$14,850,000
General Obligation Bonds, Series 2021

And

$10,960,000
General Obligation Refunding Bonds, Taxable Series 2021

Town of Addison, Texas

"Aaa" Moody's Investors Service

"AAA" Standard & Poor's

August 10, 2021

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TAB A

TABULATION OF BIDS RECEIVED

BIDS DUE TUESDAY AUGUST 10, 2021 AT 10:00AM CDT

$14,850,000
TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2021

ACCOUNT MANAGER	TRUE INTEREST COST
BofA Securities	1.769479%
Robert W. Baird & Co., Inc.	1.788751%
Frost Bank	1.791590%
Raymond James & Associates, Inc.	1.835449%
KeyBanc Capital Markets	1.858193%

Prepared by:

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A Hilltop Holdings Company.
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Bond Debt Service

Town of Addison, Texas
$14,850,000 General Obligation Bonds, Series 2021
Tax-Exempt Rates as of 08/10/2021 AAA/Aaa
*** Winning Bid From BofA Securities ****

Period Ending	Principal	Coupon	Interest	Debt Service
9/30/2022	540,000	4.000%	423,528.39	963,528.39
9/30/2023	525,000	4.000%	440,281.30	965,281.30
9/30/2024	540,000	4.000%	418,981.30	958,981.30
9/30/2025	570,000	4.000%	396,781.30	966,781.30
9/30/2026	590,000	5.000%	370,631.30	960,631.30
9/30/2027	620,000	5.000%	340,381.30	960,381.30
9/30/2028	650,000	5.000%	308,631.30	958,631.30
9/30/2029	685,000	5.000%	275,256.30	960,256.30
9/30/2030	725,000	5.000%	240,006.30	965,006.30
9/30/2031	750,000	3.000%	210,631.30	960,631.30
9/30/2032	775,000	3.000%	187,756.30	962,756.30
9/30/2033	800,000	3.000%	164,131.30	964,131.30
9/30/2034	820,000	3.000%	139,831.30	959,831.30
9/30/2035	845,000	2.000%	119,081.30	964,081.30
9/30/2036	860,000	2.000%	102,031.30	962,031.30
9/30/2037	875,000	2.000%	84,681.30	959,681.30
9/30/2038	895,000	2.000%	66,981.30	961,981.30
9/30/2039	920,000	2.000%	48,831.30	968,831.30
9/30/2040	935,000	2.125%	29,696.92	964,696.92
9/30/2041	930,000	2.125%	9,881.27	939,881.27
	14,850,000		4,378,013.68	19,228,013.68

True Interest Cost (TIC): 1.777303%

Note: Final

TAB B

TABULATION OF BIDS RECEIVED

BIDS DUE TUESDAY AUGUST 10, 2021 AT 10:30 AM CDT

$10,960,000
TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION REFUNDING
BONDS, TAXABLE SERIES 2021

ACCOUNT MANAGER	TRUE INTEREST COST
BOK Financial Securities, Inc.	1.473910%
The Baker Group	1.487536%
Piper Sandler & Co	1.542394%
Robert W. Baird & Co., Inc.	1.547087%
Raymond James & Associates, Inc.	1.550347%
Frost Bank	1.561735%
Morgan Stanley & Co, LLC	1.603134%
SAMCO Capital Markets	1.722337%
J.P. Morgan Securities LLC	1.726802%

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Savings

Town of Addison, Texas
$10,960,000 General Obligation Refunding Bonds, Taxable Series 2021
Taxable Rates as of 08/10/2021 (AAA/Aaa)
***** Winning Bid From BOK Financial Securities, Inc. *****

Date	Prior Debt Service	Refunding Debt Service	Savings
9/30/2022	464,558.78	341,818.48	122,740.30
9/30/2023	464,558.78	343,000.00	121,558.78
9/30/2024	1,254,646.28	1,130,025.00	124,621.28
9/30/2025	1,253,840.03	1,130,025.00	123,815.03
9/30/2026	1,260,821.28	1,139,875.00	120,946.28
9/30/2027	1,260,465.03	1,139,575.00	120,890.03
9/30/2028	1,257,896.28	1,133,420.00	124,476.28
9/30/2029	1,261,836.28	1,144,985.00	116,851.28
9/30/2030	1,257,313.78	1,134,505.00	122,808.78
9/30/2031	1,260,157.53	1,137,760.00	122,397.53
9/30/2032	1,255,213.78	1,129,690.00	125,523.78
9/30/2033	1,262,313.14	1,140,170.00	122,143.14
	13,513,620.97	12,044,848.48	1,468,772.49

