

## CERTIFICATE FOR ORDINANCE

We, the undersigned Mayor and City Secretary of the City of Mission, Texas (the "City"), hereby certify as follows:

1. The City Council of the City (the "Council") convened in an open meeting session, open to the public, on April 14, 2025 (the "Meeting"), at the designated meeting place, and the roll was called of the duly constituted officers and members of said Council, to wit:

Norie Gonzalez Garza, Mayor  
Ruben Plata, Mayor Pro Tem (Council Place 2)  
Jessica Ortega, Council Place 1  
Marissa Ortega Gerlach, Council Place 3  
Jose Alberto Vela, Council Place 4

and all of said persons were present, except \_\_\_\_\_ thus constituting a quorum. Whereupon among other business, the following was transacted at the Meeting: a written Resolution entitled:

RESOLUTION AUTHORIZING THE PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATE OF OBLIGATION BONDS, SERIES 2025"; FOR THE DESIGN, ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF CERTAIN PUBLIC WORKS, AND AUTHORIZING CERTAIN MATTERS RELATING THERETO.

(the "Resolution") was duly introduced for the consideration of the Council. It was then duly moved and seconded that the Resolution be finally passed and adopted; and after due discussion, such motion, carrying with it the adoption of the Resolution prevailed and carried by the following vote:

YES: 5 NO'S: 0

ABSTENTIONS: \_\_\_\_\_

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Council's minutes of the Meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Council's minutes of the Meeting pertaining to the adoption of the Resolution; the persons named in the above and foregoing paragraph are duly chosen, qualified, and acting officers and members of the Council as indicated therein; each of the officers and members of the Council was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting, and that the Resolution would be introduced and considered for adoption at the Meeting and each of such officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public, and public notice of the time, place, and purpose of the Meeting was given, all as required by Chapter 55 1, Texas Government Code, as amended.



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PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MISSION, TEXAS ON JUNE 09, 2025.

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City Secretary

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Norie Gonzalez Garza, Mayor

CITY SEAL



ORDINANCE NO.

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ORDINANCE AUTHORIZING THE ISSUANCE OF "CITY OF MISSION, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES  
2025"; AWARDING THE SALE THEREOF; AND CONTAINING MATTERS  
INCIDENT THERETO.

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NEW ISSUE  
BOOK-ENTRY-ONLY

PRELIMINARY OFFICIAL STATEMENT  
June 5, 2025

RATINGS:  
Moody's: "Baa2"  
S&P: "A-"  
(See "RATINGS", "BOND  
INSURANCE", and "BOND  
INSURANCE RISK FACTORS"  
herein.)

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

CITY OF MISSION, TEXAS  
(a Political Subdivision and Municipal Corporation of the State of Texas Located in Hidalgo County)

\$9,640,000\*  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025

Dated Date: June 1, 2025 (Interest accrues from the Delivery Date)

Due: February 15, as shown on page ii

The \$9,640,000\* City of Mission, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates") are being issued pursuant to the laws of the State of Texas, including Subchapter C of Chapter 271, Texas Local Government Code, as amended, an ordinance (the "Ordinance") to be adopted by the City Council of the City of Mission, Texas (the "City") on June 9, 2025 (see "THE CERTIFICATES - Authority for Issuance" herein).

The Certificates constitute direct and general Certificates of the City payable from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by law (see "THE CERTIFICATES - Security and Source of Payment" and "- Tax Rate Limitations" herein). Additionally, the Certificates also are secured with a pledge of the Net Revenues from the operation of the City's Waterworks and Sewer System (not to exceed \$1,000) (see "THE CERTIFICATES - Security and Source of Payment", "- Limited Pledge of Waterworks and Sewer System Revenues"). Interest on the Certificates will accrue from the Delivery Date (defined below) and will be payable on August 15 and February 15 of each year, commencing February 15, 2026, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered Certificates in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by UMB Bank, N.A. Austin, Texas, as Paying Agent/Registrar, to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for (i) street and road improvements, (ii) drainage improvements, (iii) utility system improvements, (iv) park and recreational facility, and (v) cost of professional services incurred in connection therewith. (see "THE CERTIFICATES - Purpose").

Application has been made to municipal bond insurance companies to have the payment of principal of and interest on the Certificates insured by a municipal bond insurance policy. See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein.

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SEE MATURITY SCHEDULE ON PAGE II

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*The Certificates are offered when, as and if issued and accepted by the initial purchaser (the "Underwriters"), subject to the approval of legality by the Attorney General of the State of Texas and the Perez Law Firm, PLLC, McAllen, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Jackson Walker LLP, San Antonio, Texas. The Certificates are expected to be available for initial delivery through the services of DTC on or about July 1, 2025 (the "Delivery Date").*

SAMCO CAPITAL

HILLTOP SECURITIES

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a 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, qualification or filing under the securities laws of any such jurisdiction.

\$9,640,000\*

## CITY OF MISSION, TEXAS

## Combination Tax and Revenue Certificates of Obligation, Series 2025

Stated Maturity (February 15)	Principal Amount	Interest Rate	Initial Price or Yield <sup>(1)</sup>	CUSIP Suffix <sup>(2)</sup>
2026	210,000			
2027	295,000			
2028	310,000			
2029	325,000			
2030	345,000			
2031	365,000			
2032	385,000			
2033	405,000			
2034	430,000			
2035	450,000			
2036	475,000			
2037	500,000			
2038	530,000			
2039	560,000			
2040	590,000			
2041	620,000			
2042	655,000			
2043	690,000			
2044	730,000			
2045	770,000			

(Interest to accrue from the Delivery Date)

The City reserves the right, at its sole option, to redeem Certificates having stated maturities on or after February 15, 2036 in whole or in part thereof, in principal amounts of \$5,000 or any integral multiple thereof on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. (See “THE CERTIFICATES – Optional Redemption.”) The Certificates may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as “Term Certificates.”

<sup>(1)</sup> Yield represents the initial offering yield to the public which has been established by the Underwriters for offers to the public and which may be subsequently changed by the Underwriters and is the sole responsibility of the Underwriters.

<sup>(2)</sup> 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 CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Certificates. None of the City, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

\*Preliminary, subject to change.



## USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purpose of compliance with Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), this document, as the same may be supplemented or corrected from time to time, may be treated as a preliminary "Official Statement" with respect to the Certificates described herein that has been "deemed final" by the City as of the date hereof (or of any supplement or correction) except for the omission of no more than the information permitted by Subsection (b)(1) of Rule 15c2-12.

This Official Statement, which includes the cover page, schedule, 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 by the City or the Underwriters to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to the accuracy or completeness and is not to be construed as a promise or guarantee of the Underwriters. This 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 Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE CERTIFICATES DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

NONE OF THE CITY, THE FINANCIAL ADVISOR, OR THE UNDERWRITERS 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 OR ANY POTENTIAL BOND INSURER OR ITS MUNICIPAL BOND GUARANTY POLICY AS DESCRIBED HEREIN UNDER THE CAPTIONS "BOND INSURANCE" AND "BOND INSURANCE RISK FACTORS."

