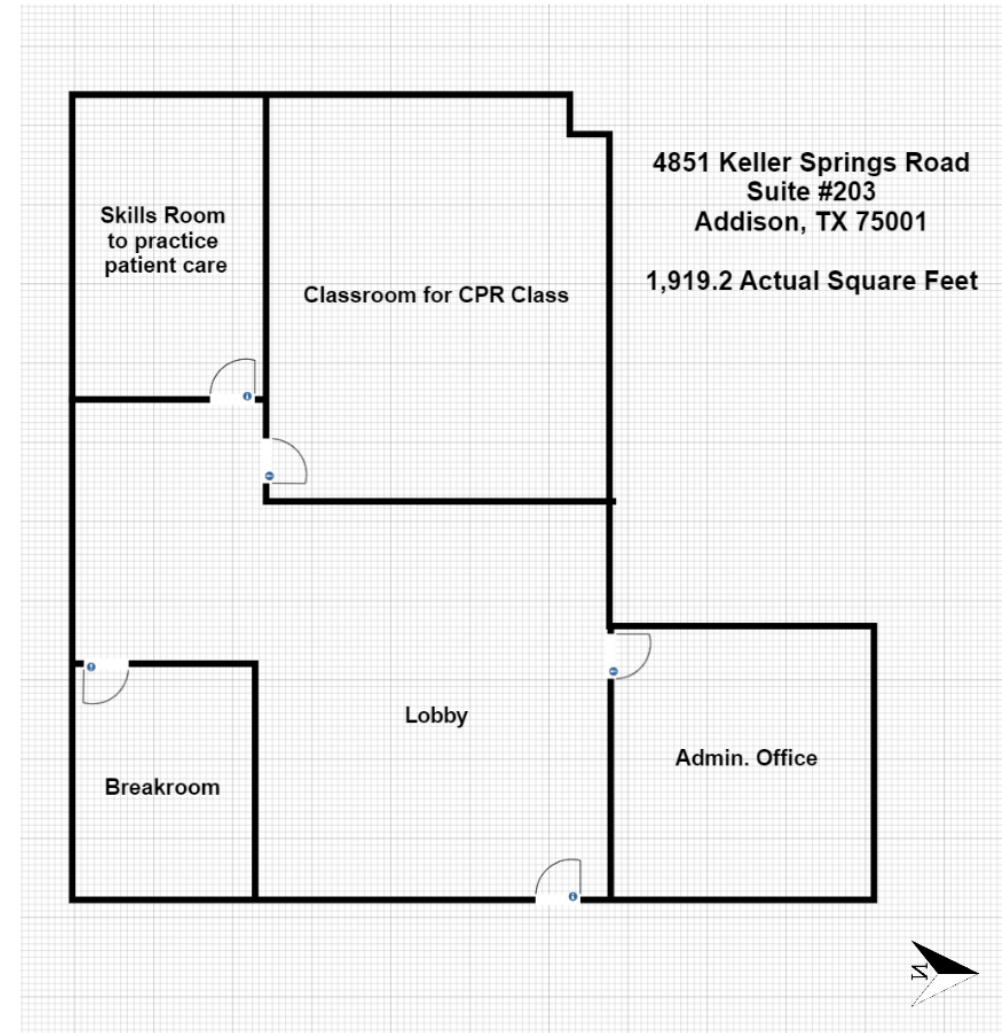
Skills Room

Case 1887-SUP Vital Skills Training Center

ADDISON

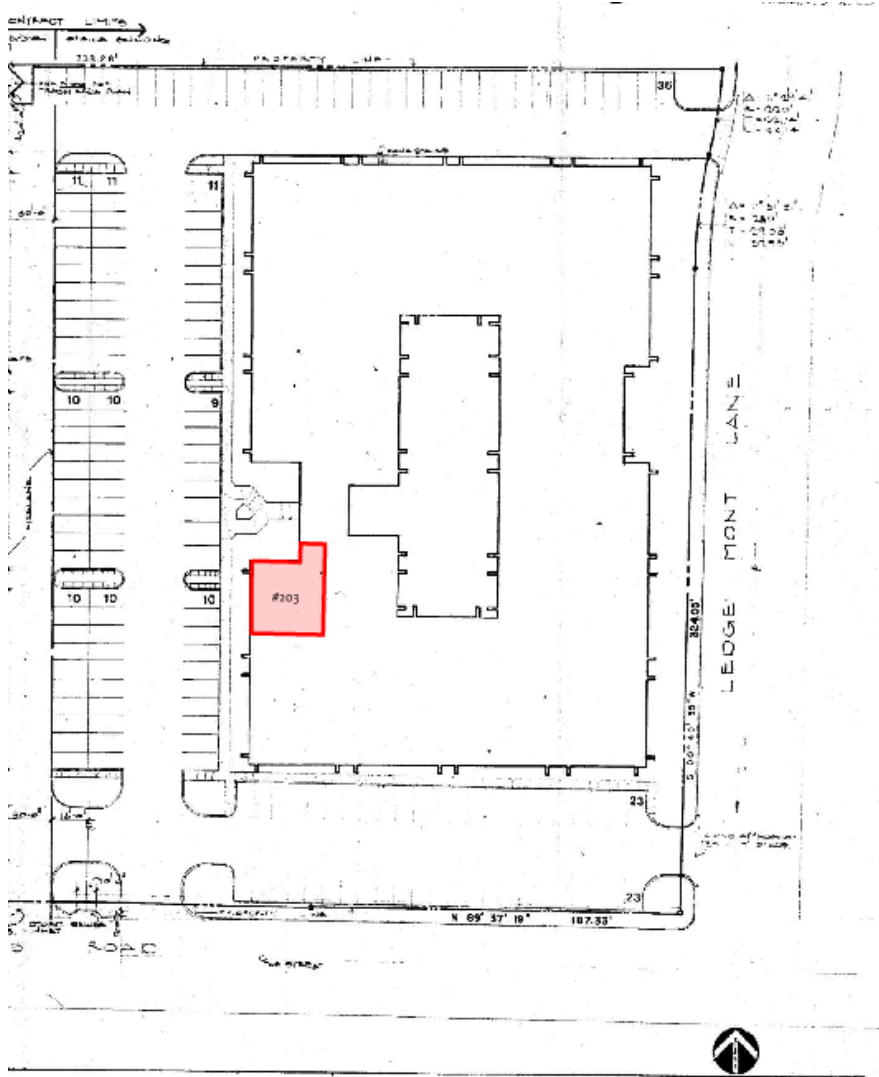
FLOOR PLAN:

- 1,919 Square Feet
- Training Provided: Certified Nursing Assistant, Basic Life Support Training, & CPR Training
- Class Sizes: 5-20 (CNA Courses) & 1-9 (BLS/CPR)
- Hours of Operation:
 - Open & Accessible: 8:00 am – 8:00 pm, seven days a week
 - Healthcare Courses: 8:00 am – 5:00 pm, Monday through Friday



Case 1887-SUP Vital Skills Training Center

ADDISON



PARKING:

- PD, Ord. No. 085-006 identifies 174 spaces on site. 150 spaces are currently provided. It is suspected that spaces were removed to provide accessible parking and a loading bay. It is unknown when the modifications were made.
 - Required: 174 spaces
 - Provided: 150 spaces

OPEN SPACE AND LANDSCAPE:

- No modifications are proposed to the open space or landscaping. The future reconstruction of Keller Springs Road will include landscaping improvements to the property frontage.

EXTERIOR APPEARANCE:

- There are no modifications proposed to the exterior of the structure.

CODE VIOLATIONS:

- Staff identified three code violations on site during the review of this request:
 - Dumpsters not screening within enclosure
 - Dumpsters obstructing fire lane
 - Speed bumps within fire lane.
- Since the P&Z meeting, Staff has met with the property owner, and they have agreed to resolve these violations.



Case 1887-SUP Vital Skills Training Center

ADDISON

PUBLIC NOTICE:

Notice of public hearing was provided to property owners within 200 feet of the subject property in accordance with Town and State law.

NOTICE RECIPIENTS: 108

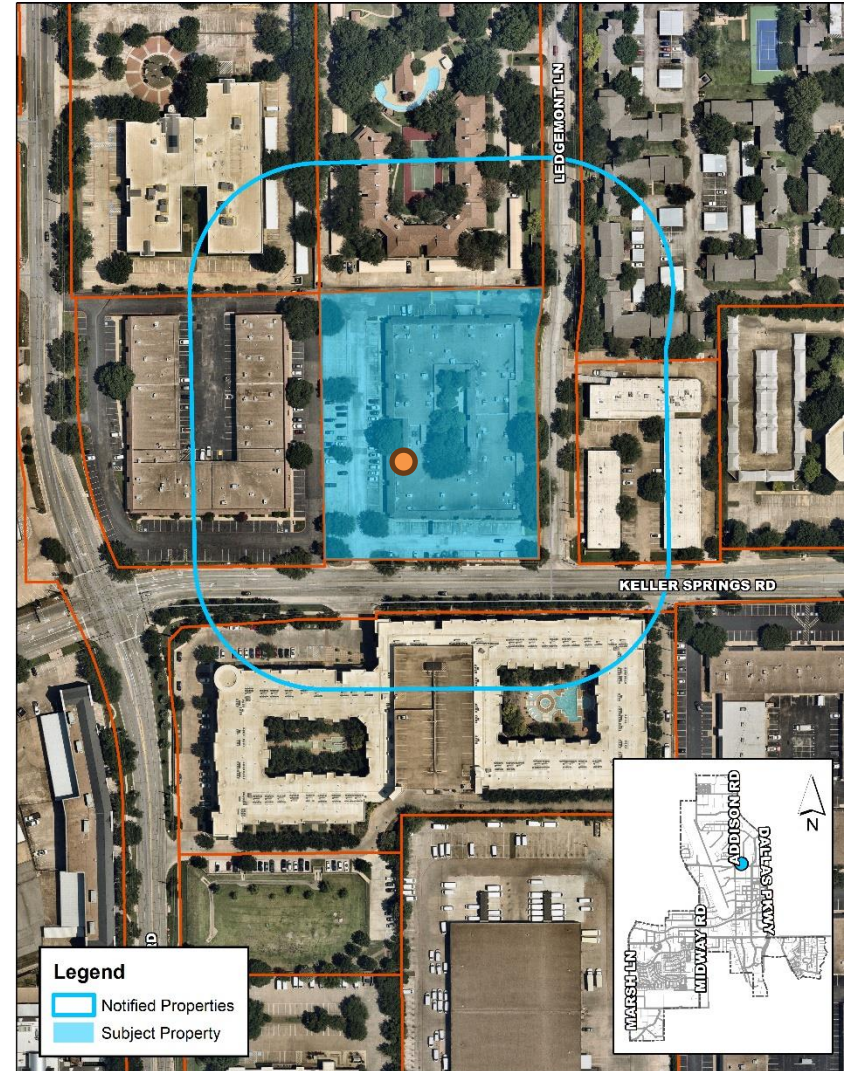
FOR: None.

AGAINST: None.

NEUTRAL: None.

PLANNING & ZONING COMMISSION ACTION:

Approval: 5-0



RECOMMENDATION:

Staff recommends **approval of the request.**

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE BY GRANTING A SPECIAL USE PERMIT (SUP) FOR AN EDUCATIONAL INSTITUTION FOR THE PROPERTY LOCATED AT 4851 KELLER SPRING ROAD, SUITE 203; PROVIDING A PENALTY NOT TO EXCEED TWO THOUSAND DOLLARS (\$2,000.00) FOR EACH OFFENSE; PROVIDING A SAVINGS CLAUSE, SEVERABILITY CLAUSE, AND AN EFFECTIVE DATE.

WHEREAS, at its regular meeting held on July 18, 2023, the Planning & Zoning Commission considered and made recommendations on a request for a Special Use Permit (Case No.1887-SUP) for an educational institution at the property located at 4851 Keller Springs Road, Suite 203 (the “Subject Property”); and

WHEREAS, the Subject Property is presently zoned Planned Development (PD), Ordinance No. O85-006; and

WHEREAS, this change of zoning is in conformance with the adopted Comprehensive Plan of the Town of Addison, as amended; and

WHEREAS, after due deliberations and consideration of the recommendation of the Planning and Zoning Commission, the information received at a public hearing, and other relevant information and materials, the City Council of the Town of Addison, Texas finds that this amendment promotes the general welfare and safety of this community.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

SECTION 1. The recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

SECTION 2. A Special Use Permit authorizing an educational institution for the Subject Property, is hereby granted subject to the following conditions:

- (a) The SUP granted herein for an education intuition shall be limited to an area not to exceed 1,920 square feet, as designated on the floor plan attached hereto as **Exhibit A.**
- (b) If the Subject Property is not used for the purposes for which said permit was granted within one (1) year after the adoption of this ordinance, the City Council may authorize hearings to be held for the purpose of considering a change of zoning and repeal of the Special Use Permit granted herein.

SECTION 3. Any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon conviction shall be punished by a fine set in accordance with Chapter 1, Section 1-7 of the Code of Ordinances for the Town of Addison.

SECTION 4. Should any word, sentence, paragraph, subdivision, clause, phrase, or section of this ordinance or of the Zoning Ordinance for the Town of Addison, as amended hereby, be adjudged or held, in whole or in part, to be invalid, voided or unconstitutional, the same shall not affect the validity of the remaining portions of said ordinances, as amended hereby, which shall remain in full force and effect.

SECTION 5. All ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

SECTION 6. This ordinance shall become effective from and after its passage and approval and after publication as may be required by law or by the City Charter.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas, on this the 8TH day of AUGUST 2023.

TOWN OF ADDISON, TEXAS

Bruce Arfsten, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Parker, City Secretary

Whitt Wyatt, City Attorney

EXHIBIT A

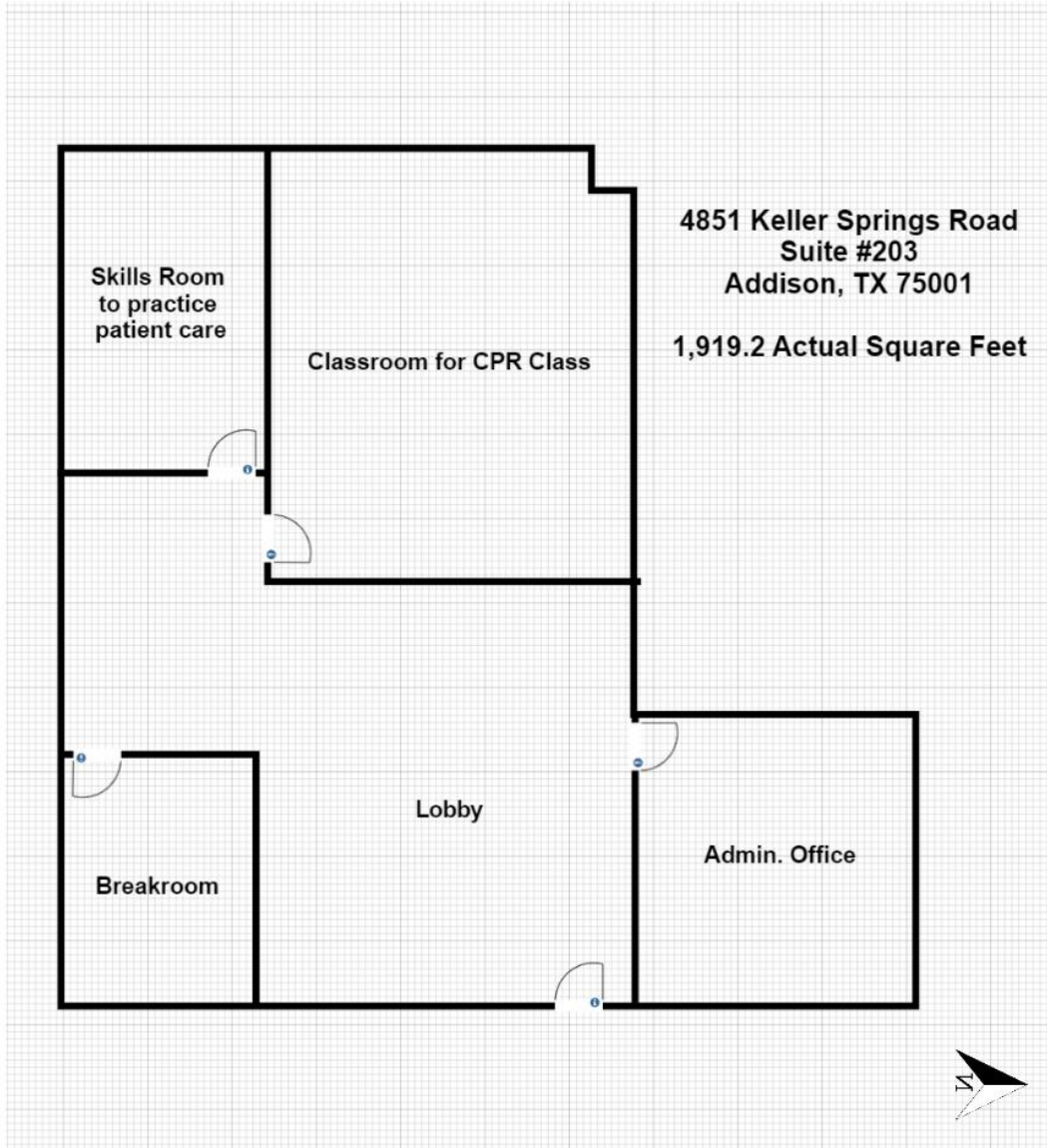
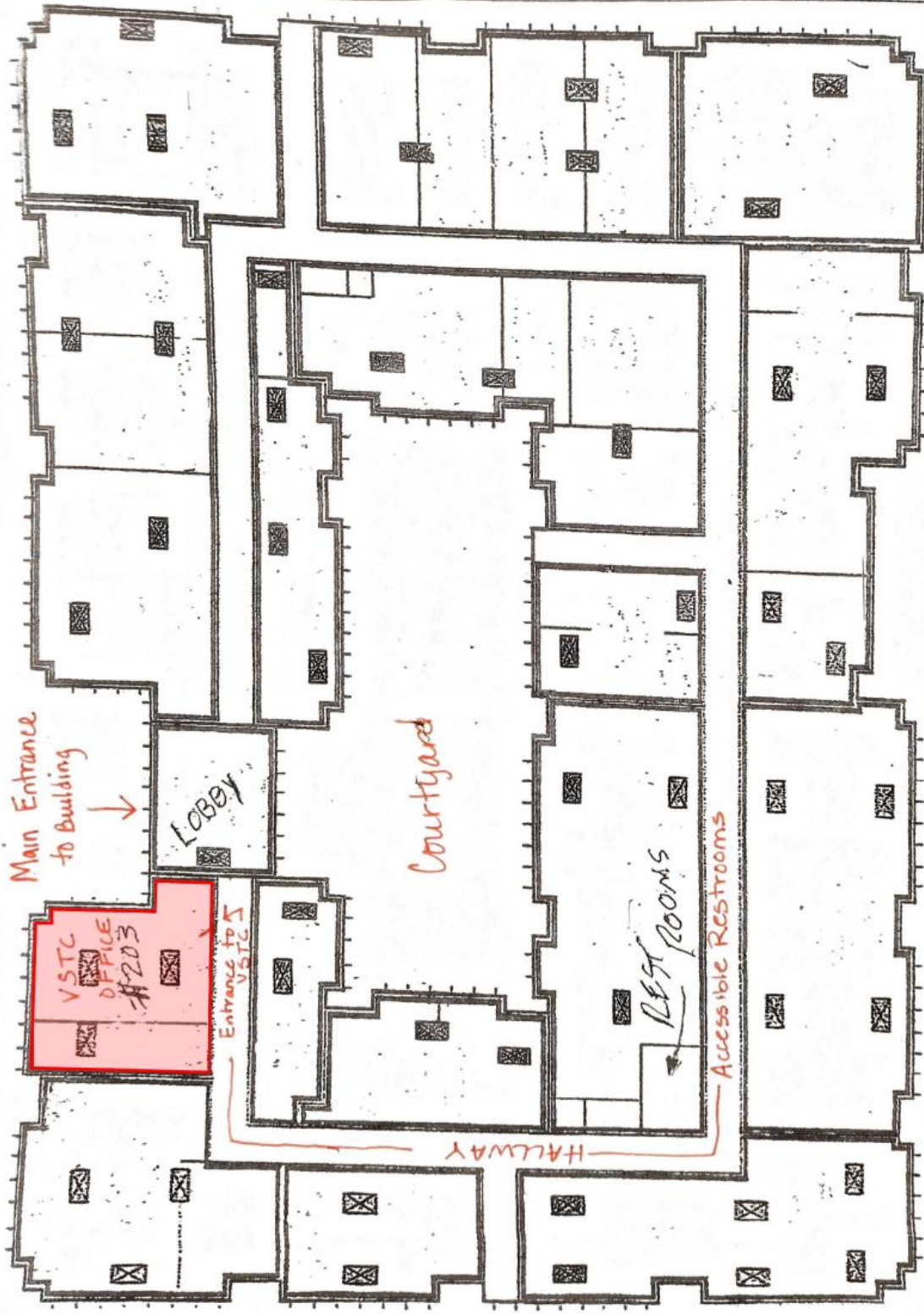


EXHIBIT A

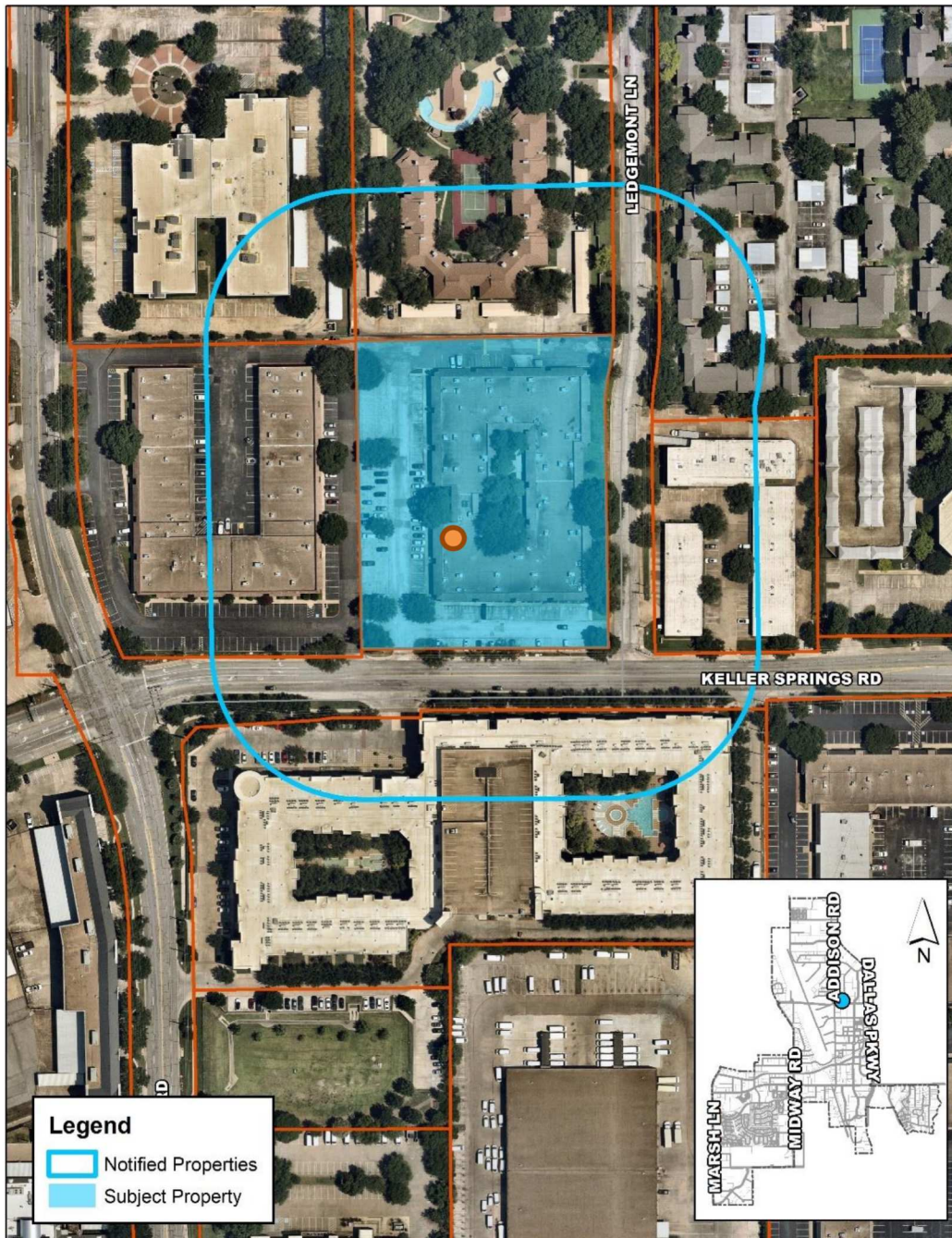


4851 Keller Springs Road

1887-SUP

PUBLIC HEARING 1887-SUP/4851 Keller Springs Road, Suite 203 (Vital Skills Training Center). Hold a public hearing, present, discuss, and consider action on a request for a Special Use Permit (SUP) for property located at 4851 Keller Springs Road, Suite 203, that is currently zoned Planned Development (PD), through Ordinance No. O85-006, to allow an educational institution.

LOCATION MAP





July 18, 2023

STAFF REPORT

RE: 1887-SUP/4851 Keller Springs Road, Suite 203
(Vital Skills Training Center, LLC)

LOCATION: 4851 Keller Springs Road, Suite 203

REQUEST: Approval of a Special Use Permit for a educational institution. (Application Date: 05/22/2023)

APPLICANT: Teresita Caceres

DISCUSSION:

Background: The subject property is located at 4851 Keller Springs Road. The proposed business, Vital Skills Training Center, would be located within Suite 203. The subject property is zoned Planned Development (PD), Ordinance No. O85-006.

Vital Skills Training Center (VSTC) is requesting a Special Use Permit (SUP) to allow a training program to provide employment skills and certification preparedness for future nursing assistants, healthcare professionals and the general public who wish to be basic life support (BLS)/cardiopulmonary resuscitation (CPR) certified. In the future, VSTC would like to offer continuing education credits to healthcare professionals. This training center will be operated by Teresita and Carmella Caceres, both of whom have extensive history in the healthcare industry.

VSTC is proposed to be open and accessible seven days a week, 8:00 AM – 8:00 PM, however, healthcare courses will occur Monday through Friday, between 8:00 AM – 5:00 PM. The proposed class sizes will vary between 5-20 students each and occur twice per month. BLS/CPR class sizes will vary between 1-9 students and occur on demand during operating hours.

The zoning ordinance allows educational institutions through the approval of an SUP within any zoning district. The proposed use complies with the ordinance.

Proposed Plan: With this request, VSTC would utilize an existing 1,919 square foot suite to conduct healthcare trainings. The space will offer a lobby, administrative office, breakroom, classroom, and skills room. The classroom features tables and chairs and the skills room is setup to simulate a patient room. There are no interior or exterior modifications proposed.

Parking: PD, Ordinance No. O85-006, identifies 174 parking spaces on site to serve the allowed uses of office, warehouse, showroom, and restaurant. The site currently has 150 parking spaces on site. Staff suspects that this deficit was created by removal of parking spaces to accommodate accessible spaces and the addition of a loading bay to serve the warehouse uses. It is unknown when these modifications were made. Staff has no knowledge of issues on site related to lack of parking.

Exterior Facades: No modifications are proposed to the existing facades on the subject property.

Landscaping and Open Space: No modifications are proposed to the existing landscaping and open space. The future reconstruction of Keller Springs Road will include landscaping improvements to the frontage of the subject property.

Code Violations: Upon review of this application, Town staff identified three code violations which are being addressed with the subject property's management group. The three violations include the illegal modification of the fire lane along the north property line, placement of speed bumps within the fire lane, and two trash dumpsters that are not screened by a solid screening wall. Staff will proceed with enforcement processes to address these items, however, do not believe this should delay consideration of this request as they are unrelated to the applicant.

RECOMMENDATION: APPROVAL

As proposed, this training center will function similarly to an office setting and will primarily operate during typical business hours. The classes will be small, which is unlikely to create conditions that would affect other businesses within the subject property.

Staff recommends approval of this request.



Case 1887-SUP/4851 Keller Springs Road, Suite 203 (Vital Skills Training Center)

July 18, 2023

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on July 18, 2023, voted to recommend approval of the request for a Special Use Permit (SUP) to allow an educational institution on property located at 4851 Keller Spring Road, Suite 203, that is currently zoned Planned Development, through Ordinance No. O85-006.

Voting Aye: Catalani, Chavez, DeFrancisco, Fansler, Meleky

Voting Nay: none

Absent: Branson, Faircloth

Vital Skills Training Center LLC.

4851 Keller Springs Rd

972-807-0062

May 18, 2023

Zoning Commission

Town of Addison

16801 Westgrove Drive

Addison, TX 75001

To whom it may concern,

This letter of intent is in reference to Vital STC LLC's request for a special use permit. The office is currently zoned as an office. We are requesting a Special Use Permit to allow a training center.