Savings Summary

Savings PV date	9/14/2021
PV of savings from cash flow	1,328,238.79

Net PV Savings ($)	1,328,238.79
Net PV Savings (%)	13.079653%

Note: Final

Bond Debt Service

Town of Addison, Texas
$10,960,000 General Obligation Refunding Bonds, Taxable Series 2021
Taxable Rates as of 08/10/2021 (AAA/Aaa)
***** Winning Bid From BOK Financial Securities, Inc. *****

Period Ending	Principal	Coupon	Interest	Debt Service
9/30/2022	205,000	3.000%	136,818.48	341,818.48
9/30/2023	200,000	3.000%	143,000.00	343,000.00
9/30/2024	995,000	1.000%	135,025.00	1,130,025.00
9/30/2025	1,005,000	1.000%	125,025.00	1,130,025.00
9/30/2026	1,025,000	1.000%	114,875.00	1,139,875.00
9/30/2027	1,035,000	1.000%	104,575.00	1,139,575.00
9/30/2028	1,040,000	1.150%	93,420.00	1,133,420.00
9/30/2029	1,065,000	1.400%	79,985.00	1,144,985.00
9/30/2030	1,070,000	1.500%	64,505.00	1,134,505.00
9/30/2031	1,090,000	1.600%	47,760.00	1,137,760.00
9/30/2032	1,100,000	1.700%	29,690.00	1,129,690.00
9/30/2033	1,130,000	1.800%	10,170.00	1,140,170.00
	10,960,000		1,084,848.48	12,044,848.48