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

<b>The City</b>	The City of Mission (the “City”) is a political subdivision and municipal corporation of the State located in Hidalgo County, Texas. The City covers approximately 22 square miles and is located near the Texas-Mexico Border. (See Appendix B – “General Information Regarding the City of Mission and Hidalgo County, Texas”).
<b>The Certificates</b>	<p>The Certificates are being issued as \$9,640,000* Combination Tax and Revenue Certificates of Obligation, Series 2025 (the “Certificates”) and will be dated June 1, 2025. The Certificates will be issued as serial Certificates maturing February 15 in the years 2026 through 2045* unless the Underwriters elect to aggregate two or more consecutive maturities of Certificates as “Term Certificates” (see “THE CERTIFICATES – General Description”).</p> <p>Interest on the Certificates will accrue from the delivery Date (detailed below) and will be paid semiannually on February 15 and August 15, commencing February 15, 2026, until maturity or prior redemption.</p>
<b>Use of Proceeds</b>	Proceeds from the sale of the Certificates will be used for (i) street and road improvements, (ii) drainage improvements, (iii) utility system improvements, (iv) park and recreational facility, and (v) cost of professional services incurred in connection therewith.
<b>Paying Agent/Registrar</b>	The initial Paying Agent/Registrar is UMB Bank, N.A. Austin, Texas, (see “REGISTRATION, TRANSFER AND EXCHANGE – Initial Paying Agent/Registrar” herein). Initially, the City intends to use the Book-Entry-Only System of The Depository Trust Company. (See “BOOK ENTRY-ONLY SYSTEM” herein.)
<b>Authorization and Security</b>	The Certificates will constitute direct Certificates of the City, issued pursuant to Chapter 271, Subchapter C, Texas Local Government Code, as amended, and an ordinance to be adopted by the City Council. The Certificates are payable from a continuing and direct annual ad valorem tax levied against all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Certificates. Additionally, the Certificates also are secured with a pledge of the Net Revenues from the operation of the City’s Waterworks and Sewer System (not to exceed \$1,000), as provided in the ordinance authorizing the Certificates.
<b>Optional Redemption</b>	The City reserves the right, at its sole option, to redeem Certificates having stated maturities on or after February 15, 2036, in whole or in part thereof, in principal amounts of \$5,000 or any integral multiple thereof on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. (See “THE CERTIFICATES – Optional Redemption” herein.) Additionally, the Certificates may be subject to mandatory redemption in the event the Underwriters elect to aggregate two or more consecutive stated maturities as “Term Certificates”.
<b>Tax Exemption</b>	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on corporations.
<b>Bond Insurance</b>	The City is considering insuring payment of debt service on the Certificates with municipal bond insurance and has made application to several municipal bond insurance companies. No representation is hereby made that the City will use municipal bond insurance in connection with the issuance of the Certificates. (See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS” herein.)

\*Preliminary, subject to change.

**Ratings**

The Certificates and the other presently outstanding tax supported debt of the City have been rated "A-" by S&P Global Ratings, Inc. ("S&P") and "Baa2" by Moody's Investors Service, Inc. ("Moody's"). The Official Statement shall disclose the ratings issued and any relevant information relating to the municipal bond insurance policy, if any. An explanation of the significance of such ratings may be obtained from the rating agency. (See "RATINGS", "BOND INSURANCE" and BOND INSURANCE RISK FACTORS" herein.)

**Payment Record**

The City has never defaulted on the payment of its bonded indebtedness.

**Future Bond Issues**

In close proximity with the Certificates, the Mission Economic Development Corporation is issuing its \$10,315,000\* Sales and Use Tax Revenue Refunding Bonds, Series 2025 (the "Sales Tax Bonds"). This Official Statement describes only the Certificates. Investors interested in purchasing the Sales Tax Bonds should review the respective offering document produced in relation thereto.

**Delivery Date**

When issued, anticipated on or about July 1, 2025.

\*Preliminary, subject to change.

**ELECTED OFFICIALS**

<u>Mayor</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Norie Gonzalez Garza	18 Years	May 2026	Realtor
<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Ruben Plata	18 Years	May 2028	Banker
Mayor Pro-Tem /Council Member			
Jessica Ortega Council Member	11 Years	May 2026	Educator
Marissa Ortega Gerlach Council Member	7 Years	May 2026	Business Owner
Jose Alberto Vela Council Member	6 Years	May 2028	Pharmacist

**APPOINTED OFFICIALS**

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Mike R. Perez	City Manager	37 Years in Position 1 Years with the City
Vidal Roman	Finance Director	4 Years in Position 1 Years with the City
JP Terrazas, P.E., CPM	Assistant City Manager	3 Years in Position 11 Years with the City
Andy Garcia	Assistant City Manager	1.5 Years in Position 1.5 Years with the City
Anna Carillo	City Secretary	14 Years in Position 20 Years with the City

**CONSULTANTS AND ADVISORS**

Bond Counsel .....Perez Law Firm, PLLC  
McAllen, Texas

Certified Public Accountants.....Carr, Riggs & Ingram, LLC  
McAllen, Texas

Financial Advisor .....Estrada Hinojosa  
Edinburg, Texas

For additional information regarding the City, please contact:

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<i>The Cover Page, Table of Contents, Appendices and Schedule attached hereto are part of the Official Statement</i>	

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**PRELIMINARY OFFICIAL STATEMENT**  
**relating to**

**CITY OF MISSION, TEXAS**  
**(Hidalgo County)**

**\$9,640,000\* Combination Tax and Revenue Certificates of Obligation, Series 2025**

**INTRODUCTORY STATEMENT**

All financial and other information presented in this Official Statement has been provided by the City of Mission, Texas (the "City") 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 City. No representation is made that past experience will necessarily continue or be repeated in the future.

There follows in this Official Statement a description of the Certificates and certain information about the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City and, during the offering period, from the Financial Advisor, upon payment of reasonable copying, handling, and delivery charges. Certain capitalized terms used in the Official Statement have meanings assigned to them in the ordinance authorizing issuance of the Certificates (the "Certificate Ordinance"), except as otherwise indicated herein.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Final Official Statement pertaining to the Certificates will be deposited with the Municipal Securities Rulemaking Board, via the Electronic Municipal Market Access ("EMMA") system at [www.emma.msrb.org](http://www.emma.msrb.org). See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

**THE CERTIFICATES**

**General Description**

The Certificates will be dated June 1, 2025, and will be issued in fully-registered form, in denominations of \$5,000 or any integral multiple thereof within a maturity. Interest on the Certificates will accrue from the Delivery Date (as defined on the front cover herof) and interest will be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2026. Interest on the Certificates will accrue from the Delivery Date (defined below) and will be payable on August 15 and February 15 of each year, commencing February 15, 2026, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Certificates will mature on the dates and in the amounts as set forth on page ii hereof.

Principal and interest on the Certificates will be paid by UMB Bank, N.A. Austin, Texas, (the "Paying Agent/Registrar"). Subject to the requirements associated with the use of the Book-Entry-Only System, interest will be paid by check dated as of the interest payment date and mailed first class, postage paid, on or before each interest payment date by the Paying Agent/Registrar to the registered owners (the "Owners") appearing on the registration books of the Paying Agent/Registrar on the Record Date (herein defined), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense, of such Owner. Principal will be paid to the Owners at maturity or redemption upon presentation and surrender of the Certificates to the Paying Agent/Registrar. If the date for the payment of the principal or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are 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. The City will initially use the Book-Entry Only System of The Depository Trust Company ("DTC") New York, New York in regard to the issuance, payment and transfer of the Certificates. Such system will affect the timing and method of payment of the Certificates (see "BOOK-ENTRY ONLY SYSTEM" herein).

**Purpose**

Proceeds from the sale of the Certificates will be used for (i) street and road improvements, (ii) drainage improvements, (iii) utility system improvements, (iv) park and recreational facility, and (v) cost of professional services incurred in connection therewith.

\*Preliminary, subject to change.

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Ordinance to be adopted by the City Council.

### **Legality**

The Certificates are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State of Texas and the legal opinion of the Perez Law Firm, PLLC, McAllen, Texas, Bond Counsel (see "LEGAL MATTERS" herein).

### **Security and Source of Payment**

*Tax Pledge.* . . The Certificates constitute direct Certificates of the City payable from a continuing and direct annual ad valorem tax levied against all taxable property within the City, within the limits prescribed by law (see "THE CERTIFICATES - Tax Rate Limitations" below).

*Limited Pledge of Waterworks and Sewer System Revenues* . . . The Certificates are additionally secured by a limited pledged of Net Revenues from the City's Waterworks and Sewer System in an amount not to exceed \$1,000 as set forth in the Certificates Ordinance.