History:

Founded and owned by two sisters and nurses who have witnessed first-hand the need for highly qualified and compassionate caregivers. The nurses plan to contribute to the field by providing an educational service to individuals interested in entering the healthcare field. The owners, Teresita and Carmella Caceres, come from a family of caregivers. With an uncle as a physician, an aunt as a registered nurse and owner of a home health agency, and a mother who worked as a certified nursing assistant for over 20 years, there is no question as to why healthcare became a passion for the two sisters. Teresita graduated from Milwaukee Area Technical College in 2006 and began working at Aurora West Allis Medical Center. She has experience in orthopedics, medical-surgical, home-health care, oncology, rehabilitation, neurosurgery and long term care. Carmella also graduated from Milwaukee Area Technical College, but in 2014. She has experience in long term care, home health, orthopedics, medical-surgical, inpatient rehabilitation, oncology, and urology. With a love for their patients and careers, the sisters are determined to create an effective, comprehensive company training future healthcare professionals. Both owners are also CPR instructors certified to teach CPR classes. While neither Teresita nor Carmella have experience operating a training center, both have experience training and/or orienting others in care-taker skills and CPR in their vast nursing careers.

Description:

Vital Skills Training Center LLC exists to enhance the compassion and knowledge of certified nursing assistants in our community. Thus, enhancing the well-being and quality of life for the patients whom we provide care. To achieve this mission, we adhere to the following principles: integrity, competence, compassion, continuing education for all staff, constant innovation, and commitment to our community.

VSTC will offer CNA training to a minimum of 5 and maximum of 20 students. Two courses a month will be offered for CNA training. Each course will be 40 hours. Courses will be held Monday-Friday 8-5pm and as needed for make-up classes on Saturday. When these courses are not in session, VSTC will offer CPR certification classes on demand for 4 hours per class. Each CPR class will be attended by a minimum of 1 student to a maximum of 9 students.

Our training center will provide employment skills and certification preparedness for future nursing assistants, healthcare professionals and the general public who wish to be CPR certified.

Location/Hours:

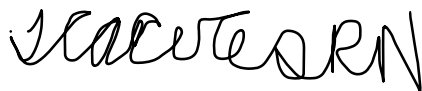
Vital Skills Training Center's one and only office and skills lab is located at 4851 Keller Springs Rd, Addison, TX 75001. Our location is less than 1 mile from the Dallas North Tollway, allowing quick and easy access to our facility from all areas of the Dallas Metroplex. When fully up and running the office will be open and/or accessible Sunday-Saturday 8:00am -8:00pm as classes are scheduled.

Services:

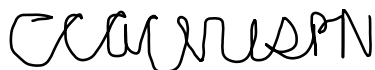
Nurse aide training program, CPR/BLS classes. After initial start-up, VSTC will also offer CE credits.

We thank all involved for your time and consideration in this matter.

Sincerely,



Teresita Caceres RN .



Carmella Caceres RN

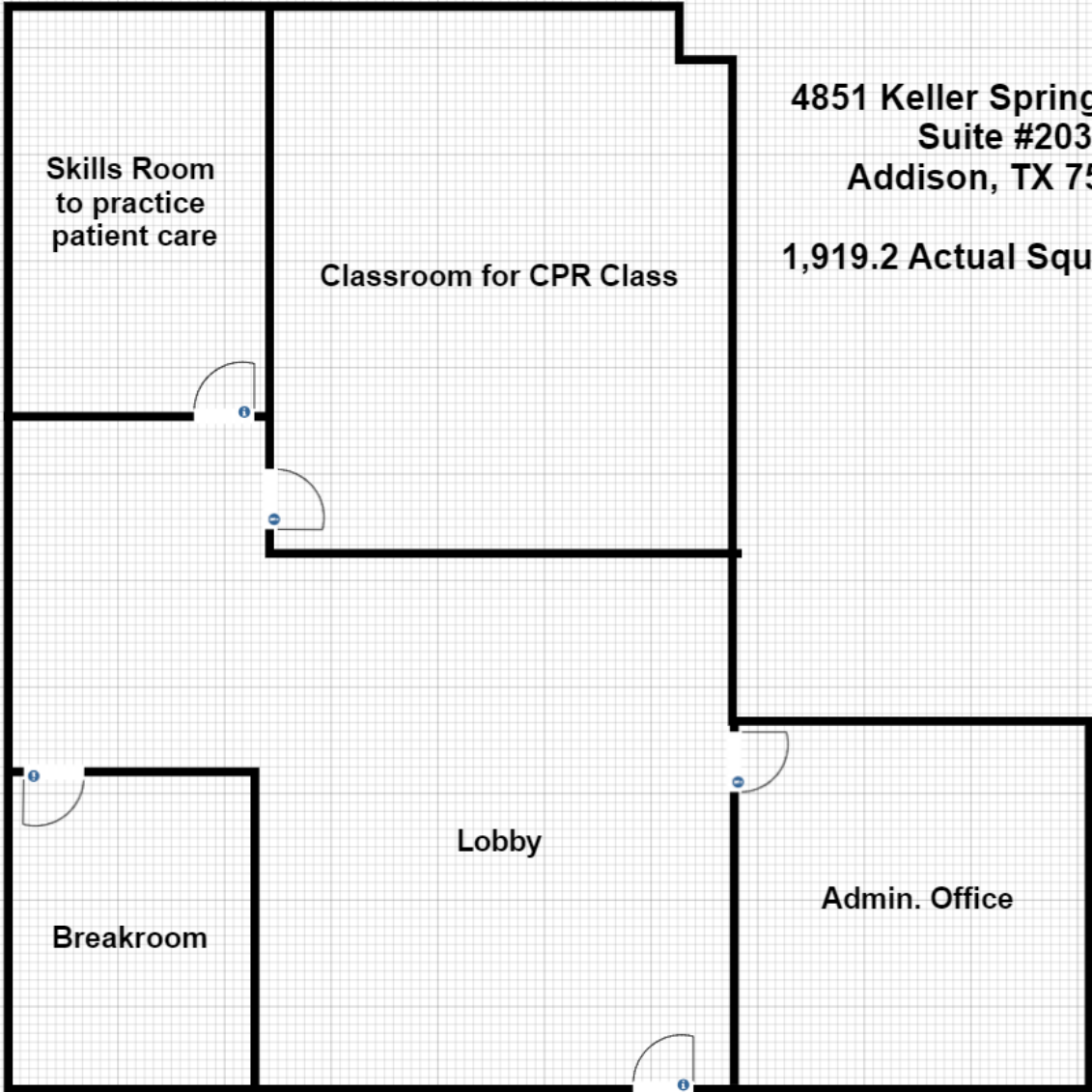
Room #	Patient Name:
100	Ellie Vital
NURSE:	Megan
TECH/AIDE:	Cardi
Doctor:	Dr. Minaj
DIET:	Low Carb Nectar thick
Ambulatory Status:	MY GOAL TODAY IS: Pain Control Therapy
↑ E #1 GB+ w/w	
NOTES:	
ACHS	
B 117 L 134	
D ___ Hs ___	
	Kim (Sister) 414-555-2227





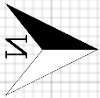
Room: 100	Ellie Vital
Name: Megan	
Residence: Cards	
Doctor: Dr. Moxie	
Diet: <i>Low Sodium</i>	<i>Low Carb</i>
Medications: <i>Lasix</i>	<i>Heart Control</i>
Notes: <i>AC/RS</i>	<i>12/22/20</i>

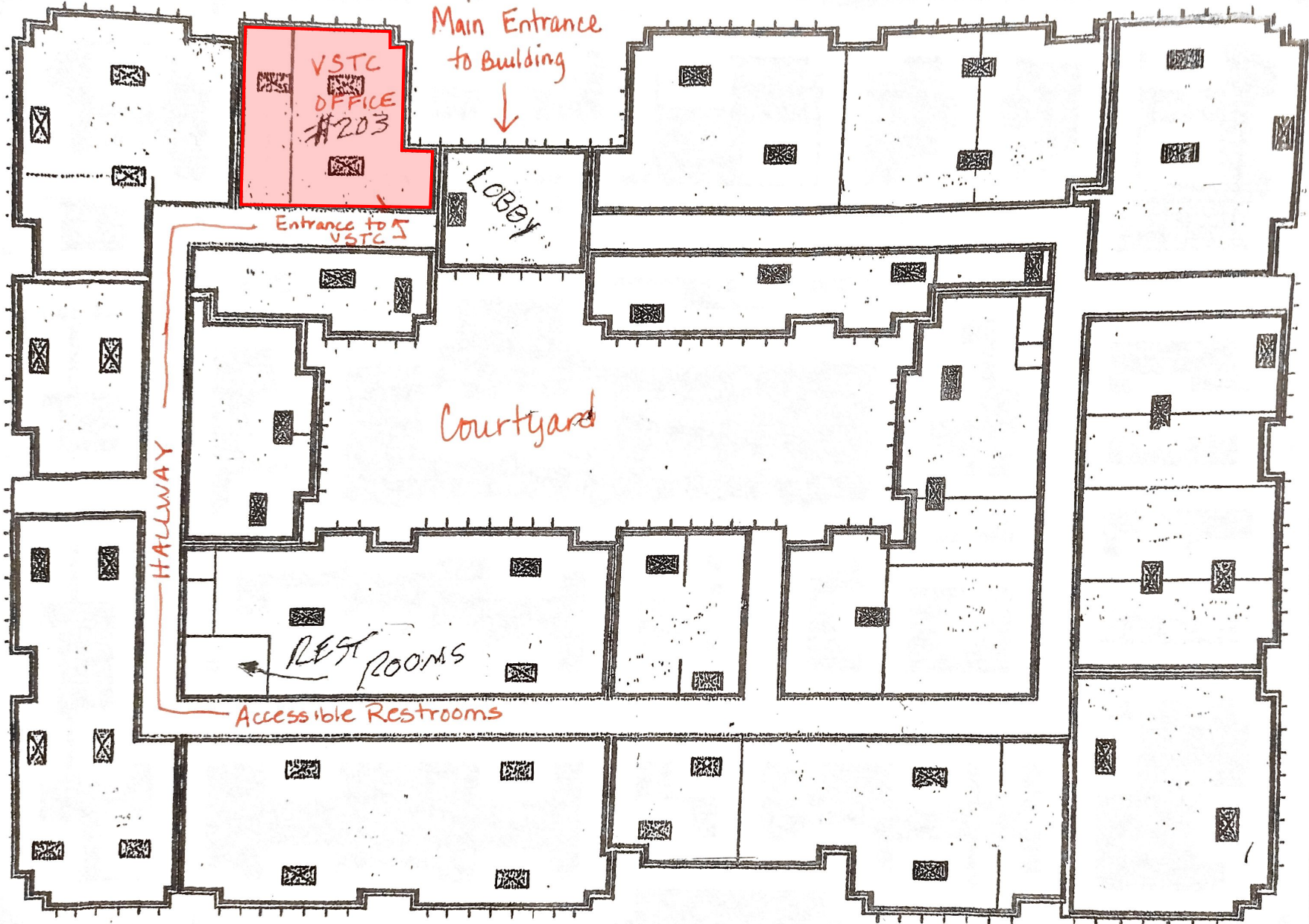


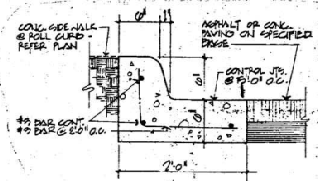


**4851 Keller Springs Road
Suite #203
Addison, TX 75001**

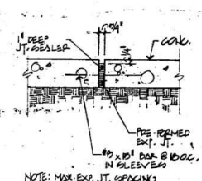
1,919.2 Actual Square Feet



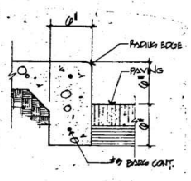




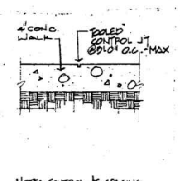
02 ROLL CURB DETAIL
SCALE: 1/4" = 1'-0"



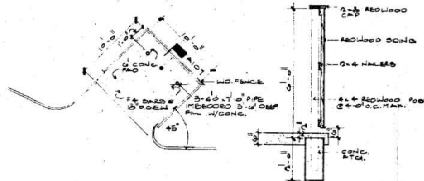
03 EXP. JOINT
SCALE: 1/4" = 1'-0"



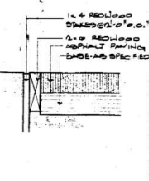
04 CURB DETAIL
SCALE: 1/4" = 1'-0"



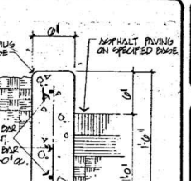
05 CONTROL JT.
SCALE: 1/4" = 1'-0"



06 TRASH AREA
SCALE: 1/4" = 1'-0"

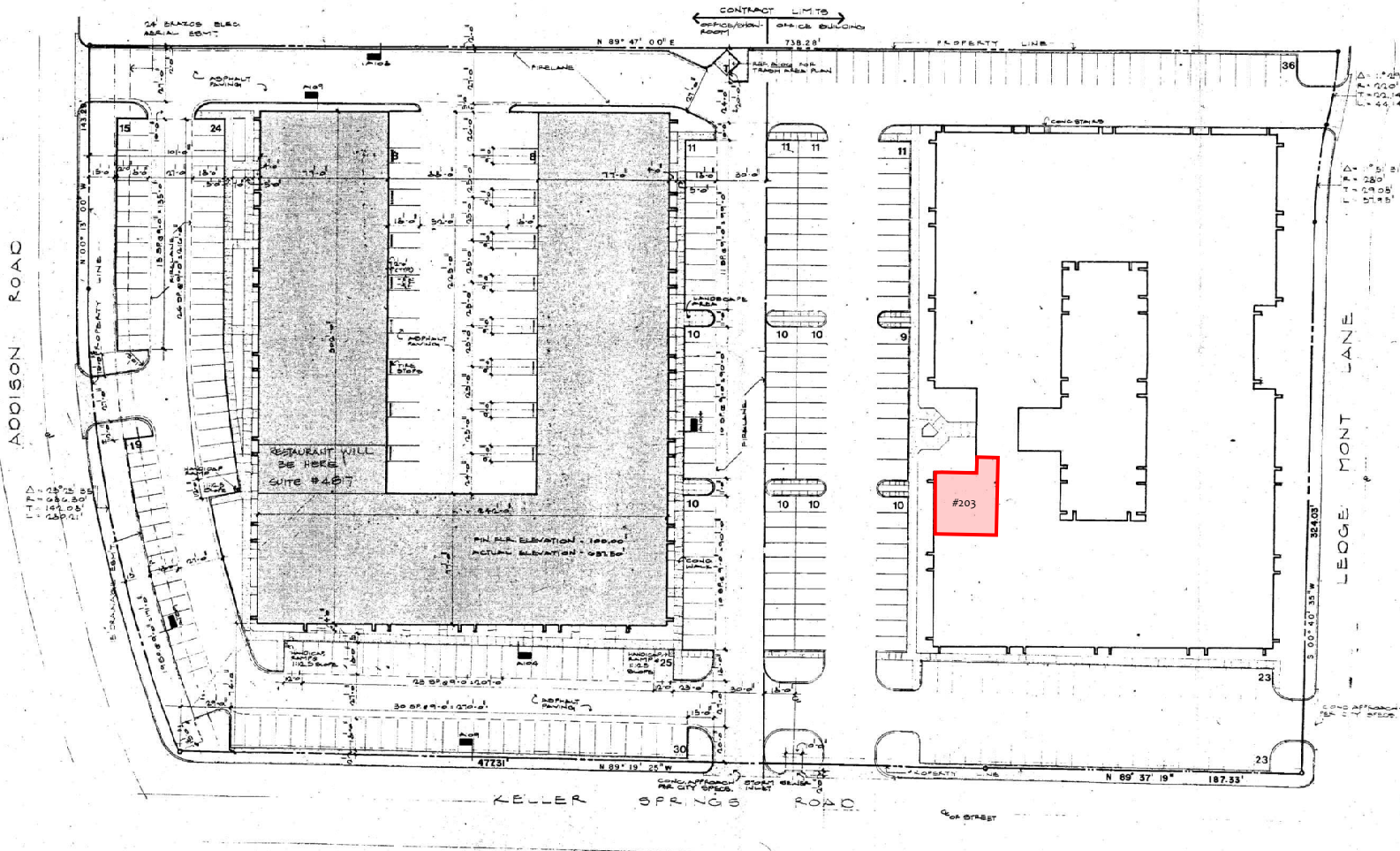


07 FENCE DTL.
SCALE: 1/4" = 1'-0"



08 CURB DTL.
SCALE: 1/4" = 1'-0"

09 CURB DETAIL
SCALE: 1/4" = 1'-0"



01 SITE PLAN
SCALE: 1/8" = 1'-0"



APPROVED PLANS
FOR ORDINANCE
NO. 085-008

CASE FILE NO. 2024-008-SUP
RECEIVED 12-23-24

REVISIONS

SHEET NUMBER
A1

Gateway Centre
Office / Showrooms
Lakeview Properties, Inc.
Keller Springs Road at Addison Road

addison, Texas



EDI
ARCHITECTURE PLANNING DESIGN
CONSTRUCTION SERVICES
11000 W. JENNIFER DRIVE, SUITE 100, DALLAS, TX 75241
TEL: 972.416.1000 FAX: 972.416.1001
WWW.EDI-ARCH.COM



CARE, HOPKINS, CLEMENT
ARCHITECTURE PLANNING DESIGN
CONSTRUCTION SERVICES
11000 W. JENNIFER DRIVE, SUITE 100, DALLAS, TX 75241
TEL: 972.416.1000 FAX: 972.416.1001
WWW.CHCA-ARCH.COM

City Council

5. a.

Meeting Date: 08/08/2023

Department: General Services

Pillars: Excellence in Asset Management

Milestones: Implement the Asset Management Plan in accordance with the Asset Management Policy, utilizing information systems

AGENDA CAPTION:

Present, discuss, and consider action on an Ordinance authorizing the City Manager to execute contracts for vehicle purchases.

BACKGROUND:

The acquisition of new vehicles and equipment is important for the on-going operations of public safety and other operating departments.

Beginning in 2020, the supply chain for vehicles became severely constrained with many vehicle manufacturers experiencing lengthy delays in the delivery of vehicles to suppliers. The Town competes with the private sector and other municipalities to purchase from a limited pool of new vehicles. The current requirement to obtain Council approval before making a vehicle purchase exceeding \$50,000 has resulted in lost opportunities to buy from the limited inventory. Staff needs authorization to make budgeted vehicle purchases immediately when inventory becomes available. The Ordinance to be discussed would afford staff that ability while ensuring transparency in purchasing and adherence to the approved budget.

Staff will discuss a proposed Ordinance that:

1. Authorizes the City Manager, or designee, to execute contracts and expend available, budgeted funds necessary to purchase vehicles for the Town's operations without further authority, guidance, or direction from the City Council for a period not to exceed three (3) years.
2. Town staff shall utilize every effort to make purchases using Town contracts, co-operative contracts, or other municipal contracts with piggyback options prior to making any emergency purchases under Local Government Code 252. If an emergency purchase is required to protect the health and safety of the Town's residents, staff will prepare an emergency declaration that details why the purchase had to go outside the normal procurement process and how health and safety are at issue.
3. Staff will provide regular reports to the City Council including information regarding vehicles purchased through the authority granted by this

Ordinance.

RECOMMENDATION:

Administration recommends approval.

Attachments

Ordinance - Vehicle Purchase Delegation

Presentation - Ordinance Vehicle Purchases

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AUTHORIZING THE CITY MANAGER TO EXECUTE CONTRACTS FOR VEHICLE PURCHASES THROUGH THE GENERAL SERVICES AND PURCHASING DEPARTMENTS FOR A PERIOD OF THREE (3) YEARS; PROVIDING FOR THE EXPENDITURE OF FUNDS THEREFOR; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Addison (the "Town") routinely purchases vehicles through the General Services and the Purchasing Departments; and

WHEREAS, supply chain issues have caused delays in delivery of vehicles to suppliers, which has resulted in increased competition amongst purchasers for a limited inventory of vehicles; and

WHEREAS, the current requirement to obtain approval from the City Council of the Town of Addison (the "City Council") prior to making vehicle purchases has resulted in the Town losing opportunities to purchase vehicles needed for the Town's operations; and

WHEREAS, the Town budgets annually for vehicle purchases needed for the Town's operations; and

WHEREAS, the City Council has determined that it is in the public interest to authorize the City Manager, or his designee, to execute contracts and expend budgeted funds to purchase vehicles for the Town's public safety and operating departments through the General Services and Purchasing Departments for a period of time not to exceed three (3) years.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

SECTION 1. The recitals contained in the preamble of this ordinance are incorporated herein by reference.

SECTION 2. The City Council hereby approves and authorizes the City Manager, or his designee, to execute any and all contracts and to expend available, budgeted funds necessary to purchase vehicles for the Town's operations through the General Services and Purchasing Departments, without further authority, guidance, or direction from the City Council, for a period of time not to exceed three (3) years.

SECTION 3. The City Council approves and authorizes the City Manager, or his designee, to take such additional actions as the City Manager, or their designee, determines to be necessary and advisable to continue to effectuate the purpose, terms, and conditions of vehicle purchases.

SECTION 4. The General Services and Purchasing Departments shall utilize every effort to make purchases using Town contracts, co-operative contracts, or other municipal contracts with piggyback options prior to making any emergency purchases under Local Government Code 252. To the extent such a procured contract is not available, and an emergency purchase is required to protect the health and safety of Town’s residents, the General Services and Purchasing Departments (in conjunction with the City Attorney's Office) will prepare an emergency declaration that will detail why the purchase had to go outside of the normal procurement process and how health and safety are at issue.

SECTION 5. The General Services Department shall provide regular reports to the City Council including information regarding any vehicles purchased through the authority granted herein, including the make and model of the vehicle, cost, any markup or discounts received, and the current balance of each Town departments’ vehicle budgets as the funds are used.

SECTION 6. This ordinance shall become effective immediately upon its passage and approval and shall expire three (3) years after its passage.

PASSED AND APPROVED this the 8th day of August, 2023.

TOWN OF ADDISON, TEXAS

Bruce Afsten, Mayor

ATTEST:

APPROVED AS TO FORM:

Irma Parker, City Secretary

Whitt Wyatt, City Attorney

Ordinance: Vehicle Purchases

The logo for the City of Addison, featuring the word "ADDISON" in blue, uppercase, sans-serif font centered within a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes diagonal white lines separating blue and dark grey areas.

ADDISON

Background

The Town operates a fleet of vehicles to perform services for the community. These include police cars, ambulances, fire apparatus, various types of pick-up trucks, and other specialized vehicles.

Since 2020, the supply of vehicles has been limited by supply chain issues, manufacturing delays, and other events.

Suppliers are pre-selling their allotted inventory to buyers who can commit to purchases in advance or during a very limited purchasing window (first come/first served until inventory is gone).

Town staff is required to obtain City Council approval for purchases over \$50,000. This approval process can take two weeks or more depending on timing. This requirement has caused the Town to miss out on the opportunity to obtain vehicles.

Staff seeks authorization via an Ordinance to make budgeted vehicle purchases without additional Council authorization when market conditions require fast action to obtain the vehicle.

Ordinance Highlights

1. The Ordinance authorizes the City Manager, or his designee, to execute contracts and to expend available, budgeted funds necessary to purchase vehicles for the Town's operations without further authority, guidance, or direction from the City Council, for a period not to exceed three (3) years.
2. Town staff shall utilize every effort to make purchases using Town contracts, co-operative contracts, or other municipal contracts with piggyback options prior to making any emergency purchases under Local Government Code 252. If an emergency purchase is required to protect the health and safety of Town's residents, staff will prepare an emergency declaration that will detail why the purchase had to go outside of the normal procurement process and how health and safety are at issue.
3. Staff will provide regular reports to the City Council including information regarding vehicles purchased through the authority granted by this Ordinance.

Questions

City Council

5. b.

Meeting Date: 08/08/2023

Department: Finance

Pillars: Excellence in Asset Management
Excellence in Transportation Systems
Gold Standard in Financial Health

Milestones: Implement the Asset Management Plan in accordance with the Asset Management Policy, utilizing information systems
Improve all modes of transportation with infrastructure in an acceptable condition and well maintained
Continue development and implementation of Long Term Financial Plan

AGENDA CAPTION:

Present, discuss, and consider action on an Ordinance providing for the issuance of Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023; levying a tax in payment thereof; prescribing the form of said certificates; approving and awarding the sale of the certificates; authorizing the execution and delivery of a paying agent/registrar agreement; approving the official statement; and enacting provisions incident and relating to the subject and purposes of this Ordinance.

BACKGROUND:

At the City Council Meeting on June 13, 2023, the Council passed a Resolution giving Notice of Intention to Issue Certificates of Obligation. The attached Ordinance provides for the Town's issuance of Certificates of Obligation in an amount not to exceed \$4,600,000. The proceeds from these certificates of obligation will be used for the following purposes:

- The Town will be issuing up to \$2,050,000 in Certificates of Obligation for the purpose of public infrastructure improvements in Vitruvian Park. The Town has an investment commitment of approximately \$50M and, to date, has invested approximately \$37M in public infrastructure in Vitruvian Park. After this proposed issuance of up to \$2,050,000, approximately \$11M of investment will remain.
- The Town will be issuing up to \$2,550,000 in Certificates of Obligation for the purpose of funding planned roadway capital improvements projects related to the Addison Airport, serviced by revenue from the Addison Airport, including reconstruction of Jimmy Doolittle Drive and the east side airport service road.

Certain details concerning the Certificates of Obligation will not be known until the completion of the sale on August 8, 2023 This information will be made available at the Council Meeting on August 8, 2023 prior to the discussion of this item. The ordinance will also be updated prior to the meeting. The Town of Addison maintained an underlying bond rating of "AAA" from Standard and Poor's and an "Aaa" from Moody's.

RECOMMENDATION:

Administration recommends approval.

Attachments

Ordinance No. O23-35 CO Series 2023
Sales Book - Series 2023 Bonds

ORDINANCE NO. **023-36**

relating to

TOWN OF ADDISON, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2023

Adopted: August 8, 2023

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1 Definitions.....2
Section 1.2 Findings.....4
Section 1.3 Table of Contents, Titles, and Headings.....4
Section 1.4 Interpretation.....4

ARTICLE II

SECURITY FOR THE CERTIFICATES; INTEREST AND SINKING FUND

Section 2.1 Payment of the Certificates.....5
Section 2.2 Interest and Sinking Fund.....6
Section 2.3 Surplus Revenue Fund.....6

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE CERTIFICATES

Section 3.1 Authorization6
Section 3.2 Date, Denomination, Maturities, and Interest.....7
Section 3.3 Medium, Method, and Place of Payment.....8
Section 3.4 Execution and Registration of Certificates9
Section 3.5 Ownership.....9
Section 3.6 Registration, Transfer, and Exchange.....10
Section 3.7 Cancellation10
Section 3.8 Temporary Certificates11
Section 3.9 Replacement Certificates11
Section 3.10 Book-Entry-Only System.....12
Section 3.11 Successor Securities Depository; Transfer Outside Book-Entry-Only
System.....13
Section 3.12 Payments to Cede & Co.....13

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.1 Limitation on Redemption14
Section 4.2 Optional Redemption.....14
Section 4.3 Partial Redemption.....14
Section 4.4 Mandatory Sinking Fund Redemption.....14

Section 4.5	Notice of Redemption to Owners	17
Section 4.6	Payment Upon Redemption	17
Section 4.7	Conditional Notice of Redemption	18
Section 4.8	Lapse of Payment.....	18
Section 4.9	Effect of Redemption.....	18

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.1	Appointment of Initial Paying Agent/Registrar	18
Section 5.2	Qualifications.....	19
Section 5.3	Maintaining Paying Agent/Registrar	19
Section 5.4	Termination.....	19
Section 5.5	Notice of Change to Owners.....	19
Section 5.6	Agreement to Perform Duties and Functions.....	19
Section 5.7	Delivery of Records to Successor	19

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.1	Form Generally	20
Section 6.2	Form of the Certificates	20
Section 6.3	CUSIP Registration.....	27
Section 6.4	Legal Opinion	27
Section 6.5	Bond Insurance	27

ARTICLE VII

CREATION OF FUNDS, SALE AND DELIVERY
OF CERTIFICATES, DEPOSIT OF PROCEEDS

Section 7.1	Sale of Certificates, Official Statement	28
Section 7.2	Control and Delivery of Certificates.....	29
Section 7.3	Deposit of Proceeds	29

ARTICLE VIII

INVESTMENTS

Section 8.1	Investments	29
Section 8.2	Investment Income.....	30

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.1 Payment of the Certificates30
Section 9.2 Other Representations and Covenants30
Section 9.3 Federal Income Tax Matters30

ARTICLE X

DEFAULT AND REMEDIES

Section 10.1 Events of Default32
Section 10.2 Remedies for Default32
Section 10.3 Remedies Not Exclusive33

ARTICLE XI

DISCHARGE

Section 11.1 Discharge33

ARTICLE XII

MISCELLANEOUS

Section 12.1 Changes to Ordinance33
Section 12.2 Partial Invalidity.....33
Section 12.3 No Personal Liability33

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.1 Annual Reports34
Section 13.2 Notice of Disclosure Events.....34
Section 13.3 Limitations, Disclaimers and Amendments36
Section 13.4 Amendments to the Rule.....37

ARTICLE XIV

AMENDMENTS

Section 14.1 Amendments37

ARTICLE XV

EFFECTIVE IMMEDIATELY

Section 15.1 Effective Immediately.....38

ARTICLE XVI

MISCELLANEOUS

Section 16.1 Changes to Ordinance.....38
Section 16.2 Partial Invalidity.....38
Section 16.3 No Personal Liability38

ORDINANCE NO. 023-36

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF TOWN OF ADDISON, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,355,000; LEVYING A TAX IN PAYMENT THEREOF; PRESCRIBING THE FORM OF SAID CERTIFICATES; APPROVING AND AWARDED THE SALE OF THE CERTIFICATES; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING THE OFFICIAL STATEMENT; AND ENACTING PROVISIONS INCIDENT AND RELATING TO THE SUBJECT AND PURPOSES OF THIS ORDINANCE

WHEREAS, under the provisions of Subchapter C, Chapter 271, Texas Local Government Code, as amended, the Town of Addison, Texas (the "Town"), is authorized to issue certificates of obligation for the purposes specified in this Ordinance and for the payment of all or a portion of the contractual obligations for professional services, including that of engineers, attorneys, and financial advisors in connection therewith, and to sell the same for cash as herein provided; and

WHEREAS, the Town is authorized to provide that such obligations will be payable from and secured by the levy of a direct and continuing ad valorem tax against all taxable property within the Town, in combination with all or a part of certain revenues of the Town's combined water and wastewater system (the "System") remaining after payment of any obligations of the Town payable in whole or in part from a lien or pledge of such revenues that would be superior to the obligations to be authorized herein as authorized by Chapter 1502, Texas Government Code; and

WHEREAS, the City Council has found and determined that it is necessary and in the best interests of the Town and its citizens that it issue such certificates of obligation authorized by this Ordinance; and

WHEREAS, pursuant to a resolution heretofore passed by this governing body, notice of intention to issue certificates of obligation of the Town payable as provided in this Ordinance was published in a newspaper of general circulation in the Town in accordance with the laws of the State of Texas, such certificates of obligation to be issued for the purpose of paying contractual obligations to be incurred for the purposes set forth in Section 3.1 hereof; and

WHEREAS, no petition of any kind has been filed with the City Secretary, any member of the City Council or any other official of the Town, protesting the issuance of such certificates of obligation; and

WHEREAS, this City Council is now authorized and empowered to proceed with the issuance of said certificates of obligation and to sell the same for cash; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1 Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Ordinance, the following terms shall have the meanings specified below:

“Authorized Officer” means the Town’s Chief Financial Officer, or his designee.