True Interest Cost (TIC): **1.4715112%**

Note: Final

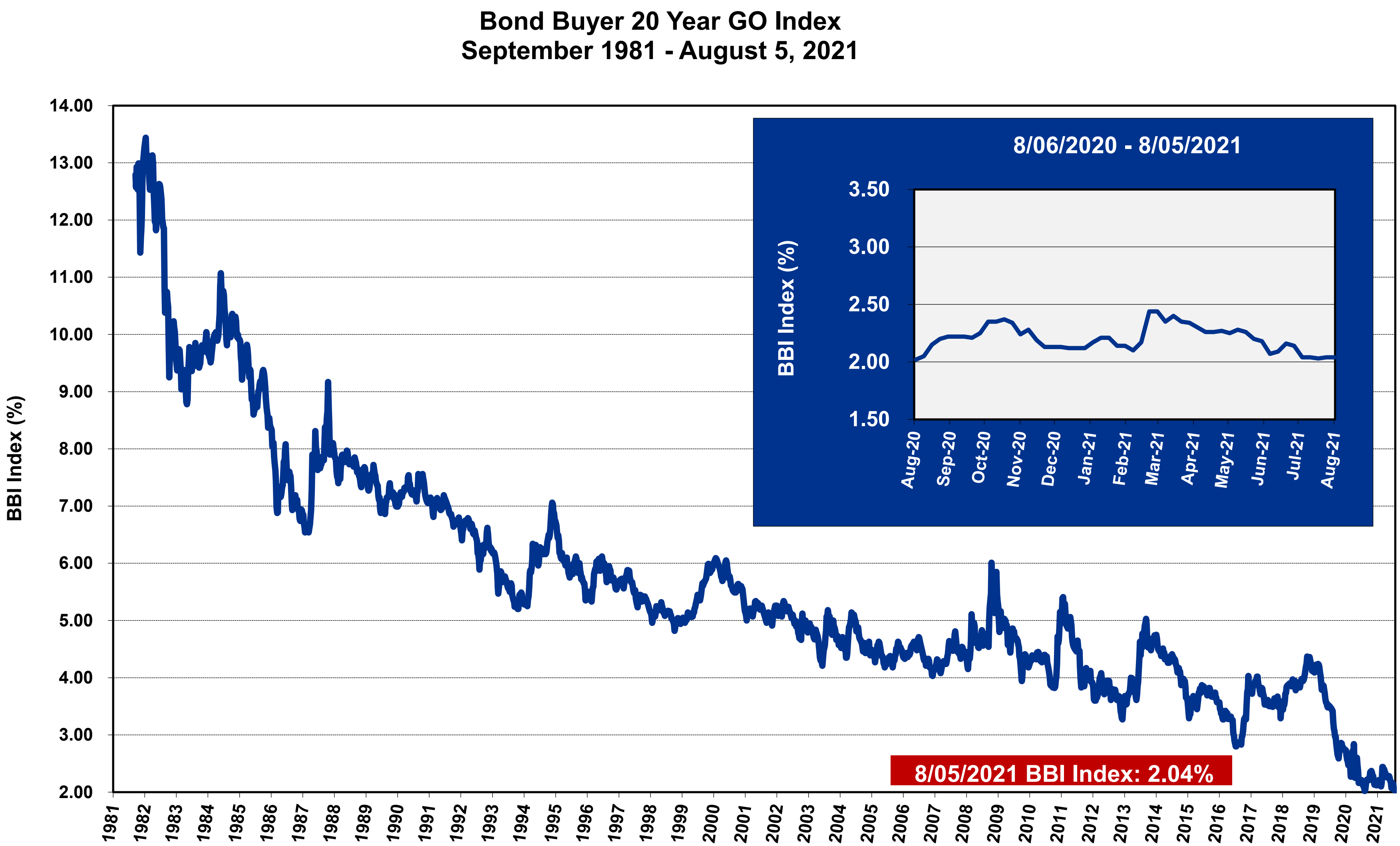
Summary of Bonds Refunded

Town of Addison, Texas
$10,960,000 General Obligation Refunding Bonds, Taxable Series 2021
Taxable Rates as of 08/10/2021 (AAA/Aaa)
***** Winning Bid From BOK Financial Securities, Inc. *****

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
$4,665,000 General Obligation Bonds, Series 2013, 2013, SERIAL:					
	2/15/2024	5.000%	230,000.00	2/15/2023	100.000
	2/15/2025	5.000%	240,000.00	2/15/2023	100.000
	2/15/2026	5.000%	255,000.00	2/15/2023	100.000
	2/15/2027	5.000%	265,000.00	2/15/2023	100.000
	2/15/2028	5.000%	280,000.00	2/15/2023	100.000
	2/15/2029	4.100%	295,000.00	2/15/2023	100.000
	2/15/2030	4.150%	305,000.00	2/15/2023	100.000
	2/15/2031	4.250%	320,000.00	2/15/2023	100.000
	2/15/2032	4.300%	330,000.00	2/15/2023	100.000
	2/15/2033	4.375%	345,000.00	2/15/2023	100.000
			2,865,000.00		
$1,875,000 General Obligation Bonds, Series 2013 (AMT), 2013_AMT, TERM_28:					
	2/15/2028	4.250%	500,000.00	2/15/2023	100.000
$1,875,000 General Obligation Bonds, Series 2013 (AMT), 2013_AMT, TERM_33:					
	2/15/2033	4.800%	630,000.00	2/15/2023	100.000
$10,185,000 Certificates of Obligation, Series 2013, 2013_CO, SERIAL:					
	2/15/2024	5.000%	490,000.00	2/15/2023	100.000
	2/15/2025	5.000%	515,000.00	2/15/2023	100.000
	2/15/2026	5.000%	545,000.00	2/15/2023	100.000
	2/15/2027	5.000%	575,000.00	2/15/2023	100.000
	2/15/2028	5.000%	600,000.00	2/15/2023	100.000
	2/15/2029	4.100%	630,000.00	2/15/2023	100.000
	2/15/2030	4.150%	655,000.00	2/15/2023	100.000
	2/15/2031	4.250%	685,000.00	2/15/2023	100.000
	2/15/2032	4.300%	715,000.00	2/15/2023	100.000
	2/15/2033	4.375%	750,000.00	2/15/2023	100.000
			6,160,000.00		
			10,155,000.00		

Note: Final

TAB C



Bond Buyer 20 Year GO Index is a weekly index estimating the composite yield on 20 general obligation bonds rated "A" or better.

This graph depicts historical interest rates. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, the supply and demand of short term securities, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of changes in such factors individually or in any combination could materially affect the relationships and effective interest rates. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the short term market or no market may exist at all.