### **Tax Rate Limitations**

Article XI, Section 5 of the Constitution of the State of Texas provides that the ad valorem taxes levied by the City for general purposes and for the purpose of paying the principal of and interest on the City's indebtedness may not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no constitutional or statutory limitation within the \$2.50 rate for interest and sinking fund purposes; however, the Texas Attorney General has adopted an administrative policy that prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from \$1.50 of the foregoing \$2.50 maximum tax rate calculated at 90% collection. The issuance of the Certificates does not violate the constitutional restriction or the Texas Attorney General's administrative policy. See "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations."

### **Optional Redemption**

The City reserves the right, at its sole option, to redeem Certificates having stated maturities on or after February 15, 2036 in whole or in part thereof, in principal amounts of \$5,000 or any integral multiple thereof on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

### **Mandatory Redemption**

Additionally, the Certificates may be subject to mandatory redemption in the event the Underwriters elect to aggregate two or more consecutive stated maturities as "Term Certificates".

### **Notice of Redemption For The Certificates**

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates 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. The notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption will be of no effect if such moneys are not so deposited or if the notice is so rescinded. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN AND, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN (AND NOT RESCINDED) AND FUNDS TO PAY THE REDEMPTION PRICE OF SAID CERTIFICATES HAVING BEEN PROVIDED, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

### **DTC Redemption and Notice Provisions**

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise



any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Certificates and such redemption will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or persons for whom DTC Participants, or beneficial owners of the selection of portions of the Certificates for redemption.

#### **Defeasance**

The Ordinances provide for the defeasance of the Certificates when payment of the principal of and premium, if any, on Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The Ordinance provides that "Defeasance Securities" means (1) direct, noncallable Certificates of the United States of America, including Certificates that are unconditionally guaranteed by the United States of America, (2) noncallable Certificates of an agency or instrumentality of the United States of America, including Certificates that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (3) noncallable Certificates of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (4) any other then authorized securities or Certificates under applicable state law that may be used to defease Certificates such as the Certificates. The City has additionally reserved the right to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

#### **Amendments**

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

The Ordinance further provides that the holders of the Certificates aggregating in principal amount 51% of the outstanding respective Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Certificates, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Certificates; (ii) reducing the rate of interest borne by any of the outstanding Certificates; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

#### **Record Date**

The record date ("Record Date") for determining the person to whom the interest is payable on the Certificates on any interest payment date means the last business day of the month next preceding the date that each interest payment is due.

#### **Special Record Date for Interest Payment**

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which must be 15 days after the Special Record Date) will 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 registered owner of an Obligation 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.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable by the registered owner of the uncalled balance of a Certificate.

## Sources and Uses of Certificate Proceeds

The following table shows the estimated sources and uses of the proceeds of the Certificates:

Sources:	
Par Amount	\$ -
Net Premium	-
Total Sources of Funds	<u>\$ -</u>
Uses:	
Deposit to Construction Fund	\$ -
Costs of Issuance	-
Underwriters' Discount	-
Total Uses of Funds	<u>\$ -</u>

## BOOK-ENTRY-ONLY SYSTEM

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

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

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered 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 Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 industries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

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

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

#### **Use of Certain Terms in Other Sections of this Official Statement**

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

### **ENFORCEMENT OF REMEDIES**

#### **Default and Remedies**

The Ordinance establishes specific events of default as: (1) failure to pay interest, principal or premium, if any, on the Certificates or the (2) failure to perform or observe duly or punctually any other covenant, condition or agreement contained in the Certificates or in the Ordinances and to be performed by the City. In addition to all the rights and remedies provided by the laws of the State of Texas, the City has covenanted and agreed that in the event the City (a) defaults in the payment of principal or interest on any of the Certificates when due, or (b) fails to make the payments required by the Ordinance for the benefit of the Certificates, or (c) defaults in the observance or performance of any other of the covenants, conditions or Certificates set forth in the Ordinance, the following remedies shall be available as stated in the Ordinance: The registered owner or owners of any of the Certificates shall be entitled to a writ of mandamus issued by a court of proper

construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates, or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the owners of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, owners of the Certificates may not be able to bring such a suit against the City for breach of the Certificates, as the case may be, or the Ordinance's covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or owners of the Certificates which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and Certificates, are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

## **BOND INSURANCE**

The City has applied for a bond insurance policy to guarantee the scheduled payment of principal of and interest on the Certificates. The City has yet to determine whether an insurance policy will be purchased on the Certificates. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

### **BOND INSURANCE RISK FACTORS**

In the event of default of the payment of principal or interest with respect to the Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the Certificates of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates.

The long-term ratings on the Certificates are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Certificates insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. See description of "RATINGS" herein.

The Certificates of the Bond Insurer are contractual Certificates and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the City or Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Certificates and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information

provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

## **REGISTRATION, TRANSFER AND EXCHANGE**

### **Initial Paying Agent/Registrar**

The initial Paying Agent/Registrar is UMB Bank, N.A. Austin, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar for the Certificates. If a Paying Agent/Registrar is replaced by the City, such Paying Agent/Registrar, promptly upon the appointment of its successor, is required to deliver the registration records to the successor Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the City shall be a commercial bank, trust company or other entity duly qualified and legally authorized to serve as and perform the duties of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificates, the City shall promptly cause a written notice of such change to be sent to each registered owner of the Certificates affected by the change, by United States mail, first class postage prepaid, which notice shall give the address for the new Paying Agent/Registrar.

### **Future Registration**

In the event the use of the "Book-Entry-Only System" for the Certificates should be discontinued, printed certificates evidencing the Certificates will be delivered to the Registered Owners of the Certificates affected thereby and thereafter such Certificates may be transferred, registered and assigned on the registration books only upon presentation and surrender of such printed security certificates to the Paying Agent/Registrar, and such registration and transfer 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 and transfer. The Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new Registered Owner at the Registered Owner's request, risk and expense. To the extent possible, new security certificates issued in an exchange or transfer of Certificates will be delivered to the Registered Owner or assignee of the owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New security certificates registered and delivered in an exchange or transfer shall be in denominations of \$5,000 of principal amount for any one maturity or any integral multiple thereof and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer (see "BOOK-ENTRY-ONLY SYSTEM" herein).

### **Mutilated, Destroyed, Lost, or Stolen Certificates**

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and in substitution for a Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only (a) upon filing with the City and the Paying Agent/Registrar evidence satisfying to them that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the City and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

### **Payment Record**

The City has never defaulted on the payment of its bonded indebtedness.

## **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 I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.*

### **Valuation of Taxable Property**

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Hidalgo County 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

the preceding tax year plus the market value of all new improvements to the property.

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

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see “AD VALOREM PROPERTY TAXATION – City 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.

### **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 at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

### **Local Option Freeze for the Elderly and Disabled**

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

### **Personal Property**

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

### **Freeport and Goods-In-Transit Exemptions**

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

### **Other Exempt Property**

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

### **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 Property Tax Code, as amended. Section 11.35 of the Property Tax Code was enacted during the 2019 legislative session, and there is no 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.

### **Tax Increment Reinvestment Zones**

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other Certificates of such taxing units. See "AD VALOREM PROPERTY TAXATION" – City Application of Property Tax Code" for descriptions of any TIRZ created in the City.

### **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 – City Application of Property Tax Code" for descriptions of any of the City's tax abatement agreements.

### **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.

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

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

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

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

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

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

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

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district



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

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

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

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

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

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

### **Debt Tax Rate Limitations**

Article XI, Section 5 of the Constitution of the State of Texas provides that the ad valorem taxes levied by the City for general purposes and for the purpose of paying the principal of and interest on the City's indebtedness may not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no constitutional or statutory limitation within the \$2.50 rate for interest and sinking fund purposes; however, the Texas Attorney General has adopted an administrative policy that prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from \$1.50 of the foregoing \$2.50 maximum tax rate calculated at 90% collection. The issuance of the Certificates does not violate the constitutional restriction or the Texas Attorney General's administrative policy.

### **City and Taxpayer Remedies**

Under certain circumstances, the City 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 City 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.

### **Levy and Collection of Taxes**

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also



accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. See "AD VALOREM TAX PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster" for further information related to a discussion of the applicability of this section of the Property Tax Code.