“Certificate” means any of the Certificates.

“Certificate Date” means the date designated as the initial date of the Certificates by Section 3.2(a) of this Ordinance.

“Certificates” means the certificates of obligation authorized to be issued by Section 3.1 of this Ordinance and designated as “Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023.”

“Closing Date” means the date of the initial delivery of and payment for the Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Town and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“EMMA” means the Electronic Municipal Market Access system.

“Event of Default” means any event of default as defined in Section 10.1 of this Ordinance.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means such fiscal year as shall from time to time be set by the City Council.

“Initial Certificate” means the initial certificate authorized by Section 3.4 of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.2 of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on the Certificates is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year, commencing on February 15, 2024.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means the gross revenues of the System less the expenses of operation and maintenance as said expenses are defined by Chapter 1502, Texas Government Code, as amended.

“Owner” means the person who is the registered owner of a Certificate or Certificates, as shown in the Register.

“Paying Agent/Registrar” means BOKF, N.A., Dallas, Texas.

“Prior Lien Bonds” means any and all bonds or other obligations of the Town presently outstanding or that may be hereafter issued, payable from and secured by a first lien on and pledge of the Net Revenues or by a lien on and pledge of the Net Revenues subordinate to a first lien and pledge of such Net Revenues but superior to the lien and pledge of the Surplus Revenues made for the Certificates.

“Project” means the purposes for which the Certificates are issued as set forth in Section 3.1.

“Purchaser(s)” means the initial purchaser of the Certificates.

“Record Date” means the last business day of the month next preceding an Interest Payment Date.

“Register” means the Register specified in Section 3.6(a) of this Ordinance.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representations Letter” means the Blanket Letter of Representations between the Town and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Surplus Revenues” means the revenues of the System in an amount equal to \$1,000 remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with the Town’s Prior Lien Bonds.

“Surplus Revenue Fund” means the surplus revenue fund established by Section 2.3 of this Ordinance.

“System” as used in this Ordinance means the Town’s combined water and wastewater system, including all present and future additions, extensions, replacements, and improvements thereto.

“Town” means the Town of Addison, Texas.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of, redemption premium, if any, or interest on the Certificates as the same come due and payable or money set aside for the payment of Certificates duly called for redemption prior to maturity.

Section 1.2 Findings.

The declarations, determinations, and findings declared, made, and found in the preamble to this Ordinance are hereby adopted, restated, and made a part of the operative provisions hereof.

Section 1.3 Table of Contents, Titles, and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4 Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

ARTICLE II

SECURITY FOR THE CERTIFICATES; INTEREST AND SINKING FUND

Section 2.1 Payment of the Certificates.

(a) Pursuant to the authority granted by the Texas Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the Town, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Certificates, being (i) the interest on the Certificates, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent per annum (whichever amount is the greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the Town most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Certificates when and as due and payable in accordance with their terms and this Ordinance.

(d) The amount of taxes to be provided annually for the payment of principal of and interest on the Certificates shall be determined and accomplished in the following manner:

(i) The Town's annual budget shall reflect (a) the amount of debt service requirements to become due on the Certificates in the next succeeding Fiscal Year of the Town, (b) the amount on deposit in the Surplus Revenue Fund and the Interest and Sinking Fund, as of the date such budget is prepared (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year), and (c) the amount of Surplus Revenues estimated and budgeted to be available for the payment of such debt service requirements on the Certificates during the next succeeding Fiscal Year of the Town.

(ii) The amount required to be provided in the succeeding Fiscal Year of the Town from ad valorem taxes shall be the amount, if any, the debt service requirements to be paid on the Certificates in the next succeeding Fiscal Year of the Town exceeds the sum of (a) the amount shown to be on deposit in the Surplus Revenue Fund and the Interest and Sinking Fund (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year) at the time the annual budget is prepared, and (b) the Surplus Revenues shown to be budgeted and available for payment of said debt service requirements.

(iii) Following the final approval of the annual budget of the Town, the governing body of the Town shall, by ordinance, levy an ad valorem tax at a rate sufficient

to produce taxes in the amount determined in paragraph (ii) above, to be utilized for purposes of paying the principal of and interest on the Certificates in the next succeeding Fiscal Year of the Town.

(e) The Town hereby covenants and agrees that the Surplus Revenues are hereby irrevocably pledged equally and ratably to the payment of the principal of, redemption premium, if any, and interest on the Certificates, as the same become due.

Section 2.2 Interest and Sinking Fund.

(a) The Town hereby establishes a special fund or account to be designated the “Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2022, Interest and Sinking Fund” (the “Interest and Sinking Fund”) said fund to be maintained at an official depository bank of the Town separate and apart from all other funds and accounts of the Town.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Certificates when and as due and payable in accordance with their terms and this Ordinance.

Section 2.3 Surplus Revenue Fund.

The Town hereby establishes a special fund or account to be designated the “Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2022, Surplus Revenue Fund” (the “Surplus Revenue Fund”) said fund to be maintained at an official depository bank of the Town separate and apart from all other funds and accounts of the Town, and shall in no event be diverted or drawn upon for any purpose other than those herein provided. All Surplus Revenues shall be paid over and deposited into the Surplus Revenue Fund. The Surplus Revenues shall be appropriated and employed in the following order:

(a) First: For deposit to the Interest and Sinking Fund to provide for the payment of the debt service requirements of the Certificates in accordance with the terms and conditions of this Ordinance; and

(b) Second: After all the requirements of subparagraph (a) above have been provided for, whether by the collection of an ad valorem tax levied in this Ordinance or by the use of the pledged Surplus Revenues, the Surplus Revenues may be used for any lawful purpose.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE CERTIFICATES

Section 3.1 Authorization.

The Town’s certificates of obligation to be designated “Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023” (the “Certificates”), are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, specifically Subchapter C, Chapter 271, Texas Local Government Code, as amended, and

the Town’s Home-Rule Charter. The Certificates shall be issued in the aggregate principal amount of \$4,355,000 for the purpose of paying contractual obligations to be incurred for the following purposes, to wit: i) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor, including roadway improvements at the City’ s airport; (ii) professional services incurred in connection with item (ii) and to pay the costs incurred in connection with the issuance of the Certificates.

Section 3.2 Date, Denomination, Maturities, and Interest.

(a) The Certificates shall be dated August 1, 2023 (the “Dated Date”). The Certificates shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof and shall be numbered separately from one upward, except the Initial Certificate, which shall be numbered T-1.

(b) The Certificates shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

\$1,690,000 Serial Certificates

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$145,000	5.000%
2025	140,000	5.000
2026	145,000	5.000
2027	155,000	5.000
2028	160,000	5.000
2029	170,000	5.000
2030	180,000	5.000
2031	190,000	5.000
2032	195,000	5.000
2033	210,000	5.000

\$2,665,000 Term Certificates

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2035	\$450,000	5.000%
2037	490,000	4.000
2039	530,000	4.000
2041	575,000	4.000
2043*	620,000	4.000

*Maturity

(c) Interest shall accrue and be paid on each Certificate respectively until its maturity or prior redemption from the later of the date of their date of delivery to the Initial Purchaser (the “Delivery Date”) or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on February 15 and August 15 of each year, commencing on February 15, 2024, computed on the basis of a 360-day year of twelve 30-day months.

Section 3.3 Medium, Method, and Place of Payment.

(a) The principal of, redemption premium, if any, and interest on the Certificates shall be paid in lawful money of the United States of America.

(b) Interest on the Certificates shall be payable to the Owners as shown in the Register at the close of business on the Record Date.

(c) Interest shall be paid by check, dated as of the Interest Payment Date, and sent first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner, at the address thereof as it appears in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, that the Owner shall bear all risk and expense of such alternative banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Certificates, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Certificate shall be paid to the Owner thereof on the due date, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the Town where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Ordinance.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Certificates to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code. Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment on the Certificates thereafter coming due; to the extent any such moneys remain three years after the retirement of all outstanding Certificates, such moneys shall be paid to the Town to be used for any lawful purpose. Thereafter, neither the Town, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Certificates for any further payment of such unclaimed moneys or on account of any such Certificates, subject to Title 6 of the Texas Property Code.

Section 3.4 Execution and Registration of Certificates.

(a) The Certificates shall be executed on behalf of the Town by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the Town shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Certificates shall have the same effect as if each of the Certificates had been signed manually and in person by each of said officers, and such facsimile seal on the Certificates shall have the same effect as if the official seal of the Town had been manually impressed upon each of the Certificates.

(b) In the event that any officer of the Town whose manual or facsimile signature appears on the Certificates ceases to be such officer before the authentication of such Certificates or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which Certificate shall be evidence that the Certificate has been duly approved by the Attorney General of the State of Texas, that it is a valid and binding obligation of the Town, and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one initial Certificate representing the entire principal amount of all Certificates, payable in stated installments to the Purchaser, or its designee, executed by the Mayor and City Secretary of the Town, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver a single registered, definitive Certificate for each maturity, in the aggregate principal amount thereof, to DTC on behalf of the Purchaser. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Certificates in safekeeping for DTC.

Section 3.5 Ownership.

(a) The Town, the Paying Agent/Registrar, and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment as herein provided (except interest shall be paid to the person in whose name such Certificate is registered on the Record Date), and for all other purposes, whether or not such Certificate is overdue, and neither the Town nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Certificate shall be valid and effectual and shall discharge the liability of the Town and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

Section 3.6 Registration, Transfer, and Exchange.

(a) So long as any Certificates remain outstanding, the Town shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Certificates in accordance with this Ordinance.

(b) The ownership of a Certificate may be transferred only upon the presentation and surrender of the Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Certificate shall be effective until entered in the Register.

(c) The Certificates shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Certificate or Certificates of the same maturity and interest rate and in a denomination or denominations of any integral multiple of \$5,000, and in an aggregate principal amount equal to the unpaid principal amount of the Certificates presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates exchanged for other Certificates in accordance with this Section.

(d) Each exchange Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the Town and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such exchange Certificate is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Certificates. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Certificate.

(f) Neither the Town nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Certificate called for redemption, in whole or in part, where such redemption is scheduled to occur within forty-five (45) calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Certificate.

Section 3.7 Cancellation.

All Certificates paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance with this Ordinance, shall be cancelled and proper records made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall then return such cancelled Certificates to the Town or may in accordance

with law destroy such cancelled Certificates and periodically furnish the Town with certificates of destruction of such Certificates.

Section 3.8 Temporary Certificates.

(a) Following the delivery and registration of the Initial Certificate and pending the preparation of definitive Certificates, the Town may execute and, upon the Town's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Certificates that are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any denomination, substantially of the tenor of the definitive Certificates in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions, and other variations as the officers of the Town executing such temporary Certificates may determine, as evidenced by their signing of such temporary Certificates.

(b) Until exchanged for Certificates in definitive form, such Certificates in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The Town, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar; thereupon, upon the presentation and surrender of the Certificate or Certificates in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Certificate or Certificates of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Certificate or Certificates in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.9 Replacement Certificates.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding. The Town or the Paying Agent/Registrar may require the Owner of such Certificate to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Certificate is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction, or theft of such Certificate;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the Town harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the Town and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the Town and the Paying Agent/Registrar shall be entitled to recover such replacement Certificate from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the Town or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed, or wrongfully taken Certificate has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Certificate, may pay such Certificate when it becomes due and payable.

(e) Each replacement Certificate delivered in accordance with this Section shall constitute an original additional contractual obligation of the Town and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

Section 3.10 Book-Entry-Only System.

(a) Notwithstanding any other provision hereof, upon initial issuance of the Certificates, the Certificates shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Certificates shall be initially issued in the form of a single separate certificate for each of the maturities thereof.

(b) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the Town and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the Town and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the Town and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose

of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective Owners as shown in the Register, as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Town's obligations with respect to payment of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the Town to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(c) The Representations Letter previously executed and delivered by the Town, and applicable to the Town's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Certificates.

Section 3.11 Successor Securities Depository; Transfer Outside Book-Entry-Only System.

In the event that the Town determines that it is in the best interest of the Town and the beneficial owners of the Certificates that they be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the Town shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Certificates and cause the Paying Agent/Registrar to transfer one or more separate registered Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

Section 3.12 Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as the Certificates are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Certificates, and all notices with respect to such Certificates shall be made and given, respectively, in the manner provided in the Representations Letter of the Town to DTC.

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.1 Limitation on Redemption.

The Certificates shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.2 Optional Redemption.

(a) The Town reserves the option to redeem Certificates maturing on and after February 15, 2034, in whole or in part, in principal amounts equal to \$5,000 or any integral multiple thereof, before their respective scheduled maturity dates, on February 15, 2033 or any date thereafter, such redemption date or dates to be fixed by the Town, at a redemption price equal to the principal amount of the Certificates called for redemption, plus accrued interest to the date fixed for redemption.

(b) The Town, at least forty-five (45) days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Certificates to be redeemed.

Section 4.3 Partial Redemption.

(a) If less than all of the Certificates are to be redeemed pursuant to Section 4.02 hereof, the Town shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(b) A portion of a single Certificate of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Certificate as though it were a single Certificate for purposes of selection for redemption.

(c) Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge.

(d) The Paying Agent/Registrar shall promptly notify the Town in writing of the principal amount to be redeemed of any Certificate as to which only a portion thereof is to be redeemed.

Section 4.4 Mandatory Sinking Fund Redemption.

(a) The Certificates maturing on February 15 in the years, 2035, 2037, 2039, 2041 and 2043 (the "Term Certificates") are subject to scheduled mandatory redemption and will be redeemed by the Town, in part at a price equal to the principal amount thereof, without premium,

plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

\$450,000 Term Certificates maturing February 15, 2035

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2034	\$220,000	5.000%
2035*	230,000	5.000

*maturity

\$490,000 Term Certificates maturing February 15, 2037

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2036	\$240,000	4.000%
2037*	250,000	4.000

*maturity

\$530,000 Term Certificates maturing February 15, 2039

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2038	\$260,000	4.000%
2039*	270,000	4.000

*maturity

\$575,000 Term Certificates maturing February 15, 2041

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2040	\$280,000	4.000%
2041*	295,000	4.000

*maturity

\$620,000 Term Certificates maturing February 15, 2043

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2042	\$305,000	4.000%
2043*	315,000	4.000

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.5.

The principal amount of the Term Certificates required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.00 shall be reduced, at the option of the Town, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Town 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, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.5 Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Certificate (or part thereof) to be redeemed, at the address shown on the Register at the close of business on the business day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and, if less than all the Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 4.6 Payment Upon Redemption.

(a) Before or on each redemption date, the Town shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Certificates to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the Town and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Certificates being redeemed.

(b) Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Certificate to the date of redemption from the money set aside for such purpose.

Section 4.7 Conditional Notice of Redemption.

The Town reserves the right, in the case of an optional redemption pursuant to Section 4.02 herein, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.8 Lapse of Payment.

Money set aside for the redemption of the Certificates and remaining unclaimed by Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

Section 4.9 Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.04 of this Ordinance, the Certificates or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the Town defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Certificates or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Certificates are presented and surrendered for payment on such date.

(b) If the Town shall fail to make provision for payment of all sums due on a redemption date, then any Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same by the Town.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.1 Appointment of Initial Paying Agent/Registrar.

BOKF, N.A. is hereby appointed as the initial Paying Agent/Registrar for the Certificates.

Section 5.2 Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a 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 and registrar for the Certificates.

Section 5.3 Maintaining Paying Agent/Registrar.

(a) At all times while any of the Certificates are outstanding, the Town will maintain a Paying Agent/Registrar that is qualified under Section 5.2 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the Town and the Paying Agent/Registrar in substantially the form presented at this meeting, such form of agreement being hereby approved. The signature of the Mayor shall be attested by the City Secretary of the Town.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Town will promptly appoint a replacement.

Section 5.4 Termination.

The Town, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.5 Notice of Change to Owners.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the Town will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.6 Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.7 Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Certificates to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.1 Form Generally.

(a) The Certificates, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Certificates, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the Town or by the officers executing such Certificates, as evidenced by their execution thereof.

(b) Any portion of the text of any Certificates may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Certificates.

(c) The definitive Certificates, if any, shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Certificates, as evidenced by their execution thereof.

(d) The Initial Certificate submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.2 Form of the Certificates.

The form of the Certificates, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Certificates, shall be substantially as follows:

(a) Form of Certificate.

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas
County of Dallas
TOWN OF ADDISON, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2023

INTEREST RATE: MATURITY DATE: DELIVERY DATE: CUSIP NUMBER:
_____ % February 15, _____ September 6, 2023 _____

The Town of Addison (the “Town”), in the County of Dallas, State of Texas, for value received, hereby promises to pay to

_____ or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

and to pay interest on such principal amount from the later of the Delivery Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2024.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of BOKF, N.A., or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided, however, such registered owner shall bear all risk and expenses of such customary banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Certificates, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this

Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the “Record Date,” which shall be the last business day of the month next preceding such interest payment date.

If the date for the payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the Town where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is one of a series of fully registered certificates dated August 1, 2023 specified in the title hereof issued in the aggregate principal amount of \$4,355,000 (herein referred to as the “Certificates”), issued pursuant to a certain ordinance of the Town (the “Ordinance”) for the purpose of paying contractual obligations to be incurred for authorized public improvements (collectively, the “Project”), as described in the Ordinance, and to pay the contractual obligations for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

The Town has reserved the option to redeem the Certificates maturing on or after February 15, 2034, in whole or in part before their respective scheduled maturity dates, on February 15, 2033, or on any date thereafter, at a price equal to the principal amount of the Certificates so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the Town shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Certificates maturing on February 15, 2035 and February 15, 2037 (the “Term Certificates”), are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the Town, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

\$450,000 Term Certificates maturing February 15, 2035

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2034	\$220,000	5.000%
2035*	230,000	5.000

*maturity

\$490,000 Term Certificates maturing February 15, 2037

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2036	\$240,000	4.000%
2037*	250,000	4.000

*maturity

\$530,000 Term Certificates maturing February 15, 2039

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2038	\$260,000	4.000%
2039*	270,000	4.000

*maturity

\$575,000 Term Certificates maturing February 15, 2041

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2040	\$280,000	4.000%
2041*	295,000	4.000

*maturity

\$620,000 Term Certificates maturing February 15, 2043

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2042	\$305,000	4.000%
2043*	315,000	4.000

*maturity

The Paying Agent/Registrar will select by lot or by any other customary method that results in a random selection the specific Term Certificates (or with respect to Term Certificates having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Certificates required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the Town, by the principal amount of any Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Town at a price not exceeding the principal amount of such Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the registered owner of each of the Certificates to be redeemed in whole or in part. Notice having been so given, the Certificates or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; from and after such date, notwithstanding that any of the Certificates or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

The Town reserves the right to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Certificate is transferable upon surrender of this Certificate for transfer at the designated office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Certificates of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the Town nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Certificate called for redemption where such redemption is scheduled to occur within forty five (45) calendar days of the transfer or exchange date; provided, however, such

limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Certificate.

The Town, the Paying Agent/Registrar, and any other person may treat the person in whose name this Certificate is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Certificate is registered on the Record Date) and for all other purposes, whether or not this Certificate be overdue, and neither the Town nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law; that all acts, conditions, and things to be done precedent to and in the issuance of the Certificates have been properly done and performed and have happened in regular and due time, form, and manner as required by law; that ad valorem taxes upon all taxable property in the Town have been levied for and pledged to the payment of the debt service requirements of the Certificates within the limit prescribed by law; that, in addition to said taxes, further provisions have been made for the payment of the debt service requirements of the Certificates by pledging to such purpose Surplus Revenues, as defined in the Ordinance, derived by the Town from the operation of the combined water and wastewater system in an amount limited to \$1,000; that when so collected, such taxes and Surplus Revenues shall be appropriated to such purposes; and that the total indebtedness of the Town, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town has caused this Certificate to be executed by the manual or facsimile signature of the Mayor of the Town and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the Town has been duly impressed or placed in facsimile on this Certificate.

City Secretary, Town of Addison, Texas

Mayor, Town of Addison, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate. The following Comptroller's Registration Certificate may be deleted from the definitive Certificates if such certificate on the Initial Certificate is fully executed.

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
OF THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the Town of Addison, Texas; and that this Certificate has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Certificate if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Certificate of this series of certificates of obligation was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Certificates referred to in the within-mentioned Ordinance.

BOKF, N.A.
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

(Social Security or other identifying number: _____) the within Certificate and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular and

_____ must be guaranteed in a manner acceptable to
the Paying Agent/Registrar.

Authorized Signatory

(e) The Initial Certificate shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Certificate the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the expression “As shown below” and the words “CUSIP NUMBER” deleted; and

(ii) in the first paragraph of the Certificate, the words “on the maturity date specified above” shall be deleted and the following will be inserted: “on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years Principal Installments Interest Rate

(Information to be inserted from Section 3.02)

Section 6.3 CUSIP Registration.

The Town may secure identification numbers through the CUSIP Services Bureau managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Certificates shall be of no significance or effect in regard to the legality thereof and neither the Town nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

Section 6.4 Legal Opinion.

The approving legal opinion of Bracewell LLP, Bond Counsel, may be attached to or printed on the reverse side of each Certificate over the certification of the City Secretary of the Town, which may be executed in facsimile.

Section 6.5 Bond Insurance.

Information pertaining to bond insurance, if any, may be printed on each Certificate.

ARTICLE VII

CREATION OF FUNDS, SALE AND DELIVERY OF CERTIFICATES, DEPOSIT OF PROCEEDS

Section 7.1 Sale of Certificates, Official Statement.

(a) The Certificates, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to BOK Financial Securities, Inc. (the "Purchaser") for a purchase price equal to the principal amount thereof plus a cash premium of \$206,604.00 being the bid which produced the lowest true interest cost to the Town. The Initial Certificate shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement for the Certificates and any addenda, supplement or amendment thereto (the "Preliminary Official Statement") and the final Official Statement (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, by the City Council. The use and distribution of the Preliminary Official Statement in the public offering of the Certificates by the Purchaser is hereby authorized. The Town Manager, Finance Director, the Mayor and the City Secretary of the Town are hereby authorized and directed to use and distribute or authorize the use and distribution of the final Official Statement and any addenda, supplement or amendment thereto (the "Official Statement") and deliver appropriate numbers of copies thereof to the Purchaser of the Certificates. The Official Statement as thus approved and delivered, with such appropriate variations as shall be approved by the Town Manager, the Finance Director, the Mayor of the Town and the Purchaser, may be used by the Purchaser in the public offering and sale thereof. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting.

(c) The Mayor, the Authorized Officer and all other officers of the Town are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Certificates, to pay the costs of issuance of the Certificates, and to effectuate the terms and provisions of this Ordinance. Further, in connection with the submission of the record of proceedings for the Certificates to the Attorney General of the State of Texas for examination and approval of such Certificates, the appropriate officer of the Town is hereby authorized and directed to issue a check of the Town payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount not to exceed \$9,500).

(d) The obligation of the Purchaser or Underwriter to accept delivery of the Certificates is subject to the Purchaser being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the Town, which opinion shall be dated and delivered the Closing Date

(e) The Mayor is hereby authorized and directed to execute an engagement letter with Bond Counsel, setting forth such firm's duties as Disclosure Counsel for the Town, and such engagement letter and the terms thereof in the form presented at this meeting are hereby approved and accepted.

Section 7.2 Control and Delivery of Certificates.

(a) The Mayor of the Town is hereby authorized to have control of the Initial Certificate and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Certificates shall be made to the Representative under and subject to the general supervision and direction of the Mayor, against receipt by the Town of all amounts due to the Town under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.3 Deposit of Proceeds.

(a) \$4,500,000 of the proceeds of the Certificates received on the Closing Date, representing \$4,355,000 of principal and \$145,000 of premium generated on the Certificates, shall be deposited to a special construction fund of the Town, such moneys to be dedicated and used for the purposes specified in Section 3.01.

(b) The remaining premium generated on the Certificates shall be used to pay the cost of issuance of the Certificates. Any amounts remaining after payment of such costs shall be deposited in the Interest and Sinking Fund.

ARTICLE VIII

INVESTMENTS

Section 8.1 Investments.

(a) Money in the Interest and Sinking Fund or the Surplus Revenue Fund created by this Ordinance, at the option of the Town, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which such money is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely

applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.2 Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund and the Surplus Revenue Fund shall be credited to their respective funds.

(b) Interest and income derived from investment of the funds to be deposited pursuant to Section 7.3(b) hereof shall be credited to the account where deposited until the acquisition or construction of said projects is completed and thereafter, to the extent such interest and income are present, such interest and income shall be deposited to the Interest and Sinking Fund.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.1 Payment of the Certificates.

On or before each Interest Payment Date while any of the Certificates are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of, redemption premium, if any, and interest on the Certificates as will accrue or mature on the applicable Interest Payment Date or date of prior redemption.

Section 9.2 Other Representations and Covenants.

(a) The Town will faithfully perform, at all times, any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Certificate; the Town will promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on each Certificate on the dates and at the places and manner prescribed in such Certificate; and the Town will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The Town is duly authorized under the laws of the State of Texas to issue the Certificates; all action on its part for the creation and issuance of the Certificates has been duly and effectively taken; and the Certificates in the hands of the Owners thereof are and will be valid and enforceable obligations of the Town in accordance with their terms.

Section 9.3 Federal Income Tax Matters.

(a) General. The Town covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Certificates to be includable in gross income for federal income tax purposes. In furtherance thereof, the Town covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Town in connection with the Certificates.

(b) No Private Activity Bonds. The Town covenants that it will use the proceeds of the Certificates (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Certificates will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the Town will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Certificates to be a “private activity bond” unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The Town covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Certificates to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The Town covenants not to take any action or omit to take action that, if taken or omitted, would cause the Certificates to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The Town covenants that it will make such use of the proceeds of the Certificates (including investment income) and regulate the investment of such proceeds of the Certificates so that the Certificates will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Required Rebate. The Town covenants that, if the Town does not qualify for an exception to the requirements of section 148(f) of the Code, the Town will comply with the requirement that certain amounts earned by the Town on the investment of the gross proceeds of the Certificates, be rebated to the United States.

(g) Information Reporting. The Town covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Certificates in accordance with section 149(e) of the Code.