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HISTORICAL SALE INFORMATION	SALE DATE	INTEREST RATE	ISSUE'S AVERAGE LIFE
$14,850,000 Town of Addison, Texas General Obligation Bonds, Series 2021	**8-10-21**	**1.777303%**	**10.993 Years**
$10,960,000 Town of Addison, Texas General Obligation Refunding Bonds, Taxable Series 2021	**8-10-21**	**1.471511%**	**6.804 Years**
$13,635,000 Town of Addison, Texas General Obligation Bonds, Series 2020	8-11-20	1.399084%	10.762 Years
$13,205,000 Town of Addison, Texas General Obligation Refunding Bonds, Taxable Series 2020	8-11-20	1.109101%	6.779 Years
$16,900,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019	9-10-19	2.3120186%	10.861 Years
$13,115,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019	12-11-18	3.301605%	12.055 Years
$23,560,000 Town of Addison, Texas General Obligation Refunding Bonds, Series 2016	5-13-16	2.405770%	10.070 Years
$2,145,000 Town of Addison, Texas General Obligation Refunding Bonds, Series 2014 (AMT)	2-25-14	1.462139%	3.572 Years
$12,000,000 Town of Addison, Texas General Obligation Bonds, Tax-Exempt Series 2014	2-25-14	3.287768%	12.268 Years
$7,565,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2014	2-25-14	3.287297%	12.041 Years
$4,665,000 Town of Addison, Texas General Obligation Bonds, Tax-Exempt Series 2013	7-15-13	3.8718352%	11.587 Years
$1,875,000 Town of Addison, Texas General Obligation Bonds, Series 2013A (AMT)	7-15-13	4.4466654%	11.461 Years
$1,250,000 Town of Addison, Texas General Obligation Bonds, Taxable Series 2013B	7-15-13	4.8394296%	11.555 Years
$10,185,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2013	7-15-13	3.8685514%	11.469 Years
$22,590,000 Town of Addison, Texas General Obligation Refunding and Improvement Bonds, Series 2012	8-14-12	2.7251433%	10.430 Years
$14,835,000 Town of Addison, Texas Combination Tax and Revenue Certificates of Obligation, Series 2012	8-14-12	2.8799953%	12.926 Years
$8,890,000 Town of Addison, Texas General Obligation Refunding Bonds, Series 2011	10-25-2011	1.498055%	3.686 Years

TAB D

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
22 July 2021

Rate this Research

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Addison (Town of) TX

Update to credit analysis

Summary

The Town of Addison, TX's (Aaa stable) credit profile is anchored by a regionally important economy north of the City of Dallas (A1 stable) with a moderately sized and growing tax base. The town's financial profile is solid with high reserve and liquidity levels, strengthened by access to additional liquidity outside the main operating funds. The ample reserves mitigate the town's vulnerability to weaker economic cycles because of slightly higher reliance on sales tax revenue. The exposure during softer economic times is exacerbated by the town's role as a major job center serving as home to several corporations, evidenced by a high daytime to nighttime population ratio. Positively, conservative budgeting practices and an adept management team with a willingness and the ability to reduce expenditures, has allowed the town to maintain a sound financial profile throughout the ongoing health pandemic. All of these strengths are balanced against slightly higher debt ratios compared to peers. Positively, the pension burden is affordable and will not be a drag on credit quality over the next several years.

Credit strengths

» Sound financial practices evidenced by high reserves

» Major commercial economic center

» Income and wealth indicators exceed national levels

Credit challenges

» Above average reliance on commercial property and sales tax revenues compared to peers

» Debt levels are slightly elevated compared to peers

» Debt retirement is slower than peers

Rating outlook

The stable outlook reflects the strength of the management team with budget reductions that will allow for structurally balanced operations to persist. These practices, supported by a stable economy, solid liquidity position and positive operating performance through fiscal 2021 based on unaudited results will allow the credit profile to remain stable over the next 18 to 24 months.

Factors that could lead to an upgrade

» Not applicable

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Factors that could lead to a downgrade

» Reduction in reserve levels

» Significant economic decline

» Sizeable debt issuance absent corresponding tax base growth

Key indicators

Exhibit 1

Addison (Town of) TX	2016	2017	2018	2019	2020
Economy/Tax Base					
Total Full Value ($000)	$4,036,724	$4,300,272	$4,450,534	$4,725,759	$4,819,907
Population	15,363	15,455	15,626	15,302	15,790
Full Value Per Capita	$262,756	$278,245	$284,816	$308,833	$305,251
Median Family Income (% of US Median)	126.3%	125.4%	119.0%	106.1%	106.1%
Finances					
Operating Revenue ($000)	$42,051	$47,377	$46,938	$46,861	$46,721
Fund Balance ($000)	$13,796	$16,742	$20,634	$20,102	$20,053
Cash Balance ($000)	$14,260	$17,448	$21,065	$20,111	$21,353
Fund Balance as a % of Revenues	32.8%	35.3%	44.0%	42.9%	42.9%
Cash Balance as a % of Revenues	33.9%	36.8%	44.9%	42.9%	45.7%
Debt/Pensions					
Net Direct Debt ($000)	$83,728	$77,650	$72,650	$68,735	$95,630
3-Year Average of Moody's ANPL ($000)	$62,796	$67,894	$59,677	$53,203	$63,053
Net Direct Debt / Full Value (%)	2.1%	1.8%	1.6%	1.5%	2.0%
Net Direct Debt / Operating Revenues (x)	2.0x	1.6x	1.5x	1.5x	2.0x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	1.6%	1.6%	1.3%	1.1%	1.3%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.5x	1.4x	1.3x	1.1x	1.3x

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

Profile

The Town of Addison is 12 miles north of downtown Dallas in Dallas County (Aaa stable). The town is home to several office spaces and the economy sees a high concentration of profession jobs with daytime population well over 3 times the nighttime population. The current population estimate is 15,790.