### **City's Rights in the Event of Tax Delinquencies**

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

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

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

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

### **City Application of Property Tax Code**

The City does grant a local option exemption of the market value of all residence homesteads.

The City does not grant a local option exemption of the market value of the residence homestead of persons 65 years of age or older.

The City does grant a local option freeze on taxes for persons 65 years of age or older or disabled persons.

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

The City does not tax Freeport Property.

The City does not tax Goods-in-Transit.

The City has not adopted a tax abatement policy with respect to certain areas within the City.

The City does participate in a TIRZ. On September 24, 2001, the City approved a Tax Increment Reinvestment Zone (the "Reinvestment Zone") under Chapter 311 of the Tax Code and on December 10, 2001 approved an enlargement to that Reinvestment Zone. The Reinvestment Zone became effective on January 1, 2002. The total area included in the Reinvestment Zone is approximately 7,295.63 acres. Accordingly, the tax revenue from the incremental value of these approximately 7,406 acres and improvements thereon, is not available to the City to use for the repayment of bonds. Only the value of the acreage for the 2001 base tax year is available for levy to pay the Certificates. Tax revenues generated from the incremental value in the zone are allocable to expenditures within the Zone, including the payment of debt service on the bonds issued solely to make improvements in the Zone.

## **INVESTMENTS**

The City invests its funds in investments authorized by Texas law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

### **Legal Investments**

Under Texas law (Texas Public Funds Investment Act; Chapter 2256, Texas Government Code, as amended), the City is authorized to invest in the following:

- (1) Certificates, including letters of credit, of the United States or its agencies and instrumentalities,
- (2) direct Certificates of the State of Texas or its agencies and instrumentalities;

(4) other Certificates, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including Certificates 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) Certificates 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) certificates of deposit and share certificates, respectively, meeting the requirements of the Texas Public Funds Investment Act (a) that are issued, by or through an institution that has its main office or a branch office in Texas and are guaranteed, respectively, or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by Certificates described in clauses (1) through (6) above, or in any other manner and amount provided by law for City deposits; or (b) that are invested by the City through (i) a broker whose services are legally procured by the City that has its main office or a branch office in this state and is selected from a list of qualified brokers reviewed, revised and adopted at least annually by the City to undertake investment transactions with the entity, or (ii) a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the Public Funds Investment Act (Chapter 2256 of the Texas Government Code); and (c) the selected broker or the depository institution selected by the City (i) arranges for the deposit of funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (ii) the City appoints (A) a qualified depository, or (B) a qualified custodian which may include: (I) a state or national bank (II) that is designated by the State Comptroller as a state depository; (III) has its main office or a branch office in this state; and (IV) has a capital stock and permanent surplus of \$5 million or more; or (is has its main office or a branch office in this state; or (V) the Texas Treasury Safekeeping Trust Company; a Federal Reserve Bank or a branch of a Federal Reserve Bank; or federal home loan bank.

(8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and Certificates described in clause (1) above which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party custodian selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or through a financial institution doing business in the State;

(9) bankers' acceptances with the remaining term of 270 days or fewer from the date of issuance, which will be, in accordance with their terms, liquidated in full at maturity; are eligible collateral for borrowing from a Federal Reserve Bank, if the short-term Certificates 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;

(10) commercial paper with the remaining term of 270 days or less from the date of issuance that is rated at least A-1 or P-1 or the equivalent by at least (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,

(11) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share,

(12) no-load mutual fund registered with the United States Securities and Exchange Commission that: have an average weighted maturity of less than two years, invest exclusively in Certificates described in the preceding clauses and clause, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent;

(13) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent and bonds issued, assumed or guaranteed by the State of Israel;

(14) If specifically authorized in the Order or Resolution authorizing the issuance of bonds or other policies, bond proceeds may be invested in guaranteed investment contracts ("GICs") that have a defined termination date and are secured by Certificates of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds under such contract, other than as prohibited as described under "Prohibited Investments". For GICs to be eligible as an authorized investment, (1) GICs must be specifically authorized by the governing body of the City in the order, ordinance, or resolution authorizing the issuance of bonds; (2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received; (3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received; (4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and (5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(15) The City may enter into securities lending programs if (a) the value of the securities loaned under the program, including the accrued interest thereon, are fully collateralized; a loan made under the program allows for termination at any time; and a loan made under the program is either secured by (i) Certificates that are described in clauses (1) through (6) and clause (13) above, (ii) pledged 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 (iii) cash invested in Certificates described in clauses (1) through (6) and clauses (10), (11) and (12) above, or an authorized investment pool; (b) securities held as collateral under a loan are pledged to the City or a third party designated by the City; (c) a loan made under the

program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (d) the agreement to lend securities has a term of one year or less.

### **Prohibited Investments**

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

### **Investments Through An Investment Pool**

The City may invest its funds and funds under its control through an eligible investment pool if the board of trustees of the City by rule, order or resolution, as appropriate, authorizes investment in the particular pool. To be eligible, an investment pool must invest the funds it receives from the City in authorized investments permitted by the Act, including mutual funds and must furnish to the City's investment officer or other authorized representative of the City an offering circular or other similar disclosure instrument that contains, at a minimum, the following information: the types of investments in which money is allowed to be invested; the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool; the maximum stated maturity date any investment security within the portfolio has; the objectives of the pool; the size of the pool; the names of the members of the advisory board of the pool and the dates their terms expire; the custodian bank that will safe keep the pool's assets; whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation; whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment; the name and address of the independent auditor of the pool; the requirements to be satisfied for a City to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the City to invest funds in and withdraw funds from the pool; and the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

In order to maintain eligibility to receive funds from and invest funds on behalf of the City, an investment pool must disclose to the City's investment officer in its offering circular or other disclosure report, and, on its internet site if it operates an internet site, the information required to be disclosed under the previous paragraph hereof; and also furnish to the investment officer or other authorized representative of the City: investment transaction confirmations; and a monthly report that contains, at a minimum, the following information: (A) the types and percentage breakdown of securities in which the pool is invested; (B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool; (C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year; (D) the book value versus the market value of the pool's portfolio, using amortized cost valuation; (E) the size of the pool; (F) the number of participants in the pool; (G) the custodian bank that is safekeeping the assets of the pool; (H) a listing of daily transaction activity of the City participating in the pool; (I) the yield and expense ratio of the pool (yield, and how yield is calculated, must be reported to pool investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.); (J) the portfolio managers of the pool; and (K) any changes or addenda to the offering circular; (k) an annual audited financial statement of the investment pool in which the City has funds; (L); if the pool in its advertising offers fee breakpoints based on fund balances invested, to include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

The City may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

A public funds investment pool created to function as a money market mutual fund must: mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005; must have an advisory board composed: (A) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool managed by a state agency; or (B) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

### **Investment Policies**

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment owned by the City and the maximum average dollar-weighted maturity allowed for pooled fund groups and methods to monitor the market price of investments acquired with public funds and the liquidation of such investments consistent with the requirement that investments not retaining a minimum rating do not qualify as an authorized investment and should be liquidated;. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City 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 beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and 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 City funds without express written authority from the Board of Trustees.

### **Additional Provisions**

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

See Appendix A – Table 12 for description of the City's current investments.

### **PENSION PLANS AND DEFERRED COMPENSATION PLANS**

All qualified employees of the City are members of the Texas Municipal Retirement System. Covered employees of the City contribute 7% of gross covered salary. The City's contribution is determined annually by actuarial study as a percent of gross covered payroll. For the calendar year 2025, the rate was 8.77%. For additional information, refer to the notes to the Combined Financial Statements for the year ended September 30, 2023, in Appendix C herein.

### **TAX MATTERS**

#### **Opinion**

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

In rendering its opinions, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificates, (b) covenants of the City contained in the Certificate documents relating to certain matters, including arbitrage and the use of the proceeds of the Certificates. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the property financed or refinanced with proceeds of the Certificates. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the

Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the owners of the Certificates may have no right to participate in such procedure. No additional interest will be paid by the City upon any determination of taxability.