(h) Record Retention. The Town covenants to retain all material records relating to the expenditure of the proceeds (including investment income) the Certificates and the use of the property financed, directly or indirectly, thereby until three years after the last Certificate is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Certificates are “registration-required bonds” under section 149(a)(2) of the Code, the Certificates will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Town will not be required to comply with any of the federal tax covenants set forth above if the Town has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Certificates from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Ordinance, the Town's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Certificates for as long as such matters are relevant to the excludability of interest on the Certificates from gross income for federal income tax purposes.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the Town, this Ordinance serves as the Town's official declaration of intent to use proceeds of the Certificates to reimburse itself from proceeds of the Certificates issued in the maximum amount authorized by this Ordinance for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date the project to which such expenditure relates is placed in service or abandoned, but in to event more than three years after the original expenditure is paid.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.1 Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

- (i) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Certificates when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement, or obligation of the Town, which default materially and adversely affects the rights of the Owners, including but not limited to their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the Town.

Section 10.2 Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to a trustee or trustees therefor, may proceed against the Town for the purpose of protecting and enforcing the rights of the Owners under this Ordinance by mandamus or other suit, action or special proceeding in equity or at law in any court of competent jurisdiction for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Certificates then outstanding.

Section 10.3 Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.1 Discharge.

(a) The Certificates may be defeased, discharged or refunded in any manner authorized by law.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Changes to Ordinance.

The Mayor and Town Manager, in consultation with Bond Counsel, is hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Certificates by the Attorney General of Texas.

Section 12.2 Partial Invalidity.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Ordinance.

Section 12.3 No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Certificates or for any claim based thereon, or on this Ordinance, against any official or employee of the Town or any person executing any Certificates.

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.1 Annual Reports.

(a) The Town shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Town, financial information and operating data with respect to the Town of the general type included in the final Official Statement, being information described in Tables 1-6 and 8-15, including financial statements of the Town if audited financial statements of the Town are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the Town within 12 months after the end of each fiscal year, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles prescribed by the Generally Accepted Accounting Principles or such other accounting principles as the Town may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the Town commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Town shall 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.

(b) If the Town changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Town otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific referenced to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 13.2 Notice of Disclosure Events.

(a) The Town shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Certificates:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of holders of the Certificates, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Certificates, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Town;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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;

(xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;

(xv) Incurrence of a Financial Obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Town, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Town, any of which reflect financial difficulties.

Any event described in (xii), is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers 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 obligated person; and the Town intends the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of financial obligations in those sections to have the same meanings as when they are used in rule and sec release no. 34-83885, dated August 20, 2018.

(b) The Town shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the Town to provide required annual financial information and notices of material events in accordance with Sections 13.1 and 13.2. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Section 13.3 Limitations, Disclaimers and Amendments.

(a) The Town shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Town remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the Town in any event will give notice of any Bond calls and any defeasances that cause the Town to be no longer an “obligated person.”

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Town undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Town’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Town does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE TOWN BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE TOWN, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the Town in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Town under federal and state securities laws.

(e) The provisions of this Article may be amended by the Town 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 Town, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates 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 Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (B) an entity or individual person that is unaffiliated with the Town (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Certificates. If the Town so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.1 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of financial information or operating data so provided.

Section 13.4 Amendments to the Rule.

In the event the Authorized Officer, in consultation with Bond Counsel and the Town's financial advisor, determines that it is necessary or desirable to amend the provisions of Article XII in order to facilitate compliance with amendments to the Rule and related guidance from the SEC, the Authorized Officer may make such changes.

ARTICLE XIV

AMENDMENTS

Section 14.1 Amendments.

This Ordinance shall constitute a contract with the Owners, be binding on the Town, and shall not be amended or repealed by the Town so long as any Certificate remains outstanding except as permitted in this Section. The Town may, without consent of or notice to any Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Town may, with the written consent of the Owners of the Certificates holding a majority in aggregate principal amount of the Certificates then outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of outstanding Certificates, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (ii) give any preference to any Certificate over any other Certificate, or (iii) reduce the aggregate principal amount of Certificates required to be held by Owners for consent to any such amendment, addition, or rescission.

ARTICLE XV

EFFECTIVE IMMEDIATELY

Section 15.1 Effective Immediately.

Notwithstanding the provisions of the Town Charter, this Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

ARTICLE XVI

MISCELLANEOUS

Section 16.1 Changes to Ordinance.

The Mayor and Chief Financial Officer, in consultation with Bond Counsel, is hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Certificates by the Attorney General of Texas.

Section 16.2 Partial Invalidity.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Ordinance.

Section 16.3 No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Certificates or for any claim based thereon, or on this Ordinance, against any official or employee of the Town or any person executing any Certificates.

(Remainder of Page Intentionally Left Blank)

PRESENTED, FINALLY PASSED AND APPROVED, AND EFFECTIVE on the ____ day of August, 2023, by a vote of _____ ayes and _____ nays at a regular meeting of the City Council of the Town of Addison, Texas.

Mayor
Town of Addison, Texas

ATTEST:

City Secretary
Town of Addison, Texas

APPROVED AS TO FORM:

Town Attorney
Town of Addison, Texas



\$4,355,000

Combination Tax and Revenue Certificates of Obligation, Series 2023

And

\$4,865,000

General Obligation Bonds, Series 2023

"Aaa" MOODY'S
INVESTORS SERVICE

"AAA" STANDARD
& POOR'S



CONTACT:

Nick Bulaich, Managing Director

777 Main Street, Suite 1525, Fort Worth, Texas 76102

Phone: 817.332.9710

e-mail: nick.bulaich@hilltopsecurities.com

TAB A

CREDIT OPINION

21 July 2023



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EMEA 44-20-7772-5454

Town of Addison, TX

Update to credit analysis

Summary

[The Town of Addison, TX's](#) (Aaa stable) credit profile is anchored by a regionally important economy north of the [City of Dallas](#) (A1 stable) with a moderately sized and growing tax base. The town's strong financial operations have led to high reserve and liquidity levels despite a slightly higher reliance on economically sensitive sales tax revenue which continue to grow given the town's role as a major job center. Addison's financial position is further strengthened by access to additional liquidity outside the main operating funds. The town has slightly higher debt ratios compared to peers and positively the pension burden is affordable and will not be a drag on credit quality over the next several years.

Credit strengths

- » Sound financial practices evidenced by high reserves
- » Major commercial economic center
- » Income and wealth indicators exceed national levels

Credit challenges

- » Above average reliance on commercial property and sales tax revenue compared to peers
- » Debt levels are slightly elevated compared to peers with slower than average repayment

Rating outlook

The stable outlook reflects our expectation that town's management team will continue to maintain balanced operations supported by a stable economy and solid liquidity position which contributes to a stable credit profile over the medium term.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Reduction in reserve levels
- » Significant economic decline
- » Sizeable debt issuance absent corresponding tax base growth

Key indicators

Exhibit 1

Addison (Town of) TX

	2019	2020	2021	2022	Aaa Medians
Economy					
Resident income ratio (%)	115.2%	110.9%	103.3%	N/A	173.0%
Full Value (\$000)	\$4,725,759	\$4,819,907	\$4,925,943	\$5,075,396	\$8,668,233
Population	15,302	15,428	16,405	N/A	35,992
Full value per capita (\$)	\$308,833	\$312,413	\$300,271	N/A	\$225,444
Economic growth metric (%)	N/A	1.4%	1.3%	N/A	-0.5%
Financial Performance					
Revenue (\$000)	\$78,457	\$74,844	\$80,575	\$84,562	\$101,177
Available fund balance (\$000)	\$73,308	\$67,641	\$71,178	\$76,753	\$58,570
Net unrestricted cash (\$000)	\$89,805	\$115,081	\$126,464	\$132,230	\$82,803
Available fund balance ratio (%)	93.4%	90.4%	88.3%	90.8%	61.7%
Liquidity ratio (%)	114.5%	153.8%	157.0%	156.4%	88.4%
Leverage					
Debt (\$000)	\$92,424	\$124,722	\$133,844	\$149,827	\$71,733
Adjusted net pension liabilities (\$000)	\$59,401	\$78,253	\$101,408	\$87,756	\$120,941
Adjusted net OPEB liabilities (\$000)	\$3,790	\$4,270	\$4,652	\$4,600	\$14,374
Other long-term liabilities (\$000)	\$1,012	\$1,294	\$1,436	\$1,341	\$3,750
Long-term liabilities ratio (%)	199.6%	278.6%	299.5%	288.0%	263.2%
Fixed costs					
Implied debt service (\$000)	\$6,265	\$6,739	\$8,932	\$9,388	\$4,989
Pension tread water contribution (\$000)	\$1,632	\$2,575	\$2,096	\$2,295	\$3,389
OPEB contributions (\$000)	\$157	\$147	\$204	\$230	\$523
Implied cost of other long-term liabilities (\$000)	\$71	\$74	\$93	\$101	\$245
Fixed-costs ratio (%)	10.4%	12.7%	14.1%	14.2%	11.6%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#). The Economic Growth metric cited above compares the five-year CAGR of real GDP for Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Addison (Town of) TX's financial statements and Moody's Investors Service, US Bureau of Economic Analysis

Profile

The Town of Addison is 12 miles north of downtown Dallas in [Dallas County](#) (Aaa stable). The town is home to several office spaces and the economy sees a high concentration of profession jobs with daytime population well over 3 times the nighttime population. The current population estimate is about 17,300.

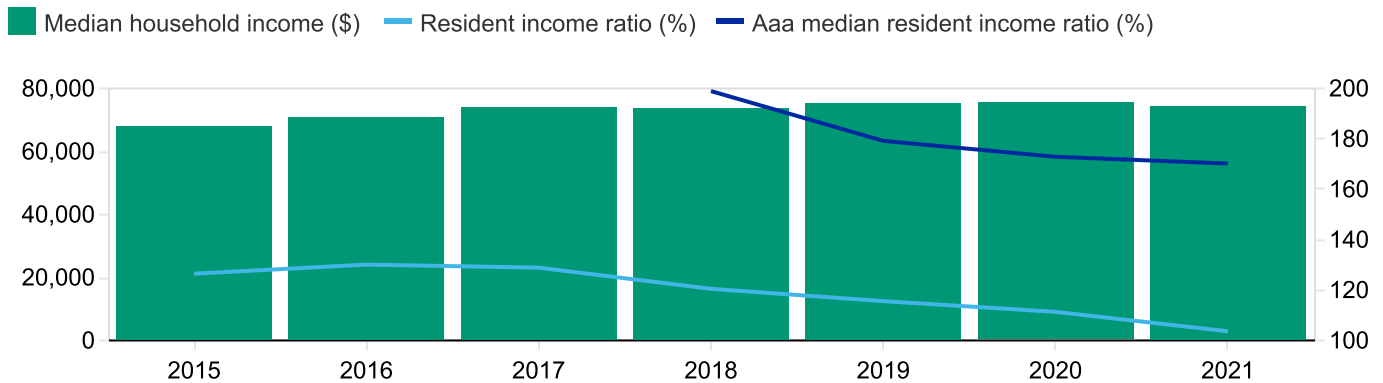
Detailed credit considerations

Economy: strong economy reliant on commercial, retail and industrial property

Strong economic growth will continue driven by the strength of the broader Dallas/Fort Worth economy and ongoing mixed-use and some residential development within the town. Although the town is nearly entirely built out, with vacant land comprising only 1.8% of the town's tax base, the remaining developable land will attract mixed use development, along with some residential development. The town is heavily reliant on retail, commercial and industrial property, which makes up 45.4% of the town's fiscal 2023 assessed valuation. However, as commercial property has appreciated in taxable value, the town's full value per capita has also grown 14.3% year over year, reaching \$343,245 in fiscal 2022. Town officials report stable economic conditions with office occupancy rates at about 81%. Ongoing development includes multifamily housing and town homes in Vitruvian Park and a transit oriented development being constructed near a new [Dallas Area Rapid Transit](#) (Aa2 stable) light rail station. The town's economic growth metric, as measured by five-year growth in real GDP, is above similarly rated peers at 1.3%.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Exhibit 2
Resident Income

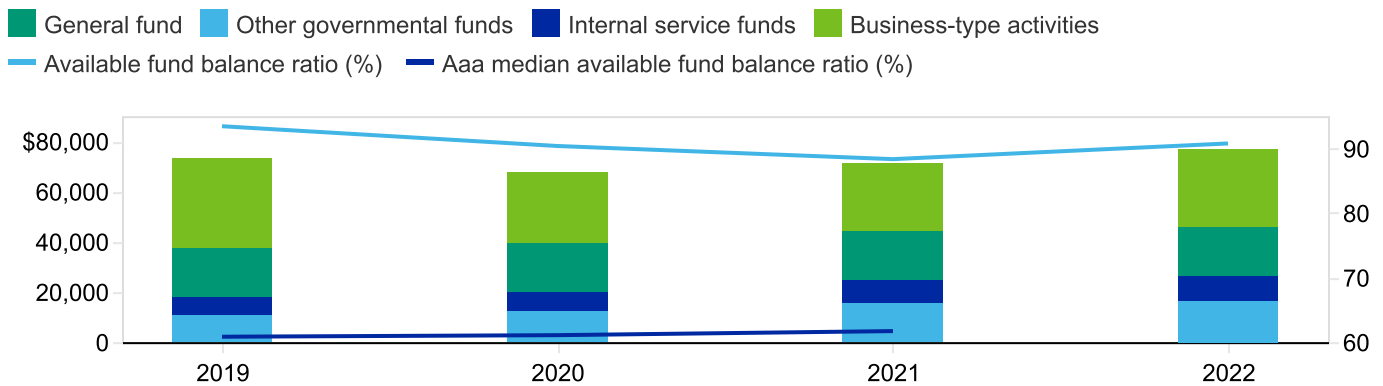


Source: Moody's Investors Service

Financial operations: strong fiscal management supports healthy financial profile

The town's strong financial position is expected to remain so due to conservative budgeting practices and continued revenue growth. The town's fiscal 2023 budget is performing at or above budget across all governmental and business-type funds. The town's available fund balance closed fiscal 2022 (September 30 year-end) at about \$76.8 million, or an amount equal to 90.8% of total annual revenue. Addison's available fund balance is well above the median for Aaa-rated peers (see exhibit 2).

Exhibit 3
Financial reserves trending positive after a decrease in fiscal 2020



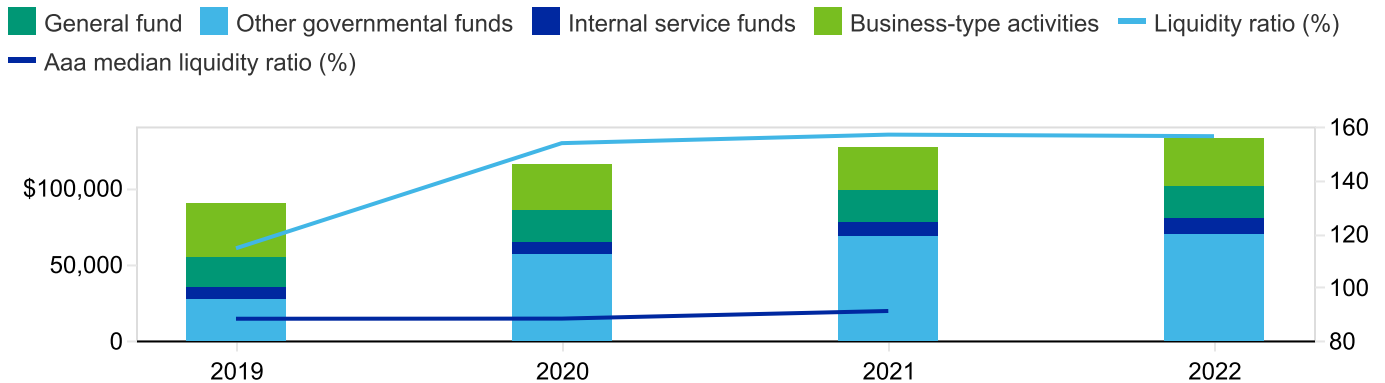
Source: Moody's Investors Service

Liquidity

The town's liquidity is expected to remain at currently strong levels. At fiscal year-end 2022, available liquidity across governmental and business-type activities was roughly \$132.2 million or a very healthy 156.4% of revenue.

Exhibit 4

Net cash as a percent of revenue growing consistently



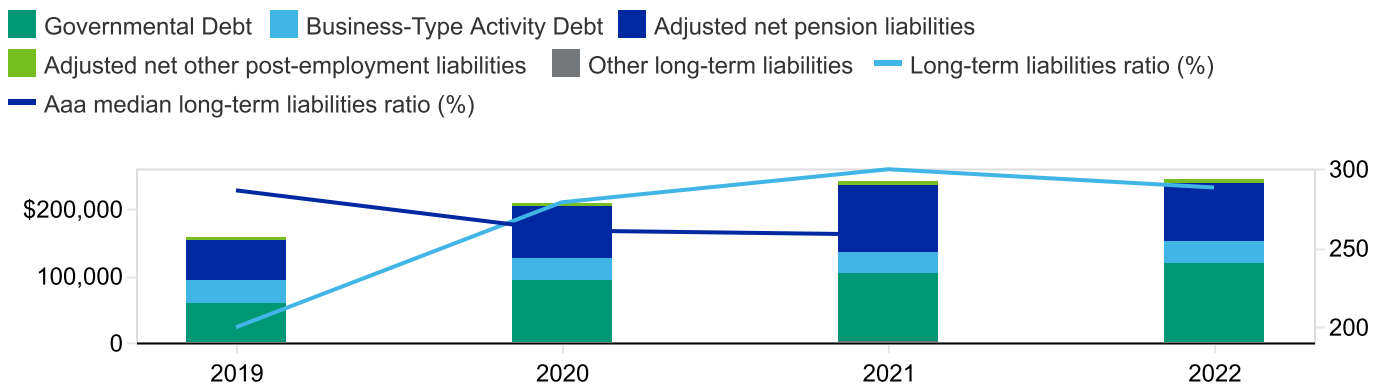
Source: Moody's Investors Service

Leverage: additional issuance plans to keep leverage slightly elevated

Addison's leverage will remain slightly elevated given additional issuance plans over the next few years, although given strong tax base and revenue growth the debt burden will remain manageable. At fiscal year-end 2022, leverage amounted to 288% of revenues, which includes debt and adjusted pension and other post-employment benefit (OPEB) liabilities. Fixed costs are above the median for similarly rated peers at 14.2% of revenues. Long-term liabilities from governmental activities make up 84.4% of the town's leverage, while the remaining 15.6% is associated with business-type activities. The town anticipates issuing roughly \$43 million in additional debt over the next three years. The future debt is not expected to materially impact the long-term liabilities or fixed cost ratios.

Exhibit 5

Total Primary Government - Long Term Liabilities



Source: Moody's Investors Service

Legal security

The bonds are secured by a direct and continuing annual ad valorem tax, levied on all taxable property within the limits prescribed by law.

Debt structure

Principal payout is below similarly rated peers with 63.4% of principal retired in 10 years. The debt service schedule is largely descending until final maturity in fiscal 2043.

Debt-related derivatives

All of the town's debt is fixed rate and the town is not party to any derivative agreements.

Pensions and OPEB

The town's unfunded pension and other post employment benefits (OPEB) liabilities should remain a manageable portion of town's total leverage. The town provides pension benefits for employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multi-employer public employee retirement system administered by the State of Texas (Aaa stable).

The town reported a net pension surplus of \$6.4 million using a 6.75% discount rate. Moody's adjusted net pension liability (ANPL) for the town, under our methodology for adjusting reported pension data, was \$87.8 million, using an indexed discount rate of 3%. This represents about 145.6% of revenues. The town contributed \$2.6 million to the plan in fiscal 2022 representing about 4.4% of revenue. This contribution was about \$293,000 over the Moody's determined "tread water" contribution level, which is a credit positive relative to many other cities. The "tread water" indicator measures the annual government contribution required to prevent the reported net pension liability from growing, under reported assumptions.

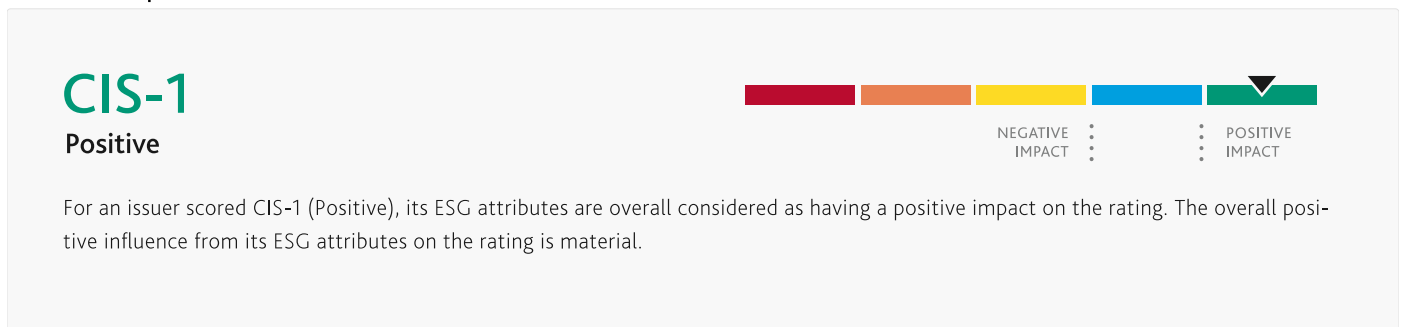
In addition to pension benefits, the town also provides retiree health care (OPEB) benefits to employees. However, the liability is manageable, with our adjusted net OPEB liability equating to just 7% of fiscal 2022 operating revenue. Additionally, total fixed costs (debt service, pension contributions and OPEB contributions) remain manageable at approximately 14.2% of operating revenue.

ESG considerations

Addison (Town of) TX's ESG Credit Impact Score is Positive CIS-1

Exhibit 6

ESG Credit Impact Score

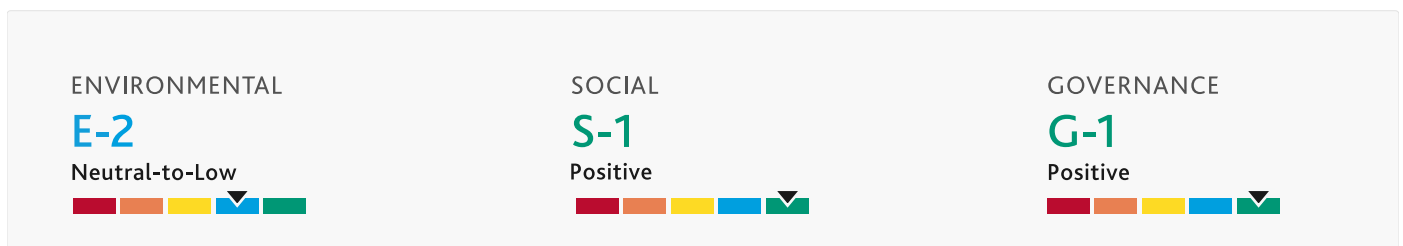


Source: Moody's Investors Service

The Town of Addison, TX's credit impact score is **CIS-1** reflecting positive social attributes, a very strong governance profile, and low exposure to environmental risks, all of which support the town's credit rating, resilience and capacity to respond to shocks.

Exhibit 7

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

Addison, TX's overall E issuer profile score is **E-2** reflecting relatively low exposure to environmental risks across all categories including physical climate risk, carbon transition, water management, natural capital and waste and pollution.

Social

Addison TX's S issuer profile score is **S-1** reflecting its role as a major employment center in the Dallas Fort Worth area that attracts thousands of workers within the day allowing its daytime population to swell to about 10 times its nighttime population. Given limited availability of land, population growth has been relatively stable although labor and income trends are higher than typical peers. Educational attainment levels in the town are high supporting demand for professional jobs in the area. Although housing costs are rising rapidly, they remain affordable in comparison to other high demand areas of the country. Access to basic services and exposure to health and safety considerations is in line with peers.

Governance

Addison TX's very strong governance profile supports its rating, as captured by its **G-1** issuer profile score. The town maintains both strong institutional structure and demonstrated policy credibility and effectiveness. Transparency and disclosure is in line with peers evidenced by a steady history of the timely release of budgets and audited financial statements. Budget management strategies are strong with actual performance typically favorably outpacing budgeted expectations and the town utilizes long range financial and capital planning to guide its longer-term outlook.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US Cities and Counties Rating Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 8

Addison (Town of) TX

	Measure	Weight	Score
Economy			
Resident income ratio	103.3%	10.0%	Aa
Full value per capita	339,916	10.0%	Aaa
Economic growth metric	1.3%	10.0%	Aaa
Financial Performance			
Available fund balance ratio	90.8%	20.0%	Aaa
Liquidity ratio	156.4%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	288.0%	20.0%	A
Fixed-costs ratio	14.2%	10.0%	Aa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
Assigned Rating			

The complete list of outstanding ratings assigned to the Addison (Town of) TX is available on their [issuer page](#). Details on the current ESG scores assigned to the Addison (Town of) TX are available on their [ESGView page](#).

Sources: US Census Bureau, Addison (Town of) TX's financial statements and Moody's Investors Service

Appendix

Exhibit 9

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Investors Service
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US City and Counties Methodology](#).

Source: Moody's Investors Service

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RatingsDirect®

Summary:

Addison, Texas; General Obligation

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Table Of Contents

Credit Highlights

Outlook

Credit Opinion

Related Research

Summary:

Addison, Texas; General Obligation

Credit Profile

US\$5.0 mil GO bonds ser 2023 dtd 08/01/2023 due 02/15/2043

Long Term Rating AAA/Stable New

US\$4.5 mil comb tax and rev certs of oblig ser 2023 dtd 08/01/2023 due 02/15/2043

Long Term Rating AAA/Stable New

Addison GO

Long Term Rating AAA/Stable Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AAA' rating to the Town of Addison, Texas' anticipated \$5.0 million general obligation (GO) bonds, series 2023, and \$4.5 million certificates of obligation, series 2023.
- At the same time, we affirmed our 'AAA' rating on the town's GO debt and certificates outstanding.
- The outlook is stable.

Security

The GO bonds and COs are direct obligations of the town, payable from the levy and collection of a continuing annual ad valorem tax, within limits prescribed by law, on all taxable property in the town. The certificates are additionally secured by a limited net-revenue pledge from the town's waterworks-and-sewer system. Due to the additional pledged revenue's limited nature, we base our ratings on these obligations on the town's ad valorem tax pledge.

State statutes limit the ad valorem tax rate for home rule cities to \$2.50 per \$100 of taxable assessed valuation (AV) for all town purposes. The Texas attorney general permits the allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax debt service. In fiscal 2023, Addison's total levy is well below the maximum at 60.98 cents per \$100 of AV, 16.47 cents of which is dedicated to debt service. Despite state statutory tax-rate limitations, we do not differentiate between the town's limited-tax debt and its general creditworthiness, since the ad valorem tax is not derived from a measurably narrower tax base and there are no limitations on the fungibility of resources, which supports our view of the town's overall ability and willingness to pay debt service.

Addison's GO bonds are eligible to be rated above the sovereign because we assess the town can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions" (published Nov. 19, 2013), U.S. local governments are considered to have moderate sensitivity to country risk.

We understand proceeds from the series 2023 GO bonds and certificates of obligation will be used to fund street and road improvements.

Credit overview

Consistent operating surpluses, aided by strong management and prudent spending, have enabled Addison to transfer excess general fund revenues into its capital project fund in each of the past three fiscal years while maintaining its healthy reserve levels. The town has a diverse tax base spread across multiple sectors in a high-demand metropolitan statistical area (MSA), with expected development anchored by a new Dallas Area Rapid Transit (DART) Silver Line station, expected to begin service in 2026. We believe management will continue to maintain fiscal stability with at least balanced results expected for fiscal years 2023 and 2024. While we consider Addison's debt burden weak, we do not believe the town's additional debt plans will materially affect our view of its debt profile.

The rating reflects our view of the town's:

- Strong economic wealth and income metrics with a growing tax base;
- Consistently balanced budgetary performance, with very strong reserves, expected to continue in fiscal years 2023 and 2024;
- Very strong Financial Management Assessment (FMA) and a strong institutional framework score; and
- Manageable debt burden, despite near-term debt plans.

Environmental, social, and governance

Our analysis of these risks encompasses our review of environmental and social risks which we consider neutral in our credit rating analysis. We acknowledge the town's very strong management, with strong financial policies and practices as positive risk management; however, we view governance risks as neutral.

Outlook

The stable outlook reflects our view that the town's growth and strong economic metrics should continue to support the town's balanced financial operations.

Downside scenario

We could lower the rating if the town experiences significant economic or financial stress that results in structural imbalance and declining reserves, or if the town's debt burden increases to a level that stresses its budgetary performance.

Credit Opinion

Very strong economy in the Dallas-Fort Worth MSA, with a major transit development underway

The local economy is diverse and anchored by key industries such as professional, scientific, and technical services, health care, and finance. While residents have convenient access to employment opportunities within the Dallas-Fort Worth MSA, Addison itself has a multitude of employment opportunities as it is home to several corporate headquarters and has an abundance of commercial space. The town has both residential and commercial development underway, anchored by a commuter rail line called the Silver Line that will be the town's first DART rail station. This \$1.1 billion, 26-mile line will traverse three counties and connect Addison to the Dallas-Fort Worth International

Airport and numerous cities within the MSA. Service is expected to commence in 2026. The town entered into a memorandum of understanding with a master developer for a large mixed-use space near the station, which includes 700 living units, 150,000 square feet of office space, and 70,000 for retail and entertainment. In addition, officials note there is another mixed-use development currently under construction, with an estimated investment of \$170 million. Growth in AV has generally been steady, and officials expect it will grow 8% from fiscal 2023. Historically, AV has grown steadily at 2%-5% a year, and officials state that although there is limited greenspace available for new development, Addison has attracted many developers interested in redeveloping older properties. We believe the town will continue to exhibit similar AV growth in the near term given the aforementioned developments.

Very strong reserves, with stable performance resulting in surpluses transferred to capital projects

Conservative budgeting assumptions contributed to Addison's stable operating performance in recent years, allowing the town to maintain a very strong available fund balance despite transferring excess revenues to self-fund various capital projects. Fiscal year-end 2022 results were largely fueled by positive budget variances in both revenues and expenditures. After its transfer out of approximately \$1.8 million to the self-funded special projects fund, the town added approximately \$272,000 to fund balance in fiscal 2022. For 2023, management expects another transfer to the special projects fund of \$1.8 million and a minor increase to its ending general fund balance. While the fiscal 2024 budget has not been adopted, management indicates the budget will be balanced with increases in property tax revenues and personnel-related expenditures. There are no plans to reduce reserves at this time, therefore, we expect the town will maintain a very strong financial profile during our outlook horizon.

We understand that the town does not have exposure to any variable-rate debt obligations or privately placed debt obligations that would cause contingent liability issues for the town.

Very strong financial management with detailed long-term planning

Highlights include the following:

- Management uses three-to-five years of historical financial trend analysis to formulate the subsequent year's budget assumptions.
- Quarterly budget-to-actual financial reports are provided to the town council, and officials can amend the budget when needed.
- The council annually adopts a five-year rolling capital improvement plan (CIP) that identifies potential projects and their respective funding sources.
- Management also prepares a five-year financial forecast that it presents to the town council annually.
- The town has a formalized and comprehensive investment management policy that is reviewed annually, and officials provide the council with quarterly investment holdings and performance reports.
- The town has a formalized debt management policy, in line with state requirements.
- The town adheres to its formalized reserve and liquidity policy that requires general fund reserves above 25% of operating expenditures. The policy was adopted to prevent deterioration of reserves in the event of a drop in revenues or emergencies.
- We note the town has implemented policies and practices to help mitigate its exposure to cyber-security risks.

The institutional framework score for Texas municipalities is strong.

Weak debt burden, with future debt plans, but manageable carrying charges

Addison's adopted five-year CIP serves as a blueprint to address subsequent growth and development prudently. Management intends to issue approximately \$28.5 million from its 2019 bond authorization, \$8.3 million from its 2019A bond authorization, \$3.4 million for a parking structure, and \$3 million for public infrastructure in the Vitruvian Park over the next two-to-three years. We expect the town's debt burden will remain elevated, as Addison will likely issue additional debt to fund growth-related capital needs. However, we believe the town will prudently manage debt issuance relative to its rate of tax base growth, as it has done historically.

Pension and other postemployment benefits (OPEB)

We do not view pension and OPEB liabilities as a near-term credit pressure because contributions make up less than 5% of the budget and the Texas Municipal Retirement System plan for the town is 104% funded as of Dec. 31, 2021. (For more information on Texas' pension landscape, see "Pension Spotlight: Texas," published April 4, 2023, on RatingsDirect.)

Addison, Texas--key credit metrics				
	Most recent	Historical information		
		2022	2021	2020
Very strong economy				
Projected per capita EBI % of U.S.	159			
Market value per capita (\$)	333,293			
Population			16,731	15,844
County unemployment rate(%)		3.7		
Market value (\$000)	5,576,317	5,075,396	4,925,943	
Ten largest taxpayers % of taxable value	18.1			
Strong budgetary performance				
Operating fund result % of expenditures		0.7	0.3	(1.3)
Total governmental fund result % of expenditures		0.9	10.0	8.4
Very strong budgetary flexibility				
Available reserves % of operating expenditures		48.9	51.0	54.7
Total available reserves (\$000)		19,837	19,699	20,053
Very strong liquidity				
Total government cash % of governmental fund expenditures		146	149	147
Total government cash % of governmental fund debt service		986	1,032	1,026
Very strong management				
Financial Management Assessment	Strong			
Weak debt & long-term liabilities				
Debt service % of governmental fund expenditures		14.8	14.5	14.3
Net direct debt % of governmental fund revenue	217			
Overall net debt % of market value	4.8			
Direct debt 10-year amortization (%)	70			

Addison, Texas--key credit metrics (cont.)

	Most recent	Historical information		
		2022	2021	2020
Required pension contribution % of governmental fund expenditures		4.7		
OPEB actual contribution % of governmental fund expenditures		0.0		

Strong institutional framework

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

Related Research

- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of July 25, 2023)

Addison GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Addison GO rfdg bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

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TAB B

TABULATION OF BIDS RECEIVED



BIDS DUE TUESDAY AUGUST 8, 2023 AT 10:30AM CDT

\$4,355,000
TOWN OF ADDISON, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023

ACCOUNT MANAGER	TRUE INTEREST COST
BOK Financial Securities, Inc.	3.774049%
Piper Sandler & Co	3.791455%
Raymond James & Associates, Inc.	3.823694%
Robert W. Baird & Co., Inc.	3.862216%
FHN Financial Capital Markets	3.889820%

Prepared by:



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Final

\$4,355,000

Town of Addison, Texas

Combination Tax & Revenue Certificates of Obligation, Series 2023

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2023	-	-	-	-
09/30/2024	145,000.00	5.000%	180,565.00	325,565.00
09/30/2025	140,000.00	5.000%	184,850.00	324,850.00
09/30/2026	145,000.00	5.000%	177,725.00	322,725.00
09/30/2027	155,000.00	5.000%	170,225.00	325,225.00
09/30/2028	160,000.00	5.000%	162,350.00	322,350.00
09/30/2029	170,000.00	5.000%	154,100.00	324,100.00
09/30/2030	180,000.00	5.000%	145,350.00	325,350.00
09/30/2031	190,000.00	5.000%	136,100.00	326,100.00
09/30/2032	195,000.00	5.000%	126,475.00	321,475.00
09/30/2033	210,000.00	5.000%	116,350.00	326,350.00
09/30/2034	220,000.00	5.000%	105,600.00	325,600.00
09/30/2035	230,000.00	5.000%	94,350.00	324,350.00
09/30/2036	240,000.00	4.000%	83,800.00	323,800.00
09/30/2037	250,000.00	4.000%	74,000.00	324,000.00
09/30/2038	260,000.00	4.000%	63,800.00	323,800.00
09/30/2039	270,000.00	4.000%	53,200.00	323,200.00
09/30/2040	280,000.00	4.000%	42,200.00	322,200.00
09/30/2041	295,000.00	4.000%	30,700.00	325,700.00
09/30/2042	305,000.00	4.000%	18,700.00	323,700.00
09/30/2043	315,000.00	4.000%	6,300.00	321,300.00
Total	\$4,355,000.00	-	\$2,126,740.00	\$6,481,740.00

Cash Premium from Purchaser \$206,604.00

True Interest Cost (TIC) 3.7710959%

TAB C

TABULATION OF BIDS RECEIVED



BIDS DUE TUESDAY AUGUST 8, 2023 AT 10:00AM CDT

\$4,865,000

TOWN OF ADDISON, TEXAS

GENERAL OBLIGATION BONDS, SERIES 2023

ACCOUNT MANAGER	TRUE INTEREST COST
Raymond James & Associates, Inc.	3.793409%
BOK Financial Securities, Inc.	3.800687%
Piper Sandler & Co	3.814650%
Fidelity Capital Markets	3.879734%
Robert W. Baird & Co., Inc.	3.908001%
SAMCO Capital Markets	3.975813%

Prepared by:



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Final

\$4,865,000

Town of Addison, Texas

General Obligation Bonds, Series 2023

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2023	-	-	-	-
09/30/2024	160,000.00	5.000%	199,352.92	359,352.92
09/30/2025	155,000.00	5.000%	204,075.00	359,075.00
09/30/2026	165,000.00	5.000%	196,075.00	361,075.00
09/30/2027	175,000.00	5.000%	187,575.00	362,575.00
09/30/2028	180,000.00	5.000%	178,700.00	358,700.00
09/30/2029	190,000.00	5.000%	169,450.00	359,450.00
09/30/2030	200,000.00	5.000%	159,700.00	359,700.00
09/30/2031	210,000.00	5.000%	149,450.00	359,450.00
09/30/2032	220,000.00	5.000%	138,700.00	358,700.00
09/30/2033	235,000.00	5.000%	127,325.00	362,325.00
09/30/2034	245,000.00	5.000%	115,325.00	360,325.00
09/30/2035	255,000.00	4.000%	104,100.00	359,100.00
09/30/2036	270,000.00	4.000%	93,600.00	363,600.00
09/30/2037	280,000.00	4.000%	82,600.00	362,600.00
09/30/2038	290,000.00	4.000%	71,200.00	361,200.00
09/30/2039	300,000.00	4.000%	59,400.00	359,400.00
09/30/2040	315,000.00	4.000%	47,100.00	362,100.00
09/30/2041	325,000.00	4.000%	34,300.00	359,300.00
09/30/2042	340,000.00	4.000%	21,000.00	361,000.00
09/30/2043	355,000.00	4.000%	7,100.00	362,100.00
Total	\$4,865,000.00	-	\$2,346,127.92	\$7,211,127.92

Cash Premium from Purchaser	\$198,619.30
True Interest Cost (TIC)	3.7905798%

TAB D

HISTORICAL SALE INFORMATION	SALE DATE	INTEREST RATE	ISSUE'S AVERAGE LIFE
\$4,355,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2023	8-8-23	3.7710959%	11.410 Years
\$4,865,000 Town of Addison, Texas General Obligation Bonds, Series 2023	8-8-23	3.7905798%	11.408 Years
\$12,495,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2022	8-9-22	3.3767914%	11.300 Years
\$10,140,000 Town of Addison, Texas General Obligation Bonds, Series 2022	8-9-22	3.3665150%	11.257 Years
\$8,670,000 Town of Addison, Texas General Obligation Refunding Bonds, Series 2022	1-11-22	1.660797%	7.279 Years
\$14,850,000 Town of Addison, Texas General Obligation Bonds, Series 2021	8-10-21	1.777303%	10.993 Years
\$10,960,000 Town of Addison, Texas General Obligation Refunding Bonds, Taxable Series 2021	8-10-21	1.471511%	6.804 Years
\$13,635,000 Town of Addison, Texas General Obligation Bonds, Series 2020	8-11-20	1.399084%	10.762 Years
\$13,205,000 Town of Addison, Texas General Obligation Refunding Bonds, Taxable Series 2020	8-11-20	1.109101%	6.779 Years
\$16,900,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019	9-10-19	2.3120186%	10.861 Years
\$13,115,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019	12-11-18	3.301605%	12.055 Years
\$23,560,000 Town of Addison, Texas General Obligation Refunding Bonds, Series 2016	5-13-16	2.405770%	10.070 Years
\$2,145,000 Town of Addison, Texas General Obligation Refunding Bonds, Series 2014 (AMT)	2-25-14	1.462139%	3.572 Years
\$12,000,000 Town of Addison, Texas General Obligation Bonds, Tax-Exempt Series 2014	2-25-14	3.287768%	12.268 Years
\$7,565,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2014	2-25-14	3.287297%	12.041 Years
\$4,665,000 Town of Addison, Texas General Obligation Bonds, Tax-Exempt Series 2013	7-15-13	3.8718352%	11.587 Years
\$1,875,000 Town of Addison, Texas General Obligation Bonds, Series 2013A (AMT)	7-15-13	4.4466654%	11.461 Years

TAB E

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may they be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated July 27, 2023

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "OTHER INFORMATION-Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.



\$4,870,000*
TOWN OF ADDISON, TEXAS
(Dallas County)
GENERAL OBLIGATION BONDS, SERIES 2023

Dated Date: August 1, 2023

Due: February 15, as shown on page 2

Interest to accrue from Delivery Date

PAYMENT TERMS . . . Interest on the \$4,870,000* Town of Addison, Texas, General Obligation Bonds, Series 2023 (the "Bonds") will accrue from the date of their delivery to the initial purchaser (the "Delivery Date"), will be payable February 15 and August 15 of each year, commencing February 15, 2024, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds 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 Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, an election held on November 5, 2019 (the "Election") and an ordinance to be passed by the City Council of the Town of Addison, Texas (the "Town") (the "Ordinance"). The Bonds are direct obligations of the Town of Addison, Texas (the "Town"), payable from a continuing ad valorem tax levied on all taxable property within the Town, within the limits prescribed by law, as provided in the Bond Ordinance (see "THE OBLIGATIONS - Authority for Issuance" and "THE OBLIGATIONS - Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of (i) designing, developing, constructing and improving Quorum Drive from the DART Rail line to Dallas North Tollway and Montfort Drive from Beltline Road to the Addison city limits, including sidewalks, bridges, landscaping, streetlighting, right-of-way protection and related storm drainage improvements; and acquiring rights-of-way in connection therewith and (iv) paying the costs of issuing the Bonds.

MATURITY SCHEDULE - BONDS

See page 2

SEPARATE ISSUES . . . The Bonds are being offered by the Town concurrently with the "Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023" (the "Certificates"), and such Bonds and Certificates are hereinafter sometimes referred to collectively as the "Obligations". The Bonds and Certificates are separate and distinct securities offerings being issued and sold independently except for the common Preliminary Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser of the Bonds subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see APPENDIX C, "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on September 6, 2023.

BIDS DUE TUESDAY AUGUST 8, 2023 AT 10:00 AM, CDT

* Preliminary, subject to change. See - "Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions for the Bonds".

MATURITY SCHEDULE*

CUSIP Prefix⁽¹⁾: 006644

<u>Amount</u>	<u>15-Feb Maturity</u>	<u>Interest Rate</u>	<u>Initial Yield/Price</u>	<u>CUSIP Suffix⁽¹⁾</u>	<u>Amount</u>	<u>15-Feb Maturity</u>	<u>Interest Rate</u>	<u>Initial Yield/Price</u>	<u>CUSIP Suffix⁽¹⁾</u>
\$ 170,000	2024				\$ 240,000	2034			
160,000	2025				250,000	2035			
170,000	2026				265,000	2036			
175,000	2027				280,000	2037			
185,000	2028				290,000	2038			
190,000	2029				305,000	2039			
200,000	2030				315,000	2040			
205,000	2031				330,000	2041			
215,000	2032				340,000	2042			
230,000	2033				355,000	2043			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. 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 CUSIP services. None of the Town, the Financial Advisor or the Initial Purchaser of the Bonds shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The Town reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2034, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

MANDATORY SINKING FUND REDEMPTION . . . In the event any of the Bonds are structured as "term" Bonds at the option of the Initial Purchaser, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Bond Ordinance, which provisions will be included in the final Official Statement.

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* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions for the Bonds".

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

(See "Continuing Disclosure of Information" herein)

Dated July 27, 2023

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, under existing law, interest on the Certificates (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

THE CERTIFICATES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.



\$4,385,000*
TOWN OF ADDISON, TEXAS
(Dallas County)
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023

Dated Date: August 1, 2023

Due: February 15 as shown on page 4

Interest Accrues from Delivery Date

PAYMENT TERMS . . . Interest on the \$4,385,000* Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates") will accrue from the date of initial delivery to the purchaser here of (the "Delivery Date"), will be payable February 15 and August 15 of each year until maturity or prior redemption, commencing February 15, 2024, and 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. **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 OBLIGATIONS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF NA, Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution, and general laws of the State of Texas (the "State"), including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and are direct obligations of the Town of Addison, Texas (the "Town"), payable from an annual ad valorem tax levied on all taxable property within the Town, within the limits prescribed by law and a limited pledge (not to exceed \$1,000) of the net revenues of the Town's waterworks and sewer system, as provided in the ordinance authorizing the Certificates (the "Certificate Ordinance" and together with the Bond Ordinance, the "Ordinances") (see "THE OBLIGATIONS - Authority for Issuance").

PURPOSE . . . Proceeds of the Certificates are expected to be used for the purpose of (i) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor, including roadway improvements at the City's airport; (ii) professional services incurred in connection with item (ii) and to pay the costs incurred in connection with the issuance of the Certificates.

MATURITY SCHEDULE

See page 4

SEPARATE ISSUES . . . The Certificates are being offered by the Town concurrently with the "Town of Addison, Texas, General Obligation Bonds, Series 2023" (the "Bonds"), and such Certificates and Bonds are hereinafter sometimes referred to collectively as the "Obligations". The Certificates and Bonds are separate and distinct securities offerings being issued and sold independently except for the common Preliminary Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Purchaser of the Certificates and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see APPENDIX C, "Forms of Bond Counsel's Opinions").

DELIVERY . . . It is expected that the Certificates will be available for delivery through the facilities of The Depository Trust Company on September 6, 2023.

BIDS DUE TUESDAY AUGUST 8, 2023, AT 10:30 AM CDT

* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions for the Certificates".

MATURITY SCHEDULE*

CUSIP Prefix⁽¹⁾: 006644

<u>Amount</u>	<u>15-Feb Maturity</u>	<u>Interest Rate</u>	<u>Initial Yield/Price</u>	<u>CUSIP Suffix⁽¹⁾</u>	<u>Amount</u>	<u>15-Feb Maturity</u>	<u>Interest Rate</u>	<u>Initial Yield/Price</u>	<u>CUSIP Suffix⁽¹⁾</u>
\$ 155,000	2024				\$ 215,000	2034			
145,000	2025				225,000	2035			
155,000	2026				235,000	2036			
155,000	2027				250,000	2037			
165,000	2028				260,000	2038			
170,000	2029				270,000	2039			
180,000	2030				285,000	2040			
190,000	2031				295,000	2041			
195,000	2032				310,000	2042			
205,000	2033				325,000	2043			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. 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 CUSIP services. None of the Town, the Financial Advisor or the Initial Purchaser of the Bonds shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The Town reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2034, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

MANDATORY SINKING FUND REDEMPTION . . . In the event any of the Certificates are structured as "term" Certificates at the option of the Initial Purchaser, such term Certificates will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Certificate Ordinance, which provisions will be included in the final Official Statement.

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* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions for the Certificates".

This Preliminary Official Statement, which includes the cover page 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.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document, as the same may be supplemented or corrected from time to time, constitutes an official statement of the Town with respect to the Obligations described herein that has been "deemed final" by the Town as of its date (or the date of any supplement or correction), except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the Town and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the town or its Financial Advisor. This Preliminary Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary 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 Town or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Town's undertaking to provide certain information on a continuing basis.

NEITHER THE TOWN, ITS FINANCIAL ADVISOR, NOR THE INITIAL PURCHASER OF THE OBLIGATIONS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM.

The agreements of the Town and others related to the Obligations are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Obligations is to be construed as constituting an agreement with the initial purchasers of the Obligations. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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 STATEMENT.

TABLE OF CONTENTS

PRELIMINARY OFFICIAL STATEMENT	
SUMMARY	6
TOWN OFFICIALS, STAFF, AND CONSULTANTS .9	
ELECTED OFFICIALS	9
SELECTED ADMINISTRATIVE STAFF	9
CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS ..9	
INTRODUCTION	10
PLAN OF FINANCING	10
THE OBLIGATIONS.....	11
AD VALOREM PROPERTY TAXATION.....	16
TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT.....	21
TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY	22
TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY	23
TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY..	23
TABLE 5 - TEN LARGEST TAXPAYERS	23
TABLE 6 - TAX ADEQUACY	24
TABLE 7 - ESTIMATED OVERLAPPING DEBT	24
DEBT INFORMATION.....	235
TABLE 8 – PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS.....	235
TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION	26
TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT	26
TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS	26
TABLE 12 - OTHER OBLIGATIONS	27
FINANCIAL INFORMATION	33
TABLE 13 – CHANGES IN NET ASSETS	33
TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY	34
TABLE 14 - MUNICIPAL SALES TAX HISTORY.....	34
INVESTMENTS	36
TABLE 15 - CURRENT INVESTMENTS.....	37
TAX MATTERS.....	38
TAX EXEMPTION.....	38
ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS	39
CONTINUING DISCLOSURE OF INFORMATION	41
OTHER INFORMATION.....	42
RATINGS	42
LITIGATION.....	42
REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE	42
LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS.....	42
AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION	43
FINANCIAL ADVISOR.....	43
INITIAL PURCHASER OF THE BONDS	43
INFECTIOUS DISEASE OUTBREAK – COVID-19.....	44
CERTIFICATION OF THE OFFICIAL STATEMENT.....	44
MISCELLANEOUS	44
APPENDICES	
GENERAL INFORMATION REGARDING THE TOWN.....	A
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022	B
FORM OF BOND COUNSEL'S OPINION	C

The cover page hereof, this page, the Schedule I, the appendices included herein and any addenda, supplement, or amendment hereto, are part of the Preliminary Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

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

- THE TOWN**..... The Town of Addison, Texas (the "Town"), is a political subdivision and home-rule municipal corporation of the State, located in Dallas County, Texas. The Town covers approximately 4.4 square miles (see "Introduction - Description of the Town").
- THE BONDS**..... The Town's \$4,870,000* General Obligation Bonds, Series 2023 (the "Bonds") are scheduled to mature on February 15 in the years 2024 through 2043 (see "THE OBLIGATIONS - Description of the Obligations").
- THE CERTIFICATES** The \$4,385,000* Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023 are issued as serial Certificates maturing on February 15 in each of the years 2024 through 2043, unless the Initial Purchaser (defined herein) designates one or more maturities as one or more term Certificates (see "THE OBLIGATIONS - Description of the Obligations").
- PAYMENT OF INTEREST** Interest on the Obligations accrues from the Delivery Date, calculated on the basis of a 360-day year consisting of twelve 30-day months, and is payable February 15, 2024, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE OBLIGATIONS - Description of The Obligations " and "THE OBLIGATIONS – Optional Redemption").
- AUTHORITY FOR ISSUANCE** The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, an election held on November 5, 2019 (the "Election") and a bond ordinance to be passed by the City Council of the Town (the "Bond Ordinance") (see "THE OBLIGATIONS - Authority for Issuance").
- The Certificates are issued pursuant to the Constitution, and general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, as provided in the ordinance authorizing the Certificates (the "Certificate Ordinance" and together with the Bond Ordinance, the "Ordinances") (see "THE OBLIGATIONS - Authority for Issuance").
- SECURITY FOR THE BONDS**..... The Bonds constitute direct obligations of the Town, payable from a direct and continuing annual ad valorem tax levied, within the limit prescribed by law, on all taxable property located within the Town (see "THE OBLIGATIONS - Security and Source of Payment").
- SECURITY FOR THE CERTIFICATES**..... The Certificates constitute direct obligations of the Town, payable from a combination of (i) the levy and collection of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the Town, and (ii) a pledge of the Surplus Revenues of the Town's Waterworks and Sewer System (the "System") in an amount not to exceed \$1,000 as provided in the Certificate Ordinance (see "THE OBLIGATIONS - Security and Source of Payment").
- OPTIONAL REDEMPTION** The Town reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2034, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").
- TAX STATUS**..... In the opinion of Bond Counsel, under existing law, interest on the Obligations (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

* ...Preliminary, subject to change

QUALIFIED TAX-EXEMPT

BONDS..... The Obligations *will be* designated as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS" herein.

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used for the purpose of (i) designing, developing, constructing and improving Quorum Drive from the DART Rail line to Dallas North Tollway and Montfort Drive from Beltline Road to the Addison city limits, including sidewalks, bridges, landscaping, streetlighting, right-of-way protection and related storm drainage improvements; and acquiring rights-of-way in connection therewith and (ii) paying the costs of issuing the Bonds.

Proceeds of the Certificates are expected to be used for the purpose of (i) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor, including roadway improvements at the City's airport; (ii) professional services incurred in connection with item (i) and to pay the costs incurred in connection with the issuance of the Certificates.

RATINGS The Obligations and presently outstanding tax supported debt of the Town are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") (see "Other Information - Ratings").

BOOK-ENTRY-ONLY SYSTEM..... The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations 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 Obligations (see "THE OBLIGATIONS - Book-Entry-Only System").

PAYMENT RECORD The Town has never defaulted on the payment of its tax-supported indebtedness.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Town Population ⁽¹⁾	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Net Funded Tax Debt Outstanding ⁽²⁾	Per Capita Funded Tax Debt	Ratio Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections to Tax Levy
2019	15,790	\$ 4,725,759,169	\$ 299,288	\$ 61,985,000	\$ 3,926	1.31%	96.46%
2020	15,790	4,819,907,442	305,251	86,685,000	5,490	1.80%	95.06%
2021	16,320	4,925,943,024	301,835	96,870,000	5,936	1.97%	99.51%
2022	17,720	5,075,396,106	286,422	110,150,000	6,216	2.17%	98.28%
2023	17,720	5,576,316,621	314,691	110,505,000 ⁽³⁾	6,236	1.98%	97.69%

(1) Source: North Central Texas Council of Governments ("NCTCOG").

(2) The above statement of indebtedness does not include general obligation debt for which repayment is provided from revenues of the waterworks and sewer system, the airport fund and drainage fund ("self-supporting debt"). See "Table 1 – Valuation, Exemptions and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt" herein.

(3) Projected, includes the Obligations. Excludes Self-Supporting Debt. Preliminary, subject to change.

For additional information regarding the Town, please contact:

Steven Glickman Chief Financial Officer Town of Addison P.O. Box 9010 Addison, Texas 75001 (972) 450-7001	or	Nick Bulaich Robert Spears Hilltop Securities Inc. 777 Main Street, Suite 1525 Fort Worth, Texas 76102 (817) 332-9710
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TOWN OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Bruce Arfsten Mayor	1 Month	May, 2026	Real Estate Broker
Eileen Resnik Mayor Pro Tempore	1 Year	May, 2025	Program Officer
Guillermo Quintanilla Deputy Mayor Pro Tempore	4 Years	May, 2025	Small Business Owner
Nancy Craig Councilmember	10 Years	May, 2026	Real Estate Executive
Darren Gardner Councilmember	4 Years	May, 2025	Business Consultant
Dan Liscio Councilmember	1 Month	May, 2026	Sales Executive
Marlin Willesen Councilmember	3 Years	May, 2026	Retired

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
David Gaines	City Manager	6 Months
Steven Glickman	Chief Financial Officer	3 Years

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Auditors	BKD, LLP Dallas, Texas
Bond Counsel	Bracewell LLP Dallas, Texas
Financial Advisor.....	Hilltop Securities Inc. Fort Worth, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$4,870,000*

**TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2023**

\$4,385,000*

**TOWN OF ADDISON, TEXAS
COMBINATION TAX & REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2023**

INTRODUCTION

This Preliminary Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$4,870,000* Town of Addison, Texas, General Obligation Bonds, Series 2023 (the "Bonds") and the \$4,385,000* Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates"). The Bonds and Certificates are separate and distinct securities offerings being authorized for issuance under separate authorizations (the "Bond Ordinance" and the "Certificates Ordinance", respectively, each as defined below and collectively the "Ordinances"), to be adopted by the Town but are being offered and sold pursuant to a common Official Statement, and while the Bonds and Certificates share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payments, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and the covenants and agreements made with respect thereto. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in terms in each respective ordinance, except as otherwise indicated herein.

There follows in this Preliminary Official Statement descriptions of the Obligations and certain information regarding the Town 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 Town's Financial Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Fort Worth, Texas.

All financial and other information presented in this Preliminary Official Statement has been provided by the Town from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Town. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "OTHER INFORMATION – Forward-Looking Statements Disclaimer").

DESCRIPTION OF THE TOWN . . . The Town is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the Town's Home Rule Charter. The Town's Home Rule Charter originally adopted in 1978, was last amended in 2020. The Town operates under the Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers. The term of office for Councilmembers is two years with the terms of the Mayor and three of the Councilmembers expiring in odd-numbered years and the terms of the other three Councilmembers expiring in even-numbered years. The Town Manager is the chief administrative officer for the Town. Some of the services that the Town provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2020 Census population for the Town was 15,790, and the estimated 2023 population is 17,720. The Town covers approximately 4.4 square miles and is located within the Dallas, Texas, Standard Metropolitan Statistical Area (SMSA).

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of (i) designing, developing, constructing and improving Quorum Drive from the DART Rail line to Dallas North Tollway and Montfort Drive from Beltline Road to the Addison city limits, including sidewalks, bridges, landscaping, streetlighting, right-of-way protection and related storm drainage improvements; and acquiring rights-of-way in connection therewith and (ii) paying the costs of issuing the Bonds.

Proceeds of the Certificates are expected to be used for the purposes of (i) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor, including roadway improvements at the City's airport; (ii) professional services incurred in connection with item (i) and to pay the costs incurred in connection with the issuance of the Certificates.

* Preliminary, subject to change. See Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions".