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Certificates may be less than the maturity amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Certificates"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments made thereon. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year. Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

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

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

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

Interest on the Certificates will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt Certificates, such as the Certificates, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Certificates, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final

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

## **LITIGATION**

Various lawsuits pending against the City involve claims relating to general liability, automotive liability, workers' compensation, civil rights actions, and various contractual matters. In the opinion of the City's management, the outcome of the pending litigation will not have a material adverse effect on the City's financial position or operations.

### **Federal Investigation Relating to Lease Purchase Agreement**

On March 25, 2021, the City entered into a tax-exempt lease purchase agreement (the "LPA") with Performance Services, Inc. ("PSI") with respect to the financing of the acquisition and installation of water meters and led lighting throughout the City for energy savings. The amount of the LPA totaled \$17,247,078.49. In 2021, the Federal Bureau of Investigation (the "FBI") issued a subpoena to the City requesting information relating to the procurement and approval of the LPA with PSI. The City complied with providing the requested information. The City is unaware of the existence or status of any FBI investigation relating to this matter.

## **CYBERSECURITY EVENT**

On February 28, 2025, the City's entire computer network suffered a cybersecurity incident such that the City's entire server and back up servers were encrypted by ransomware (the "Cybersecurity Event"). The City has resolved the Cybersecurity Event and approximately ninety-five percent of the information lost has been recovered. The City carried cybersecurity insurance at the time of the Cybersecurity Event. The Cybersecurity Event did not have a material adverse impact on the City's finances. In response to the Cybersecurity Event, the City has (1) engaged a 24/7 cybersecurity monitoring service, (2) partnered with the University of Texas Rio Grande Valley and the Alamo Regional Security Operation Centers for best practices and cybersecurity assessments, (3) established immutable back-up solutions, (4) migrated local applications to the Cloud, (5) provided for ongoing employee cybersecurity training, and (6) improved network segregation and security posture with new, robust firewalls.

## **REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE**

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

## **LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

The City 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 Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

## **LEGAL MATTERS**

The delivery of the Certificates is subject to the approval of the Attorney General of Texas to the effect that the Certificates are valid and legally binding Certificates of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City and that the Certificates are additionally secured by a limited pledge on the Net Revenue from the City's Waterworks and Sewer System in an amount not to exceed 1,000, and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix

D. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent upon the sale and delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by the Jackson Walker LLP, San Antonio, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Certificates.

Bond Counsel was engaged by, and only represents, the City. The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the 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. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions "THE CERTIFICATES", "REGISTRATION, TRANSFER AND EXCHANGE" (except under the sub-caption "Payment Record"), "TAX MATTERS", "REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE", "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS", "LEGAL MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except under the sub-caption "Compliance With Prior Undertakings") and such firm is of the opinion that the information relating to the Certificates and legal matters contained under such captions and sub-captions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the 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 from the transaction.

### **RATINGS**

The Certificates and the other presently outstanding tax supported debt of the City have been rated "A - " by S&P Global Ratings, Inc. ("S&P") and "Baa2" by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of such ratings may be obtained from the rating agency. The rating of the Certificates by Moody's and S&P reflects only the views of said companies at the time the rating is given, and the City makes no representations as to the appropriateness of the ratings. There is no assurance that ratings will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by either rating agency if, in the judgment of said company, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Certificates.

### **AUTHENTICITY OF FINANCIAL INFORMATION**

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

### **USE OF INFORMATION IN OFFICIAL STATEMENT**

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

### **UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City at a price equal to the initial public offering price set forth on the inside front cover of this official statement, less an underwriting discount of \$ \_\_\_\_\_. The Underwriters' Certificates are subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and



In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

SAMCO Capital Markets Inc., as an Underwriter of the Certificates, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, SAMCO Capital Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, SAMCO Capital Markets Inc. will compensate Fidelity for its selling efforts.

### **FINANCIAL ADVISOR**

Estrada Hinojosa (the "Financial Advisor") is employed as Financial Advisor to the City. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Certificates are based on the amount of Certificates actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Certificates.

The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

### **FORWARD LOOKING STATEMENTS**

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

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

### **CONTINUING DISCLOSURE OF INFORMATION**

In the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB").

#### **Annual Reports**

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in Appendix A of this Official Statement under Tables 1 through 7 and 9 through 12. The City will update and provide this information within six months after the end of each fiscal year in and after 2025. The City will additionally provide audited financial statements within 12 months after the end of each fiscal year ending in or after 2025.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time, and will provide audited financial statements when and if an audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix C or such other accounting principles as the City may be required to employ from time to time pursuant to State law.

The City's current fiscal year end is September 30. Accordingly, it must provide updated financial information of the general type in Appendix A by the last day of March in each year, and its audited financial statements by the last day of September in each year, unless the City changes



its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

#### **Notice of Occurrence of Certain Events**

The City also will provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten (10) 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 or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificates calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional paying agent/registrar or change of name of the paying agent/registrar, if material; (15) incurrence of a "Financial Obligation" of the City (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. Neither the Certificates nor the Ordinance make any provision for liquidity enhancement, credit enhancement, or require the funding of debt service reserves.

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under the state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, 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 City, and (b) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

#### **Notice of Failure to Timely File**

The City also will notify the MSRB through EMMA, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with the provisions described above.

#### **Availability of Information**

All information and documentation filing required to be made by the City in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

#### **Limitations and Amendments**

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

The continuing disclosure agreement may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell the Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. The City may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provision 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 the Certificates in the primary offering of the Certificates. If the City so amends the provisions of either of the agreements described above, it shall include with any financial information or operating data next provided in accordance with such agreement an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or

For fiscal year ending September 30, 2024 (“FYE 2024”), and because of the impact on availability to data caused by a cybersecurity event, the City did not file its annual financial operating information or its unaudited financial statements by the required date of March 31, 2025. See “CYBERSECURITY EVENT” herein. On April 9, 2025 the City filed a notice of material event citing the failure to file such information by the required date. On June 4, 2025, the City filed its FYE 2024 annual financial operating information and its unaudited financial statements with the MSRB via EMMA.

The City entered into a lease purchase agreement on March 25, 2021 in the amount of \$17,247,078.49. The City did not timely file a material event disclosure relating to the entering into of this financial obligation as required by the Rule. On June 4, 2025, the City filed a material event notice regarding this financial obligation with the MSRB via EMMA. The City has instituted new internal procedures to ensure timely filing of future required financial disclosures.

#### MISCELLANEOUS

The Ordinance 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 re-offering of the Certificates by the Underwriters.

This Official Statement has been approved by the City Council of the City for distribution in accordance with the provisions of the SEC’s rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

\_\_\_\_\_  
/s/  
Mayor  
City of Mission, Texas

ATTEST:

\_\_\_\_\_  
/s/  
City Secretary  
City of Mission, Texas

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**APPENDIX A**

**FINANCIAL INFORMATION REGARDING  
THE CITY OF MISSION, TEXAS**

# **Table 1 - Valuation, Exemptions, and Debt Certificates**

2024 Market Valuation Established by Hidalgo County Appraisal District		\$ 8,080,107,045
Less Exemptions/Reductions at 100% Market Value:		
Productivity Loss	\$ 128,488,827	
Homestead Cap	322,915,252	
Charitable Exemption	-	
Disabled	3,540,000	
Disabled Veterans Exemptions	121,563,197	
Exempt Property	517,427,144	
House Bill 366 Exemption	264,017	
Freeport	100,269,440	
Historical	-	
Low Income Housing	11,404,569	
Leased Vehicle Expense	-	
Abatements	-	
Solar Exemption	1,373,188	
Pollution Control	6,727,200	
Over 65	56,826,271	\$ 1,270,799,105
2024 Net Taxable Assessed Valuation		<u>\$ 6,809,307,940</u>
<b><u>General Obligation Debt Payable from Ad Valorem Taxes as of July 1, 2025</u></b>		
General Obligation Refunding Bonds, Series 2016	\$ 2,130,000	
Combination Tax and Revenue Certificates of Obligation, Series 2016	8,530,000	
Combination Tax and Revenue Certificates of Obligation, Series 2018	7,985,000	
General Obligation Refunding Bonds, Series 2021	2,025,000	
Combination Tax and Revenue Certificates of Obligation, Series 2021	16,785,000	
The Certificates*	9,640,000 *	
		<u>\$ 47,095,000 *</u>
Gross Funded Debt Payable From Ad Valorem Taxes		\$ 47,095,000 *
Interest and Sinking Fund (as of 9/30/2024)		\$ 1,835,773 <sup>(1)</sup>
Ratio Funded Debt to Taxable Assessed Valuation	0.69%	

2025 Estimated Population -	88,251
Per Capita Taxable Assessed Valuation -	\$ 77,158
Per Capita Funded Debt -	\$ 534

Source: Hidalgo County Appraisal District.