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Obligations will be applied approximately as follows:

Sources:	The Bonds	The Certificates
Principal Amount	\$ -	\$ -
Original Issue Premium	-	-
Total Sources of Funds	\$ -	\$ -
Uses:		
Deposit to Construction Fund	\$ -	\$ -
Costs of Issuance	-	-
Total Uses of Funds	\$ -	\$ -

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations are dated August 1, 2023 and mature on February 15 in each of the years and in the amounts shown on page 2 and 4 hereof. Interest for the Obligations will accrue from the date of their initial delivery to their initial purchasers (the "Delivery Date"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2024, until maturity or prior redemption. The definitive Obligations 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 ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Obligations 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 Obligations. See "THE OBLIGATIONS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, an election held on November 5, 2019 (the "Election") and an ordinance to be passed by the City Council of the Town of Addison, Texas (the "Town") (the "Bond Ordinance") (see "THE OBLIGATIONS - Authority for Issuance").

The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the ordinance to be passed by the Town Council of the Town (the "Certificate Ordinance" and together with the Bond Ordinance, the "Ordinances").

SECURITY AND SOURCE OF PAYMENT

The Bonds . . . The principal of and interest on the Bonds are payable from a continuing direct annual ad valorem tax levied by the Town, within the limits prescribed by law, upon all taxable property in the Town.

The Certificates . . . The Certificates constitute direct obligations of the Town and are payable from and secured by a combination of (i) the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the Town, and (ii) a pledge of the Surplus Revenues of the Town's Waterworks and Sewer System (the "System") in an amount not to exceed \$1,000 as provided in the Ordinance.

OPTIONAL REDEMPTION . . . The Town reserves the right, at its option, to redeem the Obligations having stated maturities on and after February 15, 2034 in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2033 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the Town may select the maturities of Obligations to be redeemed. If less than all the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (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 . . . In the event any of the Obligations are structured as term Obligations, such term Obligations will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the respective Ordinance, which provisions will be included in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Obligations, the Town shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations 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 SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE

REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Town reserves the right to give notice of its election or direction to redeem Obligations conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Obligations subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Town to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

DEFEASANCE . . . The Ordinances provide that the Town may discharge its obligations to the registered owners of any or all of the Obligations, as applicable, to pay principal and interest thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of and all interest to accrue on such Obligations to maturity or redemption (if applicable) or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investments earnings thereon, to provide for the payment and/or redemption (if applicable) of such Obligations; provided that such deposits may be invested and reinvested only in (a) direct non-callable 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, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Town adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption (if applicable) of the Obligations, as the case may be.

If any of the Obligations are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Obligations at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the Ordinance.

Under current State law, after such deposit as described above, such Obligations shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Obligations have been made as described above, all rights of the Town to initiate proceedings to call the Obligations for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, that the right to call the Obligations for redemption is not extinguished if the Town: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations 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 Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Obligations 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 Town believes the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, 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 Obligations), 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 Obligations. The Obligations will be issued as fully-registered securities 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 security certificate will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect 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 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the certificate documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 register and request that copies of the notices be provided directly to them.

Redemption notices for the Obligations shall be sent to DTC. If less than all of the Obligations of 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 Obligations unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Obligations 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 Town or the Paying Agent/Registrar of each series, on the 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 securities 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 nor its nominee, the Paying Agent/Registrar of each series, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent/Registrar of each series, 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 Direct and Indirect Participants.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Obligations 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 Obligations, 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 Bond 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 Town or the Financial Advisor.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Town, printed Obligations will be issued to the holders and the Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE OBLIGATIONS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Obligations is BOKF NA, Dallas, Texas. In the Ordinances, the Town retains the right to replace the Paying Agent/Registrar. The Town covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations 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 Obligations. If the Town replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Obligations, the Town agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

PAYMENT . . . Interest on the Obligations 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 (defined below), 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 Obligations will be paid to the registered owner at their stated maturity upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the Town 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.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the registered owners of the Obligations and thereafter the Obligations 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. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations 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 Obligations issued in an exchange or transfer of Obligations 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 Obligations 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 Obligations 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 designated amount as the Obligations surrendered for exchange or transfer. See "THE OBLIGATIONS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the Town nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Obligations 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 Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", 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 Owner of a Bond 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 Ordinances authorizing the issuance of the Obligations establish the following Events of Default with respect to the Obligations: (i) failure to make payment of principal of or interest on any of the Obligations when due and payable; or (ii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinance which materially and adversely affects the rights of the related Owners, 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 sixty days after notice of such default is given by any Owner to the City.

Under State law, there is no right to the acceleration of maturity of the Obligations upon an event of default under the Ordinance. Although a registered Owner could presumably obtain a judgment against the City if a default occurred in any payment of the principal of or interest on any such Obligations, such judgment could not be satisfied by execution against any property of the City. Such registered Owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Obligations as they become due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. No assurance can be given that a mandamus or other legal action to enforce a default under the Obligations would be successful.

The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of governmental 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 governmental immunity from a suit for money damages, registered owners may not be able to bring such a suit against the City for breach of the Obligations or covenants in the Bond 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 Obligations.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental 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 *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Obligations, the City is not using the authority provided by Chapter 1371 and has not waived sovereign immunity in the proceedings authorizing the Obligations.

The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition. 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 or 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 or Bondholders 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 the rights of holders of the Obligations are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion

AD VALOREM PROPERTY TAXATION

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 1 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 Town is the responsibility of the Dallas 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 (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised. See Table 1 for the reduction in taxable valuation attributable to the 10% Homestead Cap.

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 ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See Table 1 for the reduction in taxable valuation attributable to valuation by Productivity Value.

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 Town, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – Town and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit 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. See Table 1 for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

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 market value of all homesteads (but not less than \$5,000) and (2) an additional exemption of the market value of the homesteads of persons 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. See Table 1 for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

2023 PROPERTY TAX LEGISLATION The 88th Texas Legislature began on January 10, 2023 and adjourned on May 29, 2023. The Legislature meets in regular session in odd numbered years for 140 days. During the 88th Texas Legislative Session, the Legislature considered legislation affecting ad valorem taxation procedures and exemptions, among other legislation affecting cities, counties and other political subdivisions generally. The City is in the process of reviewing legislation that passed and can make no representation regarding the impact of such legislation at this time.

When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called two special sessions. The second special session concluded on July 13, 2023.

During the second called special session, property tax legislation was passed that, among other things, (i) prohibits school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (ii) establishes a three-year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at \$5,000,000 or less to 20 percent; (iii) excepts certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (iv) expands the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorize the legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. The foregoing legislation is intended to reduce the amount of property taxes paid by homeowners and businesses and will result in an increase the State's share of the cost of funding public education.

Implementation of the foregoing legislation is subject to voter approval of a constitutional amendment that will be submitted to the voters at an election to be held on November 7, 2023. If the constitutional amendment is approved by voters, certain additional legislation will take effect including but not limited to certain increases to the no-tax-due threshold for franchise tax. Additional special sessions may be called. During this time, the Legislature may enact laws that materially change current law as it relates to property tax exemptions and procedures. The City can make no representations or predictions regarding the scope of legislation that may be considered during any additional called special session or the potential impact of such legislation at this time.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

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. See Table 1 for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

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 EXEMPTIONS . . . Certain goods 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 to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See Table 1 for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

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 financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. 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 "Incremental Value", and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "AD VALOREM PROPERTY TAXATION" Town Application of Property Tax Code" for descriptions of any TIRZ created in the Town.

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 "AD VALOREM PROPERTY TAXATION – Town Application of Property Tax Code" for descriptions of any of the Town's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the Town, see "AD VALOREM PROPERTY TAXATION – Town Application of Property Tax Code" herein.

PUBLIC HEARING AND MAINTENANCE AND OPERATION 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.

"effective 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).

"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).

"rollback 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 1.08, plus the debt service tax rate.

"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 Town'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 Town 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 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.

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 Town's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the Town's tax-supported debt obligations, including the Obligations.

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.

ISSUER AND TAXPAYER REMEDIES

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

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

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 "– Public Hearing and Maintenance and Operation Tax Rate Limitations".) The Property Tax Code also establishes a procedure for 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.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the Town is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of August 1. Oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on August 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge.

TOWN APPLICATION OF TAX CODE . . . The Town grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$50,000. The disabled are also granted an exemption of \$60,000.

To those who apply, the Town grants an additional exemption of 20% of the market value of residence homesteads with a minimum exemption of \$5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

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

The Town does not tax nonbusiness personal property or aircraft.

The Town contracts with the Dallas County Tax Assessor to collect its taxes.

The Town does not permit split payments, and discounts are not allowed.

The Town does tax freeport property.

The Town does tax goods-in-transit.

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

The Town has not adopted the freeze for elderly and disabled homeowners.

The Town has not created any TIRZs and does not participate in any TIRZs created by other governmental entities.

The Town does have Chapter 380 Agreements in place and expended \$321,639.23 under those agreements during Fiscal Year 2023.

TAX ABATEMENT POLICY . . . The Town does not have a tax abatement policy nor has it granted any tax abatements.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2022/23 Market Valuation Established by Dallas Central Appraisal District ⁽¹⁾		\$ 6,163,304,600
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions	\$ 144,327,656	
Disabled Veterans Exemptions	3,520,180	
Agricultural Land Use Reductions	830,844	
Over 65	35,858,000	
Disabled Person	540,000	
Totally Exempt	377,536,410	
Prorated Total Exempt	98,453	
Parcels Under \$2500	387,380	
Mineral Rights	200	
Capped Value Loss	23,847,578	
Pollution Control	<u>41,278</u>	<u>586,987,979</u>
2022/23 Taxable Assessed Valuation		<u><u>\$ 5,576,316,621</u></u> ⁽⁵⁾
Town Funded Debt Payable from Ad Valorem Taxes (as of 6-1-2023)		
General Obligation Bonds	\$ 90,440,000	
Certificates of Obligation	42,785,000	
The Bonds	4,870,000 ⁽²⁾	
The Certificates	<u>4,385,000</u> ⁽²⁾	
Funded Debt Payable from Ad Valorem Taxes		\$ 142,480,000
Less Self-Supporting Debt: ⁽³⁾		
Airport Fund General Obligation Debt	10,275,000 ⁽⁴⁾	
Drainage Fund General Obligation Debt	4,580,000	
Water and Sewer System General Obligation Debt	<u>17,120,000</u>	<u>31,975,000</u>
Net Funded Debt Payable from Ad Valorem Taxes		<u><u>\$ 110,505,000</u></u>
Interest and Sinking Fund as of 6-1-2023		\$ 2,042,785
Ratio Total Funded Debt to Taxable Assessed Valuation		2.56%
Ratio Net Funded Debt to Taxable Assessed Valuation		1.98%

2023 Estimated Population - 17,720
Per Capita Taxable Assessed Valuation - \$314,691
Per Capita Total Funded Debt \$8,041
Per Capita Net Funded Debt - \$6,236

- (1) As reported by the Town’s 2022 Certified Tax Roll.
(2) Preliminary, subject to change.
(3) General obligation debt in the amount shown for which repayment is provided from revenues of the waterworks and sewer system, airport fund, and drainage fund. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the Town’s current policy to provide these payments from the respective system revenues. This policy is subject to change in the future. To the extent such policy is changed, and such self-supporting debt is not paid from the waterworks and sewer system revenues, airport fund, or drainage fund, the Town will assess an ad valorem tax and such debt will be paid from ad valorem taxes. See Table 10 “Computation of Self-Supporting Debt”.
(4) Includes a portion of the Certificates.
(5) The Town’s 2023/24 Taxable Assessed Valuation was certified on July 25, 2023 at \$6,160,034,059.

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	\$ 954,321,970	15.48%	\$ 914,579,906	16.25%	\$ 862,815,259	15.90%
Real, Residential Multi-Family	1,458,610,300	23.67%	1,231,377,064	21.88%	1,126,073,784	20.75%
Real, Vacant Lots/Tracts	108,188,550	1.76%	112,857,691	2.01%	103,965,324	1.92%
Real, Farm and Ranch Improvements	831,130	0.01%	664,900	0.01%	664,900	0.01%
Real, Commercial and Industrial	2,794,958,300	45.35%	2,604,552,885	46.28%	2,587,617,824	47.68%
Minerals, Oil and Gas	200	0.00%	200	0.00%	200	0.00%
Real, Railroad	4,145,640	0.07%	3,888,730	0.07%	3,615,420	0.07%
Real and Tangible Personal, Utilities	32,523,250	0.53%	29,382,160	0.52%	28,866,870	0.53%
Tangible Personal, Aircraft	149,635,060	2.43%	122,785,310	2.18%	114,412,259	2.11%
Tangible Personal, Commercial	540,855,230	8.78%	507,880,296	9.03%	496,994,887	9.16%
Tangible Personal, Industrial	84,653,670	1.37%	79,686,802	1.42%	81,537,328	1.50%
Real Property	4,907,800	0.08%	-	0.00%	-	0.00%
Tangible Personal, Other	29,673,500	0.48%	19,674,050	0.35%	20,546,000	0.38%
Total Appraised Value Before Exemptions	\$ 6,163,304,600	100.00%	\$ 5,627,329,994	100.00%	\$ 5,427,110,055	100.00%
Less: Total Exemptions/Reductions	(586,987,979)		(551,933,888)		(501,167,031)	
Taxable Assessed Value	\$ 5,576,316,621		\$ 5,075,396,106		\$ 4,925,943,024	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2020		2019	
	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	\$ 818,643,860	15.40%	\$ 815,671,540	15.66%
Real, Residential Multi-Family	999,517,250	18.80%	896,180,670	17.21%
Real, Vacant Lots/Tracts	108,676,940	2.04%	146,392,580	2.81%
Real, Farm and Ranch Improvements	664,900	0.01%	664,900	0.01%
Real, Commercial and Industrial	2,625,872,880	49.39%	2,614,632,350	50.21%
Minerals, Oil and Gas	200	0.00%	200	0.00%
Real, Railroad	3,453,430	0.06%	3,328,690	0.06%
Real and Tangible Personal, Utilities	27,050,060	0.51%	26,277,830	0.50%
Tangible Personal, Aircraft	117,007,360	2.20%	91,318,840	1.75%
Tangible Personal, Commercial	517,146,530	9.73%	498,789,770	9.58%
Tangible Personal, Industrial	81,316,910	1.53%	97,226,570	1.87%
Tangible Personal, Other	17,439,310	0.33%	16,738,050	0.32%
Total Appraised Value Before Exemptions	\$ 5,316,789,630	100.00%	\$ 5,207,221,990	100.00%
Less: Total Exemptions/Reductions	(496,882,188)		(481,462,821)	
Taxable Assessed Value	\$ 4,819,907,442		\$ 4,725,759,169	

NOTE: Valuations shown are certified taxable assessed values reported by the Dallas Central 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.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Net Funded Tax Debt Outstanding ⁽²⁾	Ratio Funded Tax Debt to Taxable Assessed Valuation	Net Funded Debt Per Capita
2019	15,790	\$ 4,725,759,169	\$ 299,288	\$ 61,985,000	1.31%	\$ 3,926
2020	15,790	4,819,907,442	305,251	86,685,000	1.80%	5,490
2021	16,320	4,925,943,024	301,835	96,870,000	1.97%	5,936
2022	17,720	5,075,396,106	286,422	110,150,000	2.17%	6,216
2023	17,720	5,576,316,621	314,691	110,505,000 ⁽³⁾	1.98%	6,236

(1) Source: North Central Texas Council of Governments ("NCTCOG").

(2) The above statement of indebtedness does not include general obligation debt for which repayment is provided from revenues of the waterworks and sewer system, the airport fund and drainage fund ("self-supporting debt"). See "Table 1 – Valuation, Exemptions and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt" herein.

(3) Projected, includes the Obligations. Excludes the self-supporting debt. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
		General Fund	Interest and Sinking Fund			
2019	\$ 0.5500	\$ 0.4074	\$ 0.1426	\$ 26,050,652	97.05%	96.46%
2020	0.5835	0.4341	0.1494	28,199,326	96.89%	95.06%
2021	0.6087	0.4411	0.1676	30,018,305	99.99%	99.51%
2022	0.6146	0.4411	0.1735	31,028,872	99.27%	98.28%
2023	0.6098	0.4451	0.1647	34,148,843	98.68% ⁽¹⁾	97.69% ⁽¹⁾

(1) Collections as of June 1, 2023. Preliminary, subject to change.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2022/23 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Post Addison Circle	Mixed Development	\$ 197,316,350	3.54%
VPDEV 1 LLC	Mixed Use Development	112,312,540	2.01%
VOP Partners LLC	Land, Office Buildings	96,847,520	1.74%
Fiori LLC	Land, Apartments	92,165,000	1.65%
FPG Colonnade LP	Office Buildings	90,636,040	1.63%
Spectrum Drive Owner LLC	Office Buildings	90,389,910	1.62%
Gaedeke Holdings IX LLC	Office Buildings	87,607,650	1.57%
Mary Kay Inc.	Office Buildings	82,950,000	1.49%
Woodbranch 14555 LLC	Office Buildings	78,750,000	1.41%
FPG Colonnade LP	Office Buildings	77,812,600	1.40%
		<u>\$ 1,006,787,610</u>	<u>18.05%</u>

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the Town under current State law or the Town's Home Rule Charter (see "THE OBLIGATIONS - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY ⁽¹⁾

2023 Net Principal and Interest Requirements for Debt	\$ 9,850,154
\$0.1817 Tax Rate at 97.23% Collection Produces	\$ 9,851,506
Average Annual Net Principal and Interest Requirements for Debt, 2023 - 2043	\$ 7,094,799
\$0.1309 Tax Rate at 97.23% Collection Produces	\$ 7,097,205
Maximum Net Principal and Interest Requirements for Debt, 2026	\$ 10,385,229
\$0.1916 Tax Rate at 97.23% Collection Produces	\$ 10,388,270

(1) Includes the Obligations. Less self-supporting debt (See "Table 10 – Computation of Self-Supporting Debt"). Preliminary, subject to change. Based on the Town’s 2022-2023 Certified Value.

TABLE 7 - ESTIMATED OVERLAPPING DEBT ⁽¹⁾

Expenditures of the various taxing entities within the territory of the Town are paid out of ad valorem taxes levied by such entities on properties within the Town. Such entities are independent of the Town 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 Town, the Town 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 Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the Town.

Taxing Jurisdiction	2022/23 Taxable Assessed Value	2022/23 Tax Rate	Total G.O. Debt	Estimated % Applicable	Overlapping G.O. Debt As of 6/30/2023	Authorized But Unissued Debt as of 6/1/2022
Town of Addison	\$ 5,576,316,621	\$ 0.61460	\$ 110,505,000 ⁽²⁾	100.00%	\$ 110,505,000 ⁽²⁾	\$ 49,872,000
Carrollton/Farmers Branch Independent School District	28,473,671,160	1.14300	291,955,000	1.56%	4,554,498	716,400,000
Dallas County	332,456,203,815	0.21800	236,605,000	1.49%	3,525,415	-
Dallas County Community College District	345,099,767,531	0.11600	375,515,000	1.49%	5,595,174	752,000,000
Dallas County Hospital District	337,462,373,563	0.23600	559,905,000	1.49%	8,342,585	-
Dallas Independent School District	162,911,964,185	1.18500	3,840,785,000	2.95%	<u>113,303,158</u>	2,565,375,000
 					<u>\$ 245,825,828</u>	
Total Direct and Overlapping G.O. Debt					<u>\$ 245,825,828</u>	
Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation					4.41%	
Per Capita Overlapping G.O. Debt					\$ 13,872.79	

(1) Based on fiscal year 2022-23 taxable values and tax rates for overlapping entities.

(2) Includes the Obligations. Excludes the self-supporting debt. Preliminary, subject to change.

TABLE 8 – PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year	Outstanding Debt Service Requirements ⁽¹⁾		The Bonds ⁽²⁾		The Certificates ⁽³⁾		Total Debt Service Requirements	Less Amount Supported by Airport Fund ⁽⁴⁾⁽⁵⁾	Less Amount Supported by Water and Sewer System ⁽⁵⁾	Less Amount Supported by Drainage Fund ⁽⁵⁾	Total Supported Debt Service Requirements	% of Principal Retired
	Principal	Interest	Principal	Interest	Principal	Interest						
2023	\$ 8,375,000	\$ 4,405,303	\$ -	\$ -	\$ -	\$ -	\$ 12,780,303	\$ 697,834	\$ 1,741,925	\$ 490,390	\$ 9,850,154	
2024	8,570,000	4,196,496	170,000	195,904	155,000	176,335	13,463,735	872,884	1,742,169	488,590	10,360,092	
2025	8,850,000	3,937,521	160,000	201,650	145,000	181,450	13,475,621	870,659	1,744,469	494,240	10,366,254	
2026	9,155,000	3,656,346	170,000	195,050	155,000	175,450	13,506,846	875,459	1,751,344	494,815	10,385,229	
2027	9,455,000	3,351,832	175,000	188,150	155,000	169,250	13,494,232	873,284	1,752,184	495,340	10,373,424	30.29%
2028	9,325,000	3,027,044	185,000	180,950	165,000	162,850	13,045,844	873,749	1,753,838	490,503	9,927,755	
2029	9,225,000	2,692,629	190,000	173,450	170,000	156,150	12,607,229	881,219	1,653,631	494,695	9,577,684	
2030	9,560,000	2,357,664	200,000	165,650	180,000	149,150	12,612,464	879,036	1,649,638	492,988	9,590,803	
2031	9,850,000	2,022,856	205,000	156,525	190,000	140,800	12,565,181	882,004	1,654,222	490,740	9,538,215	
2032	10,150,000	1,688,316	215,000	146,025	195,000	131,175	12,525,516	873,494	1,650,081	492,900	9,509,041	63.44%
2033	9,160,000	1,357,364	230,000	134,900	205,000	121,175	11,208,439	878,899	1,648,206	494,410	8,186,924	
2034	6,440,000	1,085,681	240,000	123,150	215,000	110,675	8,214,506	681,525	1,211,944	-	6,321,038	
2035	5,160,000	902,813	250,000	110,900	225,000	99,675	6,748,388	676,750	652,556	-	5,419,081	
2036	5,300,000	753,650	265,000	98,025	235,000	88,175	6,739,850	676,044	653,731	-	5,410,075	
2037	5,450,000	601,466	280,000	84,400	250,000	76,050	6,741,916	679,191	654,494	-	5,408,231	85.91%
2038	5,050,000	451,300	290,000	71,600	260,000	64,600	6,187,500	676,888	654,206	-	4,856,406	
2039	5,210,000	302,406	305,000	59,700	270,000	54,000	6,201,106	678,881	652,581	-	4,869,644	
2040	3,255,000	181,275	315,000	47,300	285,000	42,900	4,126,475	183,800	208,013	-	3,734,663	
2041	2,465,000	97,944	330,000	34,400	295,000	31,300	3,253,644	182,300	206,034	-	2,865,309	
2042	1,595,000	29,906	340,000	21,000	310,000	19,200	2,315,106	180,600	203,750	-	1,930,756	99.55%
2043	-	-	355,000	7,100	325,000	6,500	693,600	183,600	-	-	510,000	100.00%
	<u>\$ 141,600,000</u>	<u>\$ 37,099,811</u>	<u>\$ 4,870,000</u>	<u>\$ 2,395,829</u>	<u>\$ 4,385,000</u>	<u>\$ 2,156,860</u>	<u>\$ 192,507,500</u>	<u>\$ 14,258,097</u>	<u>\$ 23,839,016</u>	<u>\$ 5,419,610</u>	<u>\$ 148,990,777</u>	

DEBT INFORMATION

- (1) "Outstanding Debt" does not include lease/purchase obligations, includes self-supporting debt. Preliminary, subject to change.
- (2) Average life of the issue – 11.378 years. Interest on the Bonds has been calculated at the average rate of 3.88% for purposes of illustration. Preliminary, subject to change.
- (3) Average life of the issue – 11.379 years. Interest on the Certificates has been calculated at the average rate of 3.88% for purposes of illustration. Preliminary, subject to change.
- (4) Includes a portion of the Certificates. Preliminary, subject to change.
- (5) "General obligation debt in the amount shown for which repayment is provided from revenues of the waterworks and sewer system, airport fund, and drainage fund. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the Town's current policy to provide these payments from the respective system revenues. This policy is subject to change in the future. To the extent such policy is changed, and such self-supporting debt is not paid from the waterworks and sewer system revenues, airport fund, or drainage fund, the Town will assess an ad valorem tax and such debt will be paid from ad valorem taxes. See Table 10 "Computation of Self-Supporting Debt".

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

General Purpose Debt Service Requirements, Fiscal Year Ending 9/30/23		\$ 9,850,154
Interest and Sinking Fund Balance, as of 9/30/22	\$ 652,117	
Budgeted Interest and Sinking Fund Tax Levy @ 98% Collection	8,936,749	
Budgeted Transfers	909,405	
Other Revenues and Income	<u>15,000</u>	<u>10,513,271</u>
Projected Ending Fund Balance, 9/30/23		<u><u>\$ 663,117</u></u>

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

Waterworks and Sewer System

Net Revenues Available from Waterworks and Sewer System, Fiscal Year 9-30-22	\$ 2,654,264
Less: Waterworks and Sewer System General Obligation Bond Requirements, 2023 Fiscal Year	<u>1,741,925</u>
Balance	<u><u>\$ 912,339</u></u>

Percentage of Waterworks and Sewer System General Obligation Bonds Self-Supporting 100.00%

Airport Enterprise Fund

Net Revenues Available from Airport Revenue, Fiscal Year 9-30-22	\$ 3,139,678
Less: Airport Fund General Obligation Bond Requirements, 2023 Fiscal Year	<u>697,834</u>
Balance	<u><u>\$ 2,441,844</u></u>

Percentage of Airport Fund General Obligation Bonds Self-Supporting 100.00%

Stormwater Drainage Enterprise Fund

Net Revenues Available from Stormwater Revenue, Fiscal Year 9-30-22	\$ 1,375,410
Less: Drainage Fund General Obligation Bond Requirements, 2023 Fiscal Year	<u>490,390</u>
Balance	<u><u>\$ 885,020</u></u>

Percentage of Drainage Fund General Obligation Bonds Self-Supporting 100.00%

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount	Amount	Unissued Balance
			Previously Issued	Being Issued	
Street Improvements	5/12/2012	\$ 29,500,000	\$ 19,500,000	\$ -	\$ 10,000,000
Parking Facilities	5/12/2012	3,000,000	-	-	3,000,000
Keller Springs Road and Airport Parkway Improvements	11/5/2019	22,300,000	14,030,000	-	8,270,000
Quorum Drive Improvements	11/5/2019	33,602,000	-	5,000,000	28,602,000
Parks & Recreation	11/5/2019	6,723,000	6,723,000	-	-
Town Facilities	11/5/2019	7,395,000	7,395,000	-	-
Traffic Control Systems	11/5/2019	600,000	600,000	-	-
		<u>\$ 103,120,000</u>	<u>\$ 48,248,000</u>	<u>\$ 5,000,000</u>	<u>\$ 49,872,000</u>

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The Town anticipates issuing approximately \$24 million in additional general obligation debt in the next 12 months.

TABLE 12 - OTHER OBLIGATIONS

As of September 30, 2022, the Town has no unfunded debt outstanding.

PENSION FUND . . . The Town provides pension benefits for all of its full-time employees through a nontraditional, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 920 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual individual actuarial valuation performed. 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' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

BENEFITS PROVIDED . . . TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

Benefits depend upon the sum of the employee's contributions to the plan and the Town-financed monetary credits, with interest. At the date the plan began, the Town granted monetary credits for services rendered before the plan began based on an amount equal to two times what would have been contributed by the employee plus interest. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions. Beginning in 1994, the Town adopted an annually repeating type of monetary credit referred to as an updated service credit which when added to the employee's accumulated contributions and the monetary credits for service since the plan began would be the total monetary credits and employee contributions accumulated with interest, if the current employee contribution rate and Town matching percent had always been in existence. The calculation included a three-year exponential average of the actual salaries paid during the prior fiscal years.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits plus interest were used to purchase an annuity. Also, in 1994, the Town adopted annually repeating annuity increases for its retirees equal to 70% of the change in the consumer price index. The Town discontinued the annual increases in January 2009 and began doing ad hoc increases through 2014, still at 70%. The Town has not adopted an ad hoc COLA since 2014.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Members can retire at certain ages, based on the years of service with the Town. The service retirement eligibilities for the Town are: 5 years/age 60, 20 years/any age. Plan provisions for the Town are as follows:

Deposit Rate:	7.0%
Matching Ratio (Town to Employeee):	2 to 1
A member is vested after:	5 years

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	240
Inactive Employees Entitled to But Not Yet Receiving Benefits	241
Active Employees	<u>294</u>
	775

Contribution . . The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for the Town 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. Since the Town needs to know its contribution rates in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The Town elected to contribute at the full rates for calendar year 2021 of 11.56%. Accordingly, contributions to TMRS for the year ended September 30, 2022 were \$2,796,361 and were equal to the required contribution.

Net Pension Liability . . . The Town's Net Pension Liability/(Asset) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability/(Asset) 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	2.5% per year
Overall payroll growth	2.75% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense including inflation

Salary increases were based on service-related tables. Mortality rates for active members and retirees were multiplied by 107.5% for both males and females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the same table as healthy retirees is used, with slight adjustments.

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

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

Other Information:

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Single Discount Rate:

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75%. A single discount rate of 6.75% was used to measure the total pension liability as of December 31, 2021. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows, the Town's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the Town. The projection of cash flows used to determine the single discount rate for the Town assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the Town will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals (i.e. the employer normal cost).

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total	Plan Fiduciary	Net Pension
	Pension Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at 10/1/2021	\$ 142,180,149	\$ 139,904,902	\$ 2,275,247
Changes for the year:			
Service cost	3,866,304	-	\$ 3,866,304
Interest	9,468,644	-	9,468,644
Difference between expected and actual experience	666,896	-	666,896
Contributions - employer	-	2,796,361	(2,796,361)
Contributions - employee	-	1,725,318	(1,725,318)
Net investment income	-	18,211,116	(18,211,116)
Benefit payments, including refunds of employee contributions	(7,674,193)	(7,674,193)	-
Administrative expense	-	(84,389)	84,389
Other changes	-	577	(577)
Net changes	6,327,651	14,974,790	(8,647,139)
Balance at 9/30/2022	<u>\$ 148,507,800</u>	<u>\$ 154,879,692</u>	<u>\$ (6,371,892)</u>

Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following presents the net pension liability/(asset) of the Town, calculated using the discount rate of 6.75% as well as what the Town's net pension liability/(asset) 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:

	Current Discount		
	1% Decrease	Rate	1% Increase
	Rate (5.75%)	(6.75%)	Rate (7.75%)
Town's Net Pension Liability	\$ 13,101,081	\$ (6,371,892)	\$ (22,476,776)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2022, the Town recognized pension income of \$204,235. At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,130,913	\$ -
Contributions subsequent to the measurement date	2,107,761	-
Change of assumptions	107,296	-
Difference between expected and actual investment earnings	-	(9,336,648)
Total	<u>\$ 3,345,970</u>	<u>\$ (9,336,648)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date but before the end of the Town's reporting period of \$2,107,761 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	Net deferred outflows (inflows) of resources
<u>30-Sep</u>	
2023	\$ (892,316)
2024	(3,638,448)
2025	(1,814,169)
2026	(1,753,506)
Total	<u>\$ (8,098,439)</u>

OTHER POSTEMPLOYMENT BENEFITS

A summary of OPEB related items as of and for the year ended September 30, 2022, is presented below (in thousands).

Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Care Plan				
Governmental Activities	\$ 3,508,366	\$ 473,944	\$ (135,174)	\$ 303,413
Business-Type Activities	304,811	41,187	(11,756)	26,384
Supplemental Death Benefits				
Governmental Activities	1,335,486	245,348	(39,389)	138,806
Business-Type Activities	116,028	21,331	(3,425)	12,070
Total	<u>\$ 5,264,691</u>	<u>\$ 781,810</u>	<u>\$ (189,744)</u>	<u>\$ 480,673</u>

In addition to the pension benefits described above, as required by state law and defined by Town Policy, the Town makes available health care benefits to all employees who retire from the Town and who are receiving benefits from a Town-sponsored retirement program (Texas Municipal Retirement System and/or a Section 457 Deferred Compensation Plan) through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance, or until age 65 if eligible for Medicare, to eligible retirees, their spouses and dependents through the Town's group health insurance plan, which covers both active and retired members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Current retirees in the health plan and active employees with 20 years or more of service or at age 60 or more with five years or more of service at retirement are eligible to remain in the health plan at the total blended contribution rate for active and retiree participants. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report. Benefit provisions for retirees are not mandated by any form of employment agreement. The continued provision of these benefits is based entirely on the discretion of the Town of Addison City Council.

A measurement date of December 31, 2021 was used for the September 30, 2022 liability and expense. The information that follows was determined as of a valuation date of December 31, 2021.

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

Retirees and beneficiaries	53
Active Members	<u>278</u>
Total	331

Contributions

Before age 65, the Town will pay a \$150 monthly stipend toward the retiree's healthcare premium if the retiring employee meets the eligibility criteria at the time of termination and elects coverage in the health plan. For members who retire after 65 or were eligible for the \$150 stipend before age 65, the Town will pay a \$75 monthly stipend directly to the retiree. Current retirees contribute to the health plan the total blended premium for active and retired participants, less the \$150 stipend provided by the Town. The Town contribution to the health plan consists of total premiums in excess of retiree contributions.

Retirees receiving medical benefits during fiscal year 2022 contributed \$499 to \$1,600 per month depending on coverage levels selected. In fiscal year 2022, total retiree contributions were \$190,552.

Total OPEB Liability for Retiree Health Care Plan

The Town of Addison utilized the actuarial services of Gabriel, Roeder, Smith & Company (GRS), a company who has been providing actuarial consulting services since 1938, under the shared services arrangement provided by GRS and North Central Texas Council of Governments. The Town's total OPEB liability for healthcare benefits of \$3,813,177 was measured as of December 31, 2021.

The Town's total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation.....	2.50% per year
Overall payroll growth.....	3.50% to 11.50%, including inflation
Discount rate	1.84% (2.00% in prior year)
Healthcare cost trend rates	7.0 percent for 2022 declining to 4.25% after 13 years
Participation rates.....	50% of employees who retire before age 65 and 90% of employees who retire at age 65 or older (same in prior year)

For plans that do not have a formal trust that meets the GASB's requirements, the discount rate is equal to the tax-exempt municipal bond rate based on a 20-year general obligation AA bond rating as of the measurement date. The rate of 1.84 percent is based on the daily rate closest to but not later than the measurement date using the Fidelity 20-Year Municipal G.O. AA Index.

Mortality rates were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.

Changes in the Total OPEB Liability for Retiree Health Care Plan

	<u>Total OPEB Liability</u>
Balance as of 10/1/21	\$ 3,655,367
Changes for the year:	
Service Cost	221,235
Interest on OPEB Liability	73,244
Effect of difference in expected & actual experience	10,432
Effect of assumptions (change in discount rate)	60,506
Benefit payments	<u>(207,607)</u>
Change in total OPEB Liability	<u>157,810</u>
Balance as of 9/30/22	<u><u>\$ 3,813,177</u></u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability of the Town, calculated using a discount rate of 1.84% as well as what the plan'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	Current Discount Rate	1% Increase
	<u>0.84%</u>	<u>1.84%</u>	<u>2.84%</u>
Total OPEB Liability	\$ 4,220,699	\$ 3,813,177	\$ 3,454,560

Sensitivity of Total OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the plan's total OPEB liability of the Town, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
	<u>\$ 3,479,713</u>	<u>\$ 3,813,177</u>	<u>\$ 4,218,243</u>
Total OPEB Liability			

For the year ended September 30, 2022, the Town recognized OPEB expense of \$329,797. At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 9,258	\$ (92,800)
Change of assumptions	364,922	(54,130)
Benefit payments made subsequent to measurement date	<u>140,951</u>	<u>-</u>
Total	\$ 515,131	\$ (146,930)

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date but before the end of the Town's reporting period of \$140,951 will be recognized as a decrease to the total OPEB liability during the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended 30-Sep	Net deferred outflows (inflows) of resources
2023	\$ 35,318
2024	35,318
2025	35,318
2026	35,318
2027	26,373
Thereafter	59,605
Total	<u>\$ 227,250</u>

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FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
	2022	2021	2020	2019	2018
Revenues:					
<u>Program Revenues</u>					
Charges for Services	\$ 7,286,698	\$ 4,435,607	\$ 3,714,419	\$ 5,362,224	\$ 5,373,387
Operating Grants and Contributions	2,243,757	2,934,576	634,082	100,904	106,322
Capital Grants and Contributions	25,000	228,952	100	130,000	121,578
<u>General Revenues</u>					
Property Taxes	30,443,817	29,960,335	27,005,415	25,180,507	23,600,531
Other Taxes	24,071,353	20,805,691	20,495,887	24,208,294	25,866,219
Other	(3,073,620)	1,223,370	1,346,316	1,707,358	1,151,297
Total Revenues	<u>\$ 60,997,005</u>	<u>\$ 59,588,531</u>	<u>\$ 53,196,219</u>	<u>\$ 56,689,287</u>	<u>\$ 56,219,334</u>
Expenses:					
General Government	\$ 9,416,452	\$ 9,265,244	\$ 10,206,304	\$ 10,149,540	\$ 10,218,620
Public Safety	20,331,699	20,235,377	20,337,267	19,855,190	17,814,777
Development Services	3,061,515	3,437,779	3,320,919	3,137,715	1,379,071
Street and Sanitation	10,669,363	7,619,194	8,326,816	7,677,651	7,249,140
Parks and Recreation	7,023,671	6,675,787	6,784,214	6,840,345	6,068,682
Visitor Services	5,396,612	5,011,538	4,310,828	6,884,597	7,118,492
Interest on Long-term Debt	2,179,219	2,007,306	2,153,845	1,938,010	2,038,203
Total Expenses	<u>\$ 58,078,531</u>	<u>\$ 54,252,225</u>	<u>\$ 55,440,193</u>	<u>\$ 56,483,048</u>	<u>\$ 51,886,985</u>
Increase (Decrease) in Net Position	\$ 2,918,474	\$ 5,336,306	\$ (2,243,974)	\$ 206,239	\$ 4,332,349
Transfers	-	56,014	(3,790,232)	500,000	500,000
Change in Accounting Principle	-	-	-	-	(2,518,620) ⁽¹⁾
Net Position - October 1	162,205,683	156,813,363	162,847,569	162,141,330	159,827,601
Net Position - September 30	<u>\$ 165,124,157</u>	<u>\$ 162,205,683</u>	<u>\$ 156,813,363</u>	<u>\$ 162,847,569</u>	<u>\$ 162,141,330</u>

(1) Restated due to GASB No. 65 "Items Previously Reported as Assets and Liabilities".

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

Revenues	Fiscal Year Ended September 30,				
	2022	2021	2020	2019	2018
Taxes	\$ 37,801,940	\$ 36,137,879	\$ 33,808,469	\$ 33,409,108	\$ 33,471,469
Franchise Fees	2,078,651	1,946,706	2,176,562	2,459,254	2,566,839
Licenses and Permits	1,120,552	824,908	1,183,285	1,366,941	1,404,035
Intergovernmental Revenues	3,982	1,000,000	-	71,963	-
Service Fees	2,063,371	1,826,274	1,842,055	1,726,863	1,992,053
Fines and Forfeitures	301,404	163,408	227,997	376,362	334,467
Interest Income	(1,105,426)	21,569	402,873	643,083	333,192
Rental and Other	422,578	286,124	156,674	185,442	174,164
Total Revenues	\$ 42,687,052	\$ 42,206,868	\$ 39,797,915	\$ 40,239,016	\$ 40,276,219
Expenditures					
General Government	\$ 9,301,300	\$ 9,046,345	\$ 8,784,547	\$ 8,917,497	\$ 8,367,341
Public Safety	21,471,686	20,387,046	19,170,964	18,589,033	17,815,288
Development Services	1,643,483	1,560,348	1,501,596	1,350,598	1,374,246
Streets	2,047,734	1,951,588	1,799,513	1,777,128	1,895,171
Parks and Recreation	6,083,572	5,695,541	5,407,703	5,520,903	5,054,566
Principal Retirement	27,385	-	-	-	-
Interest and Fiscal Charges	5,498	-	-	-	-
Total Expenditures	\$ 40,580,658	\$ 38,640,868	\$ 36,664,323	\$ 36,155,159	\$ 34,506,612
Revenues Over (Under) Expenditures	\$ 2,106,394	\$ 3,566,000	\$ 3,133,592	\$ 4,083,857	\$ 5,769,607
Other Sources (Uses), Net	(1,834,688)	(3,456,764)	(3,587,397)	(4,458,569)	(1,174,689)
Change in Fund Balance	\$ 271,706	\$ 109,236	\$ (453,805)	\$ (374,712)	\$ 4,594,918
Beginning Fund Balance	20,243,675	20,134,439	20,588,244	20,962,956	16,368,038
Ending Fund Balance	\$ 20,515,381	\$ 20,243,675	\$ 20,134,439	\$ 20,588,244	\$ 20,962,956

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The Town has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the Town the power to impose and levy a 1% Local Sales and Use Tax within the Town; 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 Town monthly.

Fiscal Year Ended 9/30	1% Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2019	\$ 15,017,082	60.61%	\$ 0.3178	\$ 951
2020	14,302,624	52.53%	0.2967	906
2021	14,881,277	49.48%	0.3021	912
2022	15,997,283	17.99%	0.3152	903
2023	10,460,523 ⁽¹⁾	17.99%	0.1876	590

(1) Collections through June 1, 2023. Preliminary, subject to change.

FINANCIAL POLICIES

The financial statements of the Town has been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements . . . The governmental-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation . . . The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 50 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closer/post close costs, are recorded only when the liability has matured.

Property taxes, sales taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Town receives the cash as the resulting receivables are deemed immaterial.

Budgetary Procedures . . . The City Council follows these procedures in establishing the budgets reflected in the financial statements:

1. At least 60 days prior to the beginning of each fiscal year, the Town Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
4. Transfers between expenditure accounts in one department may occur with the approval of the Chief Financial Officer. Transfers between operating departments may occur with the approval of the Town Manager and Chief Financial Officer provided that a department's total budget is not changed by more than five percent. Transfers between fund or transfers between departments which change a department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

For all budgets of the Town, the Town Charter requires only that funds be certified as available for expenditure. Legally, expenditures may exceed budgeted appropriations as long as those expenditures are certified as funds being available.

Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.

5. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for the Capital Project Funds are normally established pursuant to the terms of the related bond indentures, that is, project basis.

Budgeted amounts are as originally adopted or as amended by the City Council.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement (the "Certificate") for Excellence in Financial Reporting to the Town of Addison, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2021. The Certificate is the highest form of recognition for excellence in state and local government financial reporting. A Certificate of Achievement is valid for a period of one year only.

In addition to the Certificate, the Town received GFOA's Award for Distinguished Budget Presentation (the "Award") for its fiscal year 2023 annual budget document. Together, the Award and the Certificate are evidence of the Finance department's dedication to producing documents which effectively communicate the Town's financial condition to elected officials, Town administrators, and the general public.

In addition, the Town received the Award for Achievement in Popular Annual Financial Reporting for the Popular Annual Financial Report (PAFR) from GFOA for the second time for the fiscal year ended September 30, 2021.

Together, the Budget Award, PAFR Award, and the Certificate are evidence of the Finance Department's dedication to producing documents that effectively communicate the Town's financial condition to elected officials, city administrators, and the general public.

INVESTMENTS

The Town invests its investable funds in investments authorized by Texas law and in accordance with investment policies approved by the City Council. Both state law and the Town's investment policies are subject to change.

LEGAL INVESTMENTS . . . Available Town funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the Town's investment policies are subject to change. Under State law, the Town 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 directly 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 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 Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) 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 (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for Town deposits, or (ii) where (a) the funds are invested by the Town through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the Town as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the Town; (b) the broker or the depository institution selected by the Town arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Town; (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 Town appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Town with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the Town, held in the Town's name, and deposited at the time the investment is made with the Town or with a third party selected and approved by the Town 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) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are 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 (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Town, held in the Town's name and deposited at the time the investment is made with the Town or a third party designated by the Town; (iii) 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 (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The Town 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 Town 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.

INVESTMENT POLICIES . . . Under Texas law, the Town 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 includes a list of authorized investments for Town funds, 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 Texas Public Funds Investment Act (Texas Government Code, Chapter 2256). All Town 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 Texas law, Town 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 the probable income to be derived." At least quarterly the investment officers of the Town shall submit an investment report detailing: (1) the investment position of the Town, (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 during 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 strategy statements and (b) state law. No person may invest Town funds without express written authority from the City Council.

Under State law, the Town 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 Town to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the Town to: (a) receive and review the Town's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Town and the business organization that are not authorized by the Town's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Town's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Town and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Town'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 Town'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 Town.

TABLE 15 - CURRENT INVESTMENTS ⁽¹⁾

As of June 1, 2023, the Town's investable funds were invested in the following categories:

<u>Description</u>	<u>Percent</u>	<u>Book Value</u>	<u>Market Value</u>
TexPool	0.75%	\$ 1,035,669	\$ 1,035,669
TexStar	0.74%	1,032,897	1,032,897
Logic	12.18%	16,922,377	16,922,377
Texas CLASS	2.56%	3,562,388	3,562,388
Corporate Bonds/CP	7.83%	10,874,305	10,871,329
Agency Securites	38.72%	53,799,285	51,698,560
Municipal Bonds	32.46%	45,110,667	42,507,524
Certificates of Deposit	4.76%	6,617,807	6,453,284
	<u>100.00%</u>	<u>\$ 138,955,395</u>	<u>\$ 134,084,028</u>

(1) Source: Town Officials.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Obligations should consult its own tax advisor as to the tax consequences of the acquisition, ownership, and disposition of the Obligations.

TAX EXEMPTION

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Obligations (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Obligations, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Town has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the excludability of interest on the Obligations from gross income for federal income tax purposes and, in addition, will rely on representations by the Town, the Town's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the Town, the Town's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the Town fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Obligations could become includable in gross income from the date of delivery of the Obligations, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Obligations or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Obligations.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Obligations. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Town as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations, regardless of the ultimate outcome of the audit.

PURCHASE OF TAX-EXEMPT OBLIGATIONS BY FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) also provides an exception for financial institutions for tax-exempt obligations that are properly designated or deemed designated by an issuer as "qualified tax-exempt obligations."

The Obligations have been designated as "qualified tax-exempt obligations" based, in part, on the Town's representation that the amount of the Obligations, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than "qualified 501(c)(3) bonds" or any obligations, including a portion of the Bonds, issued to currently refund any obligation to the extent the amount of the refunding obligation did not exceed the outstanding amount of the refunded obligation) issued or reasonably anticipated to be issued by or on behalf of the Town during calendar year 2023, is not expected to exceed \$10,000,000. Further, the Town and entities aggregated with the Town under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Obligations) during calendar year 2023.

Notwithstanding the designation of the Obligations as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Obligations will be subject to a 20% disallowance of allocable interest expense.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Obligations should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Obligations.

For tax years beginning after December 31, 2022, an “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Obligations, is included in a corporation’s “adjusted financial statement income,” ownership of the Obligations could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Obligations.

Prospective purchasers of the Obligations should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Obligations, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Obligations may exceed the stated redemption price payable at maturity of such Obligations. Such Obligations (the "Premium Obligations") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Obligations that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Obligations should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Obligations.

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Obligations may be less than the stated redemption price payable at maturity of such Obligations (the "Original Issue Discount Obligations"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Obligations. Generally, such initial owner 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 Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Obligations under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond 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 Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Obligations for contemporaneous sale to the public and (ii) all of the Original Issue Discount Obligations have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Town nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Obligations will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues 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 Obligations 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 Bond 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 (i) 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 (ii) the amounts payable as current interest during such accrual period on such Bond.

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Obligations from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

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CONTINUING DISCLOSURE OF INFORMATION

In the Bond Ordinance the Town has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Town is required to observe the agreement while it remains obligated to advance funds to pay such Obligations. Under the agreement, the Town will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The Town will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the Town of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 15. The Town will update and provide this information in the numbered tables within six months after the end of each fiscal year ending in or after 2023 and, if then available, audited financial statements of the Town. If audited financial statements are not available when the information is provided, the Town will provide audited financial statements when and if they become available, but in any event within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Town shall 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 Town may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any 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").

The Town's current fiscal year end is September 30. Accordingly, updated unaudited information included in the above-referenced tables must be provided by March 31 in each year, and audited financial statements must be provided by September 30 of each year, unless the Town changes its fiscal year. If the Town changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The Town will also provide timely notices of certain events to the MSRB. The Town will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (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 Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Town, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 or additional trustee or the change of name of a trustee, if material; (15) Incurrence of a Financial Obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Town, 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 Town, any of which reflect financial difficulties. In addition, the Town will provide timely notice of any failure by the Town to provide annual financial information in accordance with their agreement described above under "Annual Reports."

For these purposes, (A) any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Town in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers 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 of business of the Town, and (B) the Town intends the words used in clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018. The Ordinance defines "Financial Obligation" as a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

LIMITATIONS AND AMENDMENTS . . . The Town has agreed to update information and to provide notices of specified events only as described above. The Town 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 Town makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The Town 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 Obligations may seek a writ of mandamus to compel the Town to comply with its agreement.

The Town 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 Town, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations 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 Obligations consent to the amendment or (b) any person unaffiliated with the Town (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The Town 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 Obligations in the primary offering of the Obligations. If the Town 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 Town believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATINGS

The Obligations and presently outstanding tax-supported debt of the Town are rated "Aaa" by Moody's and "AAA" by S&P. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Town 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 they 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, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

In the opinion of Town officials the Town is not a party to any litigation or other proceeding pending or to their knowledge threatened, in or before any court, agency or other administrative body (either state or federal) which, if decided adversely to the Town, would have a material adverse effect on the financial condition or operations of the Town.

At the time of the initial delivery of the Obligations, the Town Attorney will notify the Initial Purchaser if there has been any lawsuit or claim challenging the issuance of the Obligations or that affects the payment, delivery or security of the Obligations of which the Town Attorney has been notified.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations 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). The Obligations have not been approved or disapproved by the Securities and Exchange Commission, nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of the Preliminary Official Statement. The Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The Town assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations 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

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Obligations (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Obligations are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Obligations may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before the Obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations.

The Town has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations to any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. No review by the Town has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL MATTERS

The Town will furnish to the Initial Purchaser a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Obligations and to the effect that the Obligations are valid and legally binding obligations of the Town, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Obligations 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 FOR THE OBLIGATIONS" herein. 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 Obligations, or which would affect the provision made for their payment or security or in any manner questioning the validity of said Obligations will also be furnished. Though it represents the Financial Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the Town in connection with the issuance of the Obligations. 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 therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Official Statement to verify that such description conforms to the provisions of the Bond Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System.

The legal opinions to be delivered concurrently with the delivery of the Obligations 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 Town records, audited and unaudited 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 Bond Ordinance contained in this Preliminary 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 statutes, documents and Bond Ordinance for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the Town in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and 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 Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Town 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 Town 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 OF THE BONDS

After requesting competitive bids for the Bonds, the Town accepted the bid of _____ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of par plus a cash premium of \$ _____. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the Town to the Initial Purchaser of the Bonds. The Town has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Bonds.

INITIAL PURCHASER OF THE CERTIFICATES

After requesting competitive bids for the Certificates, the Town accepted the bid of _____ (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on page 4 of this Official Statement at a price of \$ _____. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the Town to the Initial Purchaser of the Certificates. The initial yields shown on page 4 of this Official Statement will be established by and are the sole responsibility of the Initial Purchaser of the Certificates and may subsequently be changed at the sole discretion of the Initial Purchaser of the Certificates. The Town 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.

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. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State of Texas ("Texas") and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities. Since such time, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment.

The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Report.

With the easing or removal of COVID-19 associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The Town has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the Town 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.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Obligations, the Town will furnish to the Initial Purchasers a certificate, executed by a proper Town officer, acting in such officer's official capacity, to the effect that to the best of such officer's knowledge and belief: (a) the descriptions and statements of or pertaining to the Town 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 Obligations, 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 Town 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 light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the Town, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the Town believes to be reliable and the Town 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 Town since the date of the last audited financial statements of the Town.

MISCELLANEOUS

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

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWN

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DESCRIPTION OF THE TOWN . . . The Town of Addison (4.4 square miles in area), incorporated in 1953, is located in Dallas County 12 miles north of downtown Dallas. Addison is bounded on the east by the extension of the Dallas North Tollway and is bisected east to west by Belt Line Road.

GOVERNMENT . . . The Town is governed by a City Council composed of six councilmembers and the Mayor. The Mayor and councilmembers serve staggered two-year terms. The day-to-day operations of Addison are conducted by a Town Manager who is selected by the City Council. The Town's Home Rule Charter was adopted in 1978 and was last amended in January, 1993. The charter provides for a City Council comprised of the Mayor and six councilmembers. Under the charter the Mayor may vote on all items coming before the Council.

POPULATION . . . The U.S. Census Bureau set the 1970 population at 550, the 1980 population at 5,553, the 1990 population at 8,783 and the 2010 population at 13,056, and the NCTCOG estimates the 2023 population to be 17,720.

ECONOMY . . . Addison is a prime and desirable location for many businesses seeking relocation in the area.

Among the top employers in the Town are the following:

Company	Type of Business	Estimated Number of Employees
Mary Kay Cosmetics Inc.	Cosmetics	1,200
Bank of America	Finance	1,200
Homeward Residential Inc.	Finance	750
Regus Texas	Real Estate	590
Barrett Daffin Frappier Turner	Attorney Firm	550
Expense Reduction Analysts	Consulting Service	501
Maxim Integrated Products	Manufacturing	500
Intercontinental Hotel Dallas	Hospitality	450
National Bankruptcy Services	Bankruptcy Service	450

Source: Town's 2022 Annual Financial Report.

AIRPORT . . . The Town of Addison owns a general aviation airport, a single runway facility. The runway is 7,200 feet in length and can accommodate general aviation aircraft through 120,000 pounds gross weight including Boeing 737's and DC9's. The Addison Airport is currently home to over 600 based aircraft, including more than 150 jets, an FAA air traffic control tower, U.S. Customs services, two nationally recognized Fixed-Based Operators (FBO's) with a third FBO currently under construction, and more than seventy commercial aeronautical service providers employing over 1,000 full-time employees. The airport is used extensively by corporate executives who wish to conduct business in offices located in the north Dallas area.

TRANSPORTATION . . . Direct access to downtown Dallas is afforded via the Dallas North Tollway. Nearby highways and freeways provide convenient access to the entire Dallas/Fort Worth Metroplex including the Richardson telecommunications corridor, the Plano corporate campus, and the Dallas/Fort Worth International Airport.

In addition to Addison Airport, commercial air transportation is available at Dallas' Love Field and at the Dallas/Fort Worth International Airport. Rail service for Addison is provided by the Cotton Belt Railroad and numerous motor freight lines from nearby Dallas are available.

EDUCATIONAL FACILITIES . . . Addison is served by the Dallas Independent School District and the Carrollton-Farmers Branch Independent School District, it is also served by two private schools, Trinity Christian Academy and Greenhill School; all serve the K/12 grades. Brookhaven Community College, a part of the Dallas County Community College, is located in the Town and seven major colleges and universities are located within a 40-mile radius of the Town and include University of North Texas, Southern Methodist University, Texas Christian University, University of Texas at Dallas and University of Texas at Arlington.

BUILDING PERMITS

Fiscal Year	Number of Permits	Commercial	Residential	Total Value
2018	1,305	\$ 154,405,364	\$ 52,566,729	\$ 206,972,093
2019	1,231	162,104,339	40,239,465	202,343,804
2020	1,171	209,324,055	9,409,884	218,733,938
2021	1,204	57,267,135	12,026,759	69,293,894
2022	1,308	111,624,974	8,394,939	120,019,913
2023 ⁽¹⁾	696	91,063,745	3,321,372	94,385,118

(1) As of June 1, 2023.

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APPENDIX B

EXCERPTS FROM THE
TOWN OF ADDISON, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended September 30, 2022

The information contained in this Appendix consists of excerpts from the Town of Addison, Texas Annual Financial Report for the Year Ended September 30, 2022, and is not intended to be a complete statement of the Town's financial condition. Reference is made to the complete Report for further information.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINIONS

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[Form of Bond Opinion]

[Date]

\$ _____
TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION BONDS,
SERIES 2023

WE HAVE represented the Town of Addison, Texas (the "Issuer") as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

TOWN OF ADDISON, TEXAS, GENERAL OBLIGATION BONDS, SERIES 2022, dated August 1, 2023, in the principal amount of \$ _____.

The Bonds mature, bear interest, are subject to redemption and may be transferred and exchanged as set out in the Bonds and in the bond ordinance adopted by the Town Council of the Town authorizing their issuance (the "Ordinance").

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have also examined executed Bond No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Town and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Town and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

BRACEWELL

- (A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding special obligations of the Issuer;
- (B) A continuing ad valorem tax upon all taxable property within the Town, necessary to pay the principal of and interest on the Bonds, has been levied and pledged irrevocably for such purposes, within the limit prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations; and
- (C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations for tax years beginning after December 31, 2022

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer or other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

BRACEWELL

[Form of Bond Counsel Opinion]

[Date]

§ _____
TOWN OF ADDISON, TEXAS
COMBINATION TAX AND
REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2023

WE HAVE represented the Town of Addison, Texas (the “Issuer”), as its bond counsel in connection with an issue of certificates of obligation (the “Certificates”) described as follows:

TOWN OF ADDISON, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023, dated August 1, 2023, in the principal amount of \$_____.

The Certificates mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the Town Council of the Issuer authorizing their issuance (the “Ordinance”).

WE HAVE represented the Issuer as its bond counsel for the purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Certificate No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Certificates with respect to matters

solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Certificates.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

- (A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Certificates constitute valid and legally binding obligations of the Issuer;
- (B) A continuing ad valorem tax upon all taxable property within the Town necessary to pay the principal of and interest on the Certificates, has been levied and pledged irrevocably for such purposes, within the limit prescribed by law, and the total indebtedness of the Issuer, including the Certificates, does not exceed any constitutional, statutory or other limitations. In addition, the Certificates are further secured by a limited pledge of the surplus net revenues of the Issuer's waterworks and sewer system as provided in the Ordinance; and
- (C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations for tax years beginning after December 31, 2022

The rights of the owners of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Certificates or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Certificates. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Certificates could become includable in gross income for federal income tax purposes from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

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Municipal Advisory Services
Provided By



City Council

5. c.