\*Preliminary, Subject to Change.

<sup>(1)</sup> Unaudited

Taxable Appraised Value for the Fiscal Year Ending September 30,						
Category	2025		2024		2023	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Real, Residential, Single-Family	\$ 5,232,443,343	64.76%	\$ 4,856,770,577	64.10%	\$ 4,331,478,336	69.29%
Real, Residential, Multi-Family	309,890,136	3.84%	290,706,100	3.84%	245,837,206	3.93%
Real, Vacant Lots/Tracts	194,684,326	2.41%	145,232,641	1.92%	147,043,492	2.35%
Real, Acreage (Land Only)	132,049,776	1.63%	127,871,365	1.69%	126,733,262	2.03%
Real, Farm and Ranch Improvements	44,837,513	0.55%	44,138,003	0.58%	41,324,378	0.66%
Rural Land (non qualified)	-	0.00%	-	0.00%	-	0.00%
Real, Commercial/Industrial	930,847,315	11.52%	892,230,047	11.78%	860,998,607	13.77%
Real, Oil and Gas	-	0.00%	-	0.00%	-	0.00%
Tangible Non-Business Vehicles	-	0.00%	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	73,810,088	0.91%	69,465,598	0.92%	66,696,143	1.07%
Tangible Personal, Commercial/Industrial	552,200,817	6.83%	576,701,929	7.61%	358,126,926	5.73%
Tangible Personal, Mobile Homes	29,052,578	0.36%	28,524,080	0.38%	23,369,486	0.37%
Tangible Personal, Other	-	0.00%	-	0.00%	-	0.00%
Real Property, Inventory	11,991,042	0.15%	19,111,105	0.25%	17,997,447	0.29%
Exempt Property	538,021,421	6.66%	494,261,985	6.52%	-	0.00%
Special Inventory	30,278,690	0.37%	31,485,602	0.42%	31,458,749	0.50%
Total Appraised Value Before Exemptions	\$ 8,080,107,045	100.00%	\$ 7,576,499,032	100.00%	\$ 6,251,064,032	100.00%
Less: Total Exemptions/Reductions	(1,270,799,105)		(1,196,522,766)		(540,253,946)	
Net Taxable Assessed Valuation	<u>\$ 6,809,307,940</u>		<u>\$ 6,379,976,266</u>		<u>\$ 5,710,810,086</u>	

Category	2022		2021	
	Amount	Percent of Total	Amount	Percent of Total
Real, Residential, Single-Family	\$ 3,617,918,465	57.88%	\$ 3,251,873,385	59.99%
Real, Residential, Multi-Family	224,652,276	3.59%	208,278,651	3.84%
Real, Vacant Lots/Tracts	159,698,095	2.55%	132,937,925	2.45%
Real, Acreage (Land Only)	125,778,054	2.01%	129,283,054	2.38%
Real, Farm and Ranch Improvements	36,585,900	0.59%	35,784,177	0.66%
Rural Land (non qualified)	-	0.00%	-	0.00%
Real, Commercial/Industrial	820,972,281	13.13%	826,696,439	15.25%
Real, Oil and Gas	-	0.00%	-	0.00%
Tangible Non-Business Vehicles	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	63,449,846	1.02%	64,657,384	1.19%
Tangible Personal, Commercial/Industrial	306,784,152	4.91%	299,214,597	5.52%
Tangible Personal, Mobile Homes	22,757,491	0.36%	19,005,463	0.35%
Tangible Personal, Other	-	0.00%	-	0.00%
Real Property, Inventory	17,994,361	0.29%	25,673,610	0.47%
Special Inventory	-	0.00%	21,751,241	0.40%
Exempt Property	24,549,025	0.39%	-	0.00%
Total Appraised Value Before Exemptions	\$ 5,421,139,946	86.72%	\$ 5,015,155,926	92.51%
Less: Total Exemptions/Reductions	(345,029,939)		(317,927,462)	
Net Taxable Assessed Valuation	<u>\$ 5,076,110,007</u>		<u>\$ 4,697,228,464</u>	

Source: Hidalgo County Appraisal District.

**Table 3: Valuation and Funded Debt History**

Fiscal Year Ended 9/30	Net Taxable Assessed Valuation	Tax Debt Outstanding at End of Year	Ratio of Tax Debt to Net Taxable Assessed Valuation
2016	\$ 3,844,000,756	\$ 26,645,000	0.69%
2017	4,079,416,450	39,860,083	0.98%
2018	4,134,332,814	36,235,000	0.88%
2019	4,224,845,048	44,043,316	1.04%
2020	4,458,407,349	39,897,445	0.89%
2021	4,697,228,464	54,015,000	1.15%
2022	5,076,110,007	50,310,000	0.99%
2023	5,710,810,086	46,315,000	0.81%
2024	6,379,976,266	42,025,000	0.66%
2025	6,809,307,940	47,095,000 <sup>(1)</sup>	0.69%

<sup>(1)</sup> Includes the Certificates, preliminary subject to change.

**Table 4 - Tax Rate, Levy and Collection History**

Fiscal Year Ended 30-Sep	Tax Rate	Distribution		Tax Levy (\$000)	% Current Collections	% Total Collections
		General Fund	Interest and Sinking Fund			
2016	\$ 0.49880	\$ 0.40000	\$ 0.09880	\$ 19,097,947	96.69%	102.01%
2017	0.49620	0.44040	0.05580	20,242,064	95.79%	100.52%
2018	0.48620	0.40580	0.08040	20,101,126	96.62%	101.51%
2019	0.48620	0.40660	0.07960	20,411,954	96.79%	101.59%
2020	0.52120	0.43030	0.09090	22,947,927	96.17%	100.95%
2021	0.52990	0.44170	0.08820	24,033,922	98.29%	102.65%
2022	0.52990	0.43590	0.09400	26,794,828	98.94%	101.61%
2023	0.52990	0.45570	0.07420	29,020,007	97.50%	97.50%
2024 <sup>(1)</sup>	0.52760	0.44950	0.07810	32,462,336	97.94%	97.94%
2025 <sup>(1)</sup>	0.55800	0.48230	0.07570	36,096,141	In Process of Collection	

Source: The City's 2023 Comprehensive Annual Financial Report, the Hidalgo Appraisal District and The City.

<sup>(1)</sup> Unaudited.