Meeting Date: 08/08/2023

Department: Finance

Pillars: Excellence in Asset Management
Excellence in Transportation Systems
Gold Standard in Financial Health

Milestones: Implement the Asset Management Plan in accordance with the Asset Management Policy, utilizing information systems
Improve all modes of transportation with infrastructure in an acceptable condition and well maintained
Continue development and implementation of Long Term Financial Plan

AGENDA CAPTION:

Present, discuss, and consider action on an Ordinance authorizing the issuance of Town of Addison, Texas, General Obligation Bonds, Series 2023; awarding the sale thereof; levying a tax, and providing for the security for and payment of said Bonds; authorizing the execution and delivery of a paying agent/registrars agreement; approving the official statement; enacting other provisions relating to the subject; and declaring an effective date.

BACKGROUND:

In 2019, Addison voters have approved several bond programs to fund various projects throughout Town. Once voter approval is secured, the City Council is authorized to issue bonds to pay for projects. The proposed 2023 General Obligation Bond issuance totals \$5,000,000 and consists of the following:

\$5,000,000 from the authorized \$32,602,000 (\$0 issued to date) from Proposition B of the 2019 Bond Election for street improvements. The funds would be used for the reconstruction design of Monfort Drive (\$900,000) and Quorum Drive (\$4.1M). Design contracts for both projects have been approved by the Council.

Certain details concerning the General Obligation Bonds will not be known until the completion of the sale on August 8, 2023. This information will be made available at the Council meeting on August 8, 2023, prior to the discussion of this item. The ordinance will be updated prior to the meeting. The Town of Addison's AAA/Aaa bond ratings from Standard and Poor's and Moody's were reaffirmed as part of this bond sale.

RECOMMENDATION:

Administration recommends approval.

Attachments

Ordinance No. O23-37 - GO Bond Series 2023

ORDINANCE NO. 023-37

relating to

\$4,865,000
TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION BONDS
SERIES 2023

Adopted: August 8, 2023

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.....6
Section 1.02. Findings.....8
Section 1.03. Table of Contents, Titles, and Headings.....8
Section 1.04. Interpretation.....8

ARTICLE II

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01. Payment of the Bonds9
Section 2.02. Interest and Sinking Fund9

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE BONDS

Section 3.01. Authorization10
Section 3.02. Date, Denomination, Maturities, and Interest.....10
Section 3.03. Medium, Method, and Place of Payment.....11
Section 3.04. Execution and Registration of Bonds12
Section 3.05. Ownership13
Section 3.06. Registration, Transfer, and Exchange.....13
Section 3.07. Cancellation14
Section 3.08. Temporary Bonds.....14
Section 3.09. Replacement Bonds15
Section 3.10. Book-Entry-Only System.....16
Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry-Only System.....16
Section 3.12. Payments to Cede & Co.....17

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption17
Section 4.02. Optional Redemption17
Section 4.03. Reserved.....17
Section 4.04. Partial Redemption.....18
Section 4.05. Notice of Redemption to Owners19
Section 4.06. Payment Upon Redemption19

Section 4.07.	Effect of Redemption.....	19
Section 4.08.	Conditional Notice of Redemption.....	19
Section 4.09.	Lapse of Payment.....	20

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01.	Appointment of Initial Paying Agent/Registrar.....	20
Section 5.02.	Qualifications.....	20
Section 5.03.	Maintaining Paying Agent/Registrar.....	20
Section 5.04.	Termination.....	21
Section 5.05.	Notice of Change to Owners.....	21
Section 5.06.	Agreement to Perform Duties and Functions.....	21
Section 5.07.	Delivery of Records to Successor.....	21

ARTICLE VI

FORM OF THE BONDS

Section 6.01.	Form Generally.....	21
Section 6.02.	Form of the Bonds.....	22
Section 6.03.	CUSIP Registration.....	29
Section 6.04.	Legal Opinion.....	29
Section 6.05.	Statement Insurance.....	29

ARTICLE VII

SALE AND DELIVERY OF BONDS;
DEPOSIT OF PROCEEDS; FLOW OF FUNDS

Section 7.01.	Sale of Bonds; Official Statement.....	30
Section 7.02.	Control and Delivery of Bonds.....	30
Section 7.03.	Deposit of Proceeds.....	31

ARTICLE VIII

CREATION OF FUNDS AND ACCOUNTS;
DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01.	Creation of Funds.....	31
Section 8.02.	Interest and Sinking Fund.....	31
Section 8.03.	Construction Fund.....	32
Section 8.04.	Security of Funds.....	32
Section 8.05.	Investments.....	32
Section 8.06.	Investment Income.....	32

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds33
Section 9.02. Other Representations and Covenants33
Section 9.03. Federal Income Tax Matters33
Section 9.04. No Private Use or Payment and No Private Loan Financing.....35
Section 9.05. No Federal Guaranty35
Section 9.06. No Hedge Bonds35
Section 9.07. No Arbitrage35
Section 9.08. Arbitrage Rebate35
Section 9.09. Information Reporting36
Section 9.10. Record Retention36
Section 9.11. Registration36
Section 9.12. Deliberate Actions36
Section 9.13. Continuing Obligation36

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default37
Section 10.02. Remedies for Default37
Section 10.03. Remedies Not Exclusive37

ARTICLE XI

DISCHARGE

Section 11.01. Discharge38

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports38
Section 12.02. Material Event Notices38
Section 12.03. Limitations, Disclaimers and Amendments40

ARTICLE XIII

AMENDMENTS

Section 13.01. Amendments41

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Changes to Ordinance42
Section 14.02. Partial Invalidity.....42
Section 14.03. No Personal Liability42

ARTICLE XV

EFFECTIVENESS

Section 15.01. Effective Immediately.....42

ORDINANCE NO. O23-37

AN ORDINANCE AUTHORIZING THE ISSUANCE OF TOWN OF ADDISON, TEXAS, GENERAL OBLIGATION BONDS, SERIES 2023 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,865,000; AWARDDING THE SALE THEREOF; LEVYING A TAX, AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING THE OFFICIAL STATEMENT; ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE

WHEREAS, the Town of Addison (the “Town”) intends to issue bonds to finance public improvements the City Council considers necessary within the Town; and

WHEREAS, the bonds hereinafter authorized were duly and favorably voted, as required by the Constitution and laws of the State of Texas, at an election held in the Town, on November 5, 2019 (the “Election”); and

WHEREAS, at the Election, the following are among the purposes and amounts of the bonds which were authorized, reflecting any amount previously issued pursuant to each voted authorization, the amount therefrom being issued pursuant to this Ordinance, and the balance that remains unissued after the issuance of the bonds herein authorized, to wit: and

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued⁽¹⁾	Unissued Balance
Street Utilities	5/12/2012	\$29,500,000	\$ 19,500,000	-0-	\$10,000,000
Parking Facilities	5/12/2012	3,000,000	-0-	-0-	3,000,000
Keller Springs Road and Airport Parkway Improvements	11/5/2019	22,300,000	14,030,000	-0-	8,270,000
Quorum Drive and Montfort Drive Improvements	11/5/2019	33,602,000	-0-	5,000,000	28,602,000
Parks and Recreation	11/5/2019	6,723,000	6,723,000	-0-	-0-
Town Facilities and Improvements	11/5/2019	7,395,000	7,395,000	-0-	-0-
Traffic Control Systems	11/5/2019	<u>600,000</u>	<u>600,000</u>	<u>-0-</u>	<u>-0-</u>
		<u>\$103,120,000</u>	<u>\$48,248,000</u>	<u>\$5,000,000</u>	<u>\$49,872,000</u>

¹ Includes premium in the amount of \$135,000 allocated to voted authorization.

WHEREAS, the City Council has found and determined that it is necessary and in the best interests of the Town and its citizens that it issue such bonds authorized by this Ordinance; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, THAT:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Ordinance, the following terms shall have the meanings specified below:

“Business Day” means a day that is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

“Bond” means any of the Bonds.

“Bonds” means the bonds authorized to be issued by Section 3.01 of this Ordinance and designated as “Town of Addison, Texas, General Obligation Bonds, Series 2023.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code, and (d) the Regulations promulgated under the provisions described in (b) and (c).

“Delivery Date” means the date of delivery of the Bonds to the Purchasers and designated as the initial date of the Bonds by Section 3.02(a) of this Ordinance.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Town and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“EMMA” means the Electronic Municipal Market Access System.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means such fiscal year as shall from time to time be set by the City Council.

“Initial Bond” means the initial bond authorized by Section 3.04(d) of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year commencing February 15, 2024.

“MSRB” means the Municipal Securities Rulemaking Board.

“Ordinance” means this Ordinance.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means initially BOKF, N.A., Dallas, Texas, or any successor thereto as provided in this Ordinance.

“Purchaser(s)” means the initial purchaser(s) of the Bonds as set forth in Section 7.01.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

“Register” means the Register specified in Section 3.06(a) of this Ordinance.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representations Letter” means the Blanket Letter of Representations between the Town and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b).

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b).

“Town” means the Town of Addison, Texas.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of, redemption premium, if any, or interest on the Bonds as the same come due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity.

Section 1.02. Findings.

The declarations, determinations, and findings declared, made, and found in the preamble to this Ordinance are hereby adopted, restated, and made a part of the operative provisions hereof.

Section 1.03. Table of Contents, Titles, and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

ARTICLE II

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01. Payment of the Bonds.

(a) Pursuant to the authority granted by the Texas Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the Town, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Bonds, being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent per annum (whichever amount is the greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the Town most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Ordinance.

(d) If the liens and provisions of this Ordinance shall be released in a manner permitted by Article XI hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit. In determining the aggregate principal amount of outstanding Bonds, there shall be subtracted the amount of any Bonds that have been duly called for redemption and for which money has been deposited with the Paying Agent/Registrar for such redemption.

Section 2.02. Interest and Sinking Fund.

(a) The Town hereby establishes a special fund or account to be designated the "Town of Addison, Texas, General Obligation Bonds, Series 2023, Interest and Sinking Fund" (the "Interest and Sinking Fund") said fund to be maintained at an official depository bank of the Town separate and apart from all other funds and accounts of the Town.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE BONDS

Section 3.01. Authorization.

The Town’s bonds to be designated “Town of Addison, Texas, General Obligation Bonds, Series 2023” (the “Bonds”), are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, specifically Chapter 1331, Texas Government Code, as amended. The Bonds shall be issued in the aggregate principal amount of \$4,865,000 for the following purposes, to wit: (i) (i) designing, developing, constructing and improving Quorum Drive from the DART Rail line to Dallas North Tollway and Montfort Drive from Beltline Road to the Addison city limits, including sidewalks, bridges, landscaping, streetlighting, right-of-way protection and related storm drainage improvements; and acquiring rights-of-way in connection therewith (2019 Authorization), and (iv) paying of the costs of issuance of the Bonds.

Section 3.02. Date, Denomination, Maturities, and Interest.

(a) The Bonds shall be dated August 1, 2023. The Bonds shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof and shall be numbered separately from one upward, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

\$3,645,000 Serial Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$160,000	5.000%	2033	\$235,000	5.000%
2025	155,000	5.000	2034	245,000	5.000
2026	165,000	5.000	2035	***	
2027	175,000	5.000	2036	***	
2028	180,000	5.000	2037	280,000	4.000
2029	190,000	5.000	2038	290,000	4.000
2030	200,000	5.000	2039	300,000	4.000
2031	210,000	5.000	2040	315,000	4.000
2032	220,000	5.000	2041	325,000	4.000

\$1,220,000 Term Bonds

Year	Principal Amount	Interest Rate
2036	\$525,000	4.000%
2037	695,000	4.000

(c) Interest shall accrue and be paid on each Bond respectively until its maturity or prior redemption from the later of the date of delivery of the Bonds to the Purchaser (the “Delivery Date”) or the most recent interest payment date to which interest has been paid or provided for at the rates per annum for each maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on February 15 and August 15 of each year commencing February 15, 2024 and shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.03. Medium, Method, and Place of Payment.

(a) The principal of, redemption premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners as shown in the Register at the close of business on the Record Date; provided, however, in the event of nonpayment of interest on a scheduled Interest Payment Date and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” 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 Owner of a Bond appearing on the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest shall be paid by check, dated as of and mailed on the Interest Payment Date, and sent by the Paying Agent/Registrar to each Owner, first class United States mail, postage prepaid, to the address of each Owner as it appears in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, that the Owner shall bear all risk and expense of such alternative banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date, whether at the maturity date or the date of prior redemption thereof upon presentation and

surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the Town to be used for any lawful purpose. Thereafter, neither the Town, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the Town by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the Town shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Town had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the Town whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bonds shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bonds delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of

Public Accounts of the State of Texas, or by his duly authorized agent, which Certificate shall be evidence that the Bond has been duly approved by the Attorney General of the State of Texas, that it is a valid and binding obligation of the Town, and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one initial Bond (the “Initial Bond”) representing the entire principal amount of all Bonds, payable in stated installments to the initial purchaser, or its designee, executed by the Mayor and City Secretary of the Town, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the initial purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the initial purchaser one registered definitive Bond for each year of maturity of the Bonds in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.05. Ownership.

(a) The Town, the Paying Agent/Registrar, and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as herein provided (except interest shall be paid to the person in whose name such Bond is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Bond is overdue, and neither the Town nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the Town and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer, and Exchange.

(a) So long as any Bonds remain outstanding, the Town shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the “Register”) in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in a denomination or denominations of any integral multiple of \$5,000, and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the Town and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(f) Neither the Town nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption, in whole or in part, within 45 calendar days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.07. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be canceled and proper records made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall then return such canceled Bonds to the Town or may in accordance with law dispose of such cancelled Bonds.

Section 3.08. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the Town may execute and, upon the Town's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions, and other variations as the officers of the Town executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The Town, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The Town or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction, or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the Town harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the Town and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Town and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the Town or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed, or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Town and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10. Book-Entry-Only System.

(a) Notwithstanding any other provision hereof, upon initial issuance of the Bond, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Bonds shall be initially issued in the form of a single separate bond for each of the maturities thereof.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Town and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Town and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the Town and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Town's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the Town to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(c) The Representations Letter previously executed and delivered by the Town, and applicable to the Town's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry-Only System.

In the event that the Town or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representations Letter of the Town to DTC, and that it is in the best interest of the Town and the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the Town shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and

transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.12. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the Representations Letter of the Town to DTC.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption.

The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption.

(a) The Town reserves the option to redeem Bonds maturing on and after February 15, 2034 in whole or any part, before their respective scheduled maturity dates, on February 15, 2033 or on any date thereafter, such redemption date or dates to be fixed by the Town, at a price equal to the principal amount of the Bonds called for redemption plus accrued interest to the date fixed for redemption.

(b) If less than all of the Bonds are to be redeemed pursuant to an optional redemption, the Town shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(c) The Town, at least 45 days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.03. Mandatory Sinking Fund Redemption

(a) The Bonds maturing on February 15, 2036 and February 15, 2043 (the “Term Bonds”) are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to

the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

\$525,000 Term Bonds Maturing February 15, 2036

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 2035	\$255,000
February 15, 2036*	270,000

*maturity

\$695,000 Term Bonds Maturing February 15, 2043

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 2042	\$340,000
February 15, 2043*	355,000

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the District, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption.

(a) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Bond as though it were a single Bond for purposes of selection for redemption.

(b) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Bonds in an aggregate principal amount equal to the unredeemed portion of the Bonds so surrendered, such exchange being without charge.

(c) The Paying Agent/Registrar shall promptly notify the Town in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 4.06. Payment Upon Redemption.

(a) Before or on each redemption date, the Town shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the Town and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the Town defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If the Town shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same by the Town.

Section 4.08. Conditional Notice of Redemption.

The Town reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the

redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional notice of redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.09. Lapse of Payment.

Money set aside for the redemption of Bonds and remaining unclaimed by the Owners of such Bonds shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

The BOKF, N.A., Dallas, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a 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 and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any of the Bonds are outstanding, the Town will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the Town and the Paying Agent/Registrar in substantially the form presented at this meeting, such form of agreement being hereby approved. The signature of the Mayor shall be attested by the City Secretary of the Town.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Town will promptly appoint a replacement.

Section 5.04. Termination.

The Town, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.05. Notice of Change to Owners.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the Town will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address thereof in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.07. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Bond of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the Town or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds, if any, shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or

produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of the Bonds.

The form of the Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas
County of Dallas
TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION BOND
SERIES 2023

INTEREST RATE: MATURITY DATE: DELIVERY DATE: CUSIP NUMBER:
_____ % February 15, _____ September 6, 2023 _____

The Town of Addison (the "Town"), in the County of Dallas, State of Texas, for value received, hereby promises to pay to

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been provided for, and to pay interest on such principal amount from the later of Delivery Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2024.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated office in Dallas, Texas, of BOKF, N.A., as Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor Paying Agent/Registrar. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided, however, such registered owner shall bear all risk and expenses of such customary banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled payment date and for 30 days

thereafter, a new record date for such interest payment (a “Special Record Date”) shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which date 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 Owner of a Bond appearing on the 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.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

This Bond is dated August 1, 2023 and is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$4,355,000 (herein referred to as the “Bonds”), issued pursuant to a certain ordinance of the Town (the “Ordinance”) for the purpose of providing funds for certain public improvements within the Town as described in the Ordinance, and to pay for the professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Bonds.

The Town has reserved the option to redeem the Bonds maturing on or February 15, 2034, in whole or in part, before their respective scheduled maturity dates, on February 15, 2033, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the Town shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or other customary method that results in a random selection the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Bonds maturing on February 15, 2036 and February 15, 2043 (the “Term Bonds”), are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the Town, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

\$525,000 Term Bonds Maturing February 15, 2036

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 2035	\$255,000
February 15, 2036*	270,000

*maturity

\$695,000 Term Bonds Maturing February 15, 2043

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 2042	\$340,000
February 15, 2043*	355,000

*maturity

*maturity

The Paying Agent/Registrar will select by lot or by any other customary method that results in a random selection the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the Town, by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Town at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

The Town reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional notice of redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a

conditional redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Town for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the Town nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The Town, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date, or the Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the Town nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law, and has been authorized by a vote of the properly qualified electors of the Town; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the Town have been levied for and pledged to the payment of the debt service requirements of the Bonds, within the limit prescribed by law; and that the total indebtedness of the Town, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town has caused this Bond to be executed by the manual or facsimile signature of the Mayor of the Town and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the Town has been duly impressed or placed in facsimile on this Bond.

Mayor, Town of Addison, Texas

City Secretary,
Town of Addison, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate. The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
OF THE STATE OF TEXAS	§	

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the Town of Addison, Texas; and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar. The following Certificate of Paying Agent/Registrar may be deleted from each Initial Bond if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Ordinance.

BOKF, N.A.,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The Signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The Initial Bond shall be in the form set forth in subsections (a) through (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings “INTEREST RATE,” and “MATURITY DATE” shall both be completed with the words “As Shown Below” and the words “CUSIP NO.” shall be deleted;

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above, the sum of _____ DOLLARS” shall be deleted and the following will be inserted: “on the fifteenth day of February in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(Information to be inserted from Section 3.02(c) hereof).

(iii) the Initial Bond shall be numbered T-1.

Section 6.03. CUSIP Registration.

The Town may secure identification numbers through the CUSIP Service Bureau managed by S & P Global IQ Intelligence on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect in regard to the legality thereof and neither the Town nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion.

The approving legal opinion of Bracewell LLP, Bond Counsel, may be attached to or printed on the reverse side of each Bond over the certification of the City Secretary of the Town, which may be executed in facsimile.

Section 6.05. Statement Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Bonds, may be printed on each Bond.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS; FLOW OF FUNDS

Section 7.01. Sale of Bonds; Official Statement.

(a) The Bonds, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to Raymond James & Associates (the "Purchaser") for a purchase price equal to the principal amount thereof, plus a cash premium in the amount of \$198,619.30, being the bid which produced the lowest true interest cost to the Town. The Initial Bond shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement and any addenda, supplement or amendment thereto, are hereby in all respects approved and adopted and is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Mayor and City Secretary are hereby authorized and directed to cause to be prepared a final Official Statement (the "Official Statement") incorporating applicable pricing information pertaining to the Bonds, and to execute the same by manual or facsimile signature and deliver appropriate numbers of executed copies thereof to the Purchaser. The Official Statement as thus approved and delivered, with such appropriate variations as shall be approved by the Mayor and the Purchaser, may be used by the Purchaser in the public offering and sale thereof. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement, and the preliminary public offering of the Bonds by the Purchaser, is hereby ratified, approved and confirmed.

(c) All officers of the Town are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the Town is hereby authorized and directed to issue a check of the Town payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount per series to be the lesser of (i) 1/10th of 1% of the principal amount of such series of the Bonds or (ii) \$9,500.)

(d) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of Bracewell LLP, bond counsel for the Town, which opinion shall be dated and delivered the Closing Date.

Section 7.02. Control and Delivery of Bonds.

(a) The Mayor of the Town is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State of Texas, registration by the Comptroller of

Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchaser or a representative thereof under and subject to the general supervision and direction of the Mayor, against receipt by the Town of all amounts due to the Town under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.03. Deposit of Proceeds.

(a) The proceeds of the Bonds in the amount of \$5,000,000 including \$135,000 in premium received on the Bonds, shall be deposited to the Construction Fund, such moneys to be dedicated and used solely for the purposes for which the Bonds are being issued as herein provided in Section 3.01.

(b) The remaining premium received on the Bonds shall be used to pay costs of issuance. To the extent any of such amount is not used for such purposes, such excess shall be deposited to the Interest and Sinking Fund.

ARTICLE VIII

CREATION OF FUNDS AND ACCOUNTS;
DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01. Creation of Funds.

(a) The Town hereby establishes the following special funds or accounts:

(i) The Town of Addison, Texas, General Obligation Bonds, Series 2023, Interest and Sinking Fund; and

(ii) The Town of Addison, Texas General Obligation Bonds, Series 2023 Construction Fund.

(b) These funds or accounts shall be maintained at an official depository of the Town.

Section 8.02. Interest and Sinking Fund.

(a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Bonds.

(b) If the amount of money in the Interest and Sinking Fund is at least equal to the aggregate principal amount of the outstanding Bonds plus the aggregate amount of interest due and that will become due and payable on such Bonds, no further deposits to that fund need be made.

(c) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds as such become due and payable.

Section 8.03. Construction Fund. (a) Money on deposit in the Construction Fund, including investment earnings thereof, shall be used for the purposes specified in Section 3.01 of this Ordinance.

(b) All amounts remaining in the Construction Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings of the Construction Fund, shall be deposited into the Interest and Sinking Fund.

Section 8.04. Security of Funds.

All moneys on deposit in the funds referred to in this Ordinance shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

Section 8.05. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance, at the option of the Town, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which such money is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.06. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund be credited to such fund.

(b) Interest and income derived from investment of the funds to be deposited pursuant to Section 7.03(b) hereof shall be credited to the account where deposited until the acquisition or construction of said projects is completed and thereafter, to the extent such interest and income are present, such interest and income shall be deposited to the Interest and Sinking Fund.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds.

On or before each Interest Payment Date for the Bonds and while any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of, redemption premium, if any, and interest on the Bonds as will accrue or mature on the applicable Interest Payment Date, maturity date and, if applicable, on a date of prior redemption.

Section 9.02. Other Representations and Covenants.

(a) The Town will faithfully perform, at all times, any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Bond; the Town will promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the Town will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The Town is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Town in accordance with their terms.

Section 9.03. Federal Income Tax Matters.

(a) General. The Town covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Town covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Town in connection with the Bonds.

(b) No Private Activity Bonds. The Town covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the Town will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be a “private activity bond” unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The Town covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The Town covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The Town covenants that it will make such use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Required Rebate. The Town covenants that, if the Town does not qualify for an exception to the requirements of section 148(f) of the Code, the Town will comply with the requirement that certain amounts earned by the Town on the investment of the gross proceeds of the Bonds, be rebated to the United States.

(g) Information Reporting. The Town covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

(h) Record Retention. The Town covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Bonds are “registration-required bonds” under section 149(a)(2) of the Code, the Bonds will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Town will not be required to comply with any of the federal tax covenants set forth above if the Town has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Ordinance, the Town’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the Town, this Ordinance serves as the Town’s official declaration of intent to use proceeds of the Bonds to reimburse itself from proceeds of the Bonds issued in the maximum amount authorized by this Ordinance for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date the project to which such expenditure relates is placed in service or abandoned, but in the event more than three years after the original expenditure is paid.

Section 9.04. No Private Use or Payment and No Private Loan Financing.

The Town covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Moreover, the Town will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code.

Section 9.05. No Federal Guaranty.

The Town covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 9.06. No Hedge Bonds.

The Town covenants and agrees not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

Section 9.07. No Arbitrage.

The Town covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code. Moreover, the Town will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 9.08. Arbitrage Rebate.

If the Town does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, the Town will take all necessary steps to comply with the requirement that certain amounts earned by the Town on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Town will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the Town allocable to other Bond issues of the Town or moneys that do not represent gross proceeds of any bond issues of the Town, (ii) determine at such times as are required by the applicable Regulations, the amount earned from the investment

of the gross proceeds of the Bonds that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds, or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the Town will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

Section 9.09. Information Reporting.

The Town covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code.

Section 9.10. Record Retention.

The Town will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Bonds until three years after the last Bond is redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Town to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

Section 9.11. Registration.

The Bonds will be issued in registered form.

Section 9.12. Deliberate Actions.

The Town will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to fail to meet any requirement of section 141 of the Code after the issue date of the Bonds unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations, the Town takes such remedial action, and a Counsel's Opinion is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

Section 9.13. Continuing Obligation.

Notwithstanding any other provision of this Ordinance, the Town's obligations under the covenants and provisions of Sections 9.03 through 9.13, inclusive, shall survive the defeasance

and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

- (i) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Bonds when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement, or obligation of the Town, which default materially and adversely affects the rights of the Owners, including but not limited to their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the Town.

Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to a trustee or trustees therefor, may proceed against the Town for the purpose of protecting and enforcing the rights of the Owners under this Ordinance by mandamus or other suit, action or special proceeding in equity or at law in any court of competent jurisdiction for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge.

(a) The Bonds may be defeased, discharged or refunded in any manner authorized by law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports.

(a) The Town shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Town, financial information and operating data with respect to the Town of the general type included in the final Official Statement, being information described in the Tables numbered 1 through 6 and 8 through 15, including financial statements of the Town if audited financial statements of the Town are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the Town, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles appended to the Official Statement, or such other accounting principles as the Town may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the Town commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Town shall 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.

(b) If the Town changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Town otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific referenced to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 12.02. Material Event Notices.

(a) The Town shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Town;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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; and
- (xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.
- (xv) incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding clause (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Town in a proceeding under the United States Bankruptcy Code or in

any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers 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 of business of the Town; and the Town intends the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of financial obligations in those sections to have the same meanings as when they are used in rule and sec release no. 34-83885, dated August 20, 2018.

(b) The Town shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the Town to provide required annual financial information and notices of material events in accordance with Sections 12.01 and 12.02. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

Section 12.03. Limitations, Disclaimers and Amendments.

(a) The Town shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Town remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Town in any event will give notice of any redemption calls and any defeasances that cause the Town to be no longer an “obligated person.”

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Town undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Town’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Town does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE TOWN BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE TOWN, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the Town in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Town under federal and state securities laws.

(e) The provisions of this Article may be amended by the Town 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 Town, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds 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 Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (B) an entity or individual person that is unaffiliated with the Town (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. If the Town so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.01 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of financial information or operating data so provide.

ARTICLE XIII

AMENDMENTS

Section 13.01. Amendments.

This Ordinance shall constitute a contract with the Owners, be binding on the Town, and shall not be amended or repealed by the Town so long as any Bond remains outstanding except as permitted in this Section. The Town may, without consent of or notice to any Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Town may, with the written consent of the Owners of the Bonds holding a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of outstanding Bonds, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Changes to Ordinance.

The Mayor and Director of Finance, in consultation with Bond Counsel, are hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 14.02. Partial Invalidity.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Ordinance.

Section 14.03. No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Ordinance, against any official or employee of the Town or any person executing any Bonds.

ARTICLE XV

EFFECTIVENESS

Section 15.01. Effective Immediately.

Notwithstanding the provisions of the Town Charter, this Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

(Remainder of Page Intentionally Left Blank)

PRESENTED, FINALLY PASSED AND APPROVED, AND EFFECTIVE on the ____ day of August, 2032, by a vote of _____ ayes and _____ nays at a regular meeting of the City Council of the Town of Addison, Texas.

Mayor
Town of Addison, Texas

ATTEST:

City Secretary
Town of Addison, Texas

APPROVED AS TO FORM:

Town Attorney
Town of Addison, Texas