**Table 5 - Ten Largest Taxpayers**

Name of Taxpayer	Nature of Property	2024	% of Total
		Net Assessed Valuation	Net Assessed Valuation
Madero Grid LLC	Electric Utility	\$ 66,012,830	0.97%
Ignacio Grid LLC	Electric Utility	66,012,830	0.97%
AEP Texas Inc	Electric Utility	48,768,860	0.72%
Shary Retail LTD	Retailer	44,510,178	0.65%
Royal Technologies Corp	Manufacturer	38,618,796	0.57%
Stanley Black and Decker	Manufacturer	37,766,660	0.55%
Fronterra Generation LTD	Utility	31,255,460	0.46%
San Pedro VV LLC	Apartment Complex	23,190,195	0.34%
Plantation Mission LLC	Apartment Complex	17,345,710	0.25%
Bert Ogden Chevrolet	Auto Dealer	16,849,922	0.25%

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Source: The Hidalgo County Appraisal District

**Table 6 – Estimated Overlapping Debt**

<u>Taxing Body</u>	<u>Gross Amount</u>	<u>As of</u>	<u>% Overlap</u>	<u>\$ Overlap</u>
Hidalgo County	\$379,475,000	5/31/2025	11.29%	\$42,842,728
Hidalgo County Drainage District #1	249,590,000	5/31/2025	11.72%	29,251,948
Hidalgo ISD	22,098,000	5/31/2025	0.14%	30,937
La Joya ISD	152,817,680	5/31/2025	15.49%	23,671,459
Mission CISD	82,128,000	5/31/2025	70.97%	58,286,242
Sharyland ISD	70,250,000	5/31/2025	57.04%	40,070,600
South Texas College	85,419,693	5/31/2025	10.63%	9,080,113
Total Net Overlapping Debt				\$203,234,026
<b>City of Mission <sup>(1)</sup></b>	<b>47,095,000</b>	<b>5/31/2025</b>	<b>100%</b>	<b>47,095,000</b>
<b>Total Direct and Overlapping Debt</b>				<b>250,329,026</b>
Ratio Direct and Overlapping Debt to 2024/25 Net Taxable Assessed Valuation				3.68%
Ratio Direct and Overlapping Debt to 2024/25 Market Valuation				2.52%
Per Capita Direct and Overlapping Debt				\$ 2,837

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Source: The Texas Municipal Advisory Council

<sup>(1)</sup> Includes the Certificates. Preliminary, subject to change.



**Table 7 - Estimated Interest and Sinking Fund Projection**

Estimated Debt Service Requirements, Fiscal Year Ended 9-30-25		\$	4,363,581	<sup>(1)</sup>
Interest and Sinking Fund, Fiscal Year Ended 9-30-24	\$	1,835,773	<sup>(2)</sup>	
Interest and Sinking Fund Tax Levy @ 95% Collection		4,896,914		
Investment Income		-		
Budgeted Transfers - Estimated		1,950,000	8,682,687	
Estimated Balance, Fiscal Year Ended 9-30-25		\$	4,319,106	

<sup>(1)</sup> Figure includes the Certificates and excludes self-supporting debt.

<sup>(2)</sup> Unaudited.

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**Table 8 - Ad Valorem Tax Debt Service Requirements**

FYE 9/30	Existing Debt Service			The Certificates *			Total Debt Service			Self D
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2025	\$ 4,570,000	\$ 1,743,581	\$ 6,313,581	\$ -	\$ -	\$ -	\$ 4,570,000	\$ 1,743,581	\$ 6,313,581	\$
2026	4,435,000	1,521,300	5,956,300	210,000	581,753	791,753	4,645,000	2,103,053	6,748,053	
2027	4,125,000	1,310,425	5,435,425	295,000	496,614	791,614	4,420,000	1,807,039	6,227,039	
2028	3,990,000	1,111,650	5,101,650	310,000	480,430	790,430	4,300,000	1,592,080	5,892,080	
2029	3,885,000	927,688	4,812,688	325,000	463,444	788,444	4,210,000	1,391,131	5,601,131	
2030	3,615,000	759,675	4,374,675	345,000	445,521	790,521	3,960,000	1,205,196	5,165,196	
2031	3,785,000	590,100	4,375,100	365,000	426,529	791,529	4,150,000	1,016,629	5,166,629	
2032	2,315,000	457,050	2,772,050	385,000	406,466	791,466	2,700,000	863,516	3,563,516	
2033	2,270,000	365,350	2,635,350	405,000	385,334	790,334	2,675,000	750,684	3,425,684	
2034	1,150,000	296,950	1,446,950	430,000	362,998	792,998	1,580,000	659,948	2,239,948	
2035	1,200,000	249,950	1,449,950	450,000	339,458	789,458	1,650,000	589,408	2,239,408	
2036	1,245,000	201,050	1,446,050	475,000	314,714	789,714	1,720,000	515,764	2,235,764	
2037	1,295,000	150,250	1,445,250	500,000	288,633	788,633	1,795,000	438,883	2,233,883	
2038	1,340,000	104,250	1,444,250	530,000	261,080	791,080	1,870,000	365,330	2,235,330	
2039	1,385,000	63,375	1,448,375	560,000	231,923	791,923	1,945,000	295,298	2,240,298	
2040	1,420,000	21,300	1,441,300	590,000	201,160	791,160	2,010,000	222,460	2,232,460	
2041	-	-	-	620,000	168,793	788,793	620,000	168,793	788,793	
2042	-	-	-	655,000	134,686	789,686	655,000	134,686	789,686	
2043	-	-	-	690,000	98,708	788,708	690,000	98,708	788,708	
2044	-	-	-	730,000	60,723	790,723	730,000	60,723	790,723	
2045	-	-	-	770,000	20,598	790,598	770,000	20,598	790,598	
Totals	42,025,000	9,873,944	51,898,944	9,640,000	6,169,561	15,809,561	51,665,000	16,043,504	67,708,504	

Source: Municipal Advisory Council of Texas

\*Preliminary, subject to change. Interest calculated at an assumed rate for purposes of illustration only.

**Table 9 – Other Obligations <sup>(1)</sup>**

Year Ending September 30	Principal	Interest	Total
2025	3,815,152	901,745	4,716,897
2026	3,508,773	676,100	4,184,873
2027	3,152,462	527,168	3,679,630
2028	1,548,301	318,980	1,867,281
Thereafter	7,385,074	1,001,535	8,386,608
	\$ 19,409,762	\$ 3,425,528	\$ 22,835,290

Source: City of Mission

<sup>(1)</sup> The figures above include debt service payable on a 2021 lease purchase agreement entered into by the City with respect to the financing of LED lighting throughout the City for energy savings. The original amount of the lease purchase agreement was \$17,247,078.49. In 2024, the outstanding amount of the lease purchase agreement utilizing unspent proceeds of the lease purchase agreement.

**Table 10 - General Fund Revenues and Expenditures**

	Fiscal Years Ended September 30,				
	2024 <sup>(1)</sup>	2023	2022	2021	2020
<b>Revenues</b>					
Taxes	\$ 48,184,314	\$ 44,556,387	\$ 40,275,108	\$ 36,730,127	\$ 34,634,613
Licenses and Permits	1,098,845	1,159,316	1,215,475	1,066,542	738,605
Intergovernmental	2,698,657	2,137,675	2,333,002	1,305,884	1,002,568
Charges for Service	3,325,016	2,060,852	1,327,846	934,800	881,737
Fines and Forfeitures	912,870	810,199	829,586	725,713	585,564
Investment Earnings	130,438	14,719	11,576	11,538	32,945
Rental Revenues	-	-	-	-	-
Miscellaneous	534,272	781,400	528,255	695,165	318,499
<b>Total Revenues</b>	<b>\$ 56,884,412</b>	<b>\$ 51,520,548</b>	<b>\$ 46,520,848</b>	<b>\$ 41,469,769</b>	<b>\$ 38,194,531</b>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	\$ 12,551,728	\$ 11,630,870	\$ 11,331,758	\$ 10,548,194	\$ 10,977,147
Public Safety	32,114,117	26,499,137	28,042,403	26,486,135	17,284,019
Highway and Streets	4,233,781	4,447,499	4,265,275	3,992,978	4,096,284
Health and Welfare	1,018,741	881,431	741,243	719,297	639,776
Culture and Recreation	5,300,492	6,157,735	6,056,622	5,838,266	5,070,300
Economic Development	-	-	-	-	-
Debt Service	\$1,658,664	1,764,580	1,460,360	1,340,325	661,740
Intergovernmental	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 56,877,522</b>	<b>\$ 51,381,252</b>	<b>\$ 51,897,661</b>	<b>\$ 48,925,195</b>	<b>\$ 38,729,266</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over Expenditures</b>	<b>\$ 6,889</b>	<b>\$ 139,296</b>	<b>\$ (5,376,813)</b>	<b>\$ (7,455,426)</b>	<b>\$ (534,735)</b>
Leases and SBITAs	-	1,785,775	1,460,715	2,902,450	1,667,130
Proceeds from Sale of Assets	-	25,260	(17,863)	45,881	25,794
Operating Transfers In	4,308,791	2,783,707	1,281,876	5,684,744	6,870,488
Operating Transfers Out	(3,791,286)	(807,270)	(1,498,538)	(1,576,961)	(3,210,825)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 517,505</b>	<b>\$ 3,787,472</b>	<b>\$ 1,226,190</b>	<b>\$ 7,056,114</b>	<b>\$ 5,352,587</b>
<b>Net Change in Fund Balance</b>	<b>\$ 524,394</b>	<b>\$ 3,926,768</b>	<b>\$ (4,150,623)</b>	<b>\$ (399,312)</b>	<b>\$ 4,817,852</b>
<b>Fund Balances at Beginning of Year</b>	<b>\$ 7,380,509</b>	<b>\$ 3,296,093</b>	<b>\$ 7,446,716</b>	<b>\$ 7,846,028</b>	<b>\$ 3,028,176</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>157,648</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 7,904,903</b>	<b>\$ 7,380,509</b>	<b>\$ 3,296,093</b>	<b>\$ 7,446,716</b>	<b>\$ 7,846,028</b>

Source: City's Comprehensive Annual Financial Reports and the City.

<sup>(1)</sup> Unaudited.

Fiscal Year Ended 30-Sep	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2015	\$ 15,129,371	61.42%	0.3242
2016	15,151,373	59.57%	0.2959
2017	14,859,571	54.88%	0.2723
2018	15,091,746	57.67%	0.2804
2019	16,683,096	62.24%	0.3007
2020	16,631,973	55.94%	0.2880
2021	20,329,254	66.24%	0.3389
2022	24,039,025	68.07%	0.3607
2023	25,311,509	87.22%	0.4432
2024	27,978,765	86.19%	0.4385

Source: The Texas Comptroller's Historical Allocation Summary

<sup>(1)</sup> Unaudited.

**Table 12 - Current Investments (as of September 30, 2024) <sup>(1)</sup>**

Tex Pool	\$ 2,145,742
Agencies	247,000
	<u>\$ 2,392,742</u>

Source: The City.

<sup>(1)</sup> Unaudited.

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**APPENDIX B**

**GENERAL INFORMATION REGARDING  
THE CITY OF MISSION AND HIDALGO COUNTY, TEXAS**

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## APPENDIX B

### GENERAL INFORMATION REGARDING THE CITY OF MISSION, TEXAS AND HIDALGO COUNTY, TEXAS

#### The City

The City of Mission is located in the Lower Rio Grande Valley on the U.S. Highway 83, approximately 7 miles west of downtown McAllen, 66 miles west of Brownsville, 250 miles south of San Antonio, and 158 miles southwest of Corpus Christi. The City derives its name from the tiny La Lomita Mission built in 1845 by the Oblate Order of Catholic Priests. Used as a chapel and way-station for traveling priests, the mission grew and remained active until the Fathers moved into the established town of Mission in 1911.

As part of the Mission/McAllen/Edinburg Metropolitan Statistic Area (the “MSA”), Mission is located right on the Texas-Mexico border, offering international access in minutes. With first rate highways, rail access, and an MSA population of over a million, Mission provides the perfect balance of big city living, small town charm, border accessibility and business savvy.

#### Demographics

The City of Mission had a 2020 Census of 85,778 a 60.91% increase since 2000.

Below is a comparison of the population trends for the City of Mission and Hidalgo County.

<u>City of Mission</u> <u>Population</u>	<u>Calendar Year</u> <u>Ended</u>	<u>Hidalgo County</u> <u>Population</u>
13,508	1970	209,289
22,653	1980	283,323
28,653	1990	383,545
47,889	2000	569,463
77,058	2010	774,769
85,778	2020	870,781

#### Economy

The City’s economy is diversified by tourist industry, agribusiness, petroleum, and international trade with Mexico. The City is a commercial center for citrus crops with more than 30 industrial plants. The City advertises itself as the “Home of the Grapefruit”, with the famed Texas Ruby Red the referenced grapefruit.

The City is the winter home to thousands of “Winter Texans” who travel primarily from the Mid-West and Canada to the Rio Grande Valley. Many drive their Recreational Vehicles (“RVs”), while others rent apartments, condos or homes during their stay in the Mission area. The City has 74 RV parks which house the approximately 22,000 Winter Texans that winter there.

#### Major Employers

<u>Name</u>	<u>Classification</u>	<u>Employees</u>
Mission Consolidated Independent School District	Education	2,400
Sharyland Independent School District	Education	1,638
Mission Regional Medical Center	General and Surgical Hospital	980
T-Mobile	Telecommunications	830
City of Mission	City Government	725
Wonderful Citrus	Agriculture	700
H.E. Butt Grocery	Retail Grocer	622
Stanley Black and Decker	Manufacturer	400
Wal Mart Supercenter	Discount Center	328
Home Depot	Construction Supplier	180

Source: City’s Certified Annual Financial Report for the Fiscal Year Ended September 30, 2023.

## Transportation

International Crossings - The City of Mission is currently served by three International Crossings. The Hidalgo International Bridge which is only ten minutes from Mission, the Pharr International Bridge which is around 20 miles from Mission and the Anzalduas International Bridge is immediately south of Mission on Bryan Road.

Highways – Ideally located along the U.S. / Mexican Border, Mission gives access north to the United States via U.S. 83, U.S. 281 and U.S. 77 connecting to Interstate 35 to Interstate 37. Mission is less than ten miles from the U.S. 83/281 interchange and less than 40 miles from the U.S. 83 and 77 interchange. Interstate 37 and 35 are approximately 150 miles away. U.S. 281 is the future I-69.

Three miles to the south, lies the Mexican Border. Directly across the Rio Grande River is Reynosa, Mexico. Monterrey, with a metropolitan area population of 3,864,331 is less than 140 miles to the southwest.

Rail Service – Southern Pacific offers daily freight service to the north. Rio Valley Switching Co., has 49 miles of track from Mission to Harlingen with a spur into the Mission Expressway Business Park.

## Education

The Mission Consolidated Independent School District serves Mission and the neighboring town of Alton with an annual budget of more than \$200 million and more than 2,000 personnel. The District operates are 14 elementary schools, four junior high schools, tree high schools and an alternative campus.

La Joya Independent School District's 226 square miles covers the surrounding communities of La Joya, Palmview, Penitas, Sullivan City, Los Ebanos, Abram and Cuevitas. The district includes; 22 elementary schools, 8 middle schools, 3 high schools, and 2 early college high schools and one alternative site. The district employs over four thousand employees and has an operating budget of approximately \$383 million. La Joya ISD boasts an enrollment of over 24,000 students in grades Pre-K through 12 and is one of the fastest growing school districts.

The Sharyland Independent School District is comprised of parts of Mission and McAllen. It offers a solid base of broad range of extra-curricular activities from sports to academic competition. With over 600 teachers, the District is well-equipped to administer its special programs, such as Help One Student to Succeed (HOSTS), designed to provide reading instruction, health services, the Gifted and Talented Program, and vocational courses.

	Hidalgo County			Texas		
	March 2025	March 2024	March 2023	March 2025	March 2024	March 2023
Civilian Labor Force	402,106	394,808	389,190	15,807,696	15,512,671	15,168,296
Total Employment	378,353	372,530	365,345	15,177,754	14,903,001	14,557,177
Total Unemployment	23,753	22,278	23,845	629,942	609,670	611,119
Percentage Unemployment	5.9%	5.6%	6.1%	4.0%	3.9%	4.0%

Source: Texas Workforce Commission.



**APPENDIX C**

**EXCERPTS FROM THE  
CITY OF MISSION  
ANNUAL FINANCIAL REPORT**

For the Year Ended September 30, 2023

The information contained in this Appendix consists of excerpts from the City of Mission, Texas Report for the Year Ended September 30, 2023, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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**APPENDIX D**

**FORM OF BOND COUNSEL'S OPINION**

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