Detailed credit considerations

Economy and tax base: moderately sized and growing tax base with major job center

The town's tax base and position as a major job center anchors its economy, and while Addison has a high level of commercial property, leaving its tax base particularly vulnerable to loss in periods of economic stress, preliminary assessed values through fiscal 2022 indicate that the base remained stable despite the ongoing health pandemic. Retail, commercial and industrial property account for almost 50% of the base. This number increases to about 60% when including tangible personal, commercial property. Residential property accounts for a smaller but still substantial 34%, including single and multifamily property.

Town officials report stable economic conditions. Office occupancy rates stand at 80% and there are no reports of business closings or disruption with the major taxpayers. Although the town has limited land for new development, redevelopment of existing property continues to drive growth and town officials report no delay in development projects. Preliminary estimates for fiscal 2022 assessed value reflect an increase of 17% to $6.1 billion, though the certified value is expected to show more moderate growth. In the past five years, the town's assessed value has grown an average annual rate of 4.5% to reach $5 billion in fiscal 2021.

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The town's position as a major commercial center with more than 12 million square feet of office space, 23 hotels, more than 180 restaurants and one of the largest general aviation municipal airports in the county, has driven favorable demographic trends. Population growth has been well above double digits over the previous three census cycles before a 7% decrease in the 2010 Census. Since then, population has grown almost 20% to about 15,300 residents per the 2019 American Community Survey.

The labor market in Dallas County has improved since the initial onset of the coronavirus pandemic, however the unemployment rate remains elevated at 5.8% as of May 2021.

Financial operations and reserves: high reserve levels with access to non-general fund liquidity

Addison's financial position is expected to remain sound, guided by prudent expenditure management and conservative budgeting practices. The fiscal 2021 budget (September 30 fiscal year end) was adopted with a $690,062 draw, however officials are anticipating that revenue will exceed budgeted expectations by $2.2 million and expenditures will likely end the year below budget. As a result, it is anticipated that the county will build upon already robust reserve levels; available general fund balance totaled $20.1 million as of fiscal 2020, equivalent to 50.4% of general fund revenue. The town was able to weather significant economic volatility in fiscal 2020 resulting from the ongoing health pandemic, as general fund expenditures outpaced revenue by only $454,000.

Sales taxes have historically accounting for a meaningful portion of the town's general fund revenue. As of fiscal 2020, sales tax collections comprised 38.2% of general fund revenue, compared to 46.8% for property taxes. Following the onset of the pandemic, the town took a conservative approach, reducing its budgeted sales tax collections by 10% for fiscal 2021. However, officials expect that collections will exceed the budget by nearly 20%. Still, for fiscal 2022 the town's preliminary budget assumes that sales tax collections will end the year 5% below 2021 projections. There are no plans to utilize general fund reserves in fiscal 2022 or beyond.

In addition to its high general fund reserves, the town also maintains additional financial flexibility in three non-general funds. The funds have approximately $7.7 million at fiscal year end 2020, and specifically include the Investment Fund ($5.2 million) and Self Funded Streets Projects Fund ($2 million), and the Self Funded Special Projects Fund ($2.5 million).

The town has received a moderate amount of funding related to the coronavirus pandemic, including $900,000 from the CARES act, and officials expect to receive approximately $4 million from the American Rescue Plan. The town plans to direct a portion of its grant funding towards the Addison Conference Centre, which remains closed, given a significant decrease in hotel tax collections throughout the pandemic, the Conference Centre's main source of funding.

Liquidity

The town's operating liquidity remained healthy in fiscal 2020 at $20.1 million, or 42.9% of operating revenue. Cash levels are expected to improve in fiscal 2021, in line with fund balance trends.

Debt and pensions: affordable debt and pensions

The town's debt and pension profile will remain affordable over the next three to five years supported by a moderately sized tax base and capacity to increase property tax revenues for debt repayment. Including the August 2021 sale, the town's total outstanding debt will reach $134.1 million yielding a direct debt burden of 2.7% of the fiscal 2021 assessed value. Net of $21.3 million supported by the water, sewer and drainage systems, the debt burden falls to 2.2%. The town currently has $65.4 million in authorized but unissued debt and plans for annual debt issuance until the authorization is exhausted.

Legal security

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

Debt structure

Principal payout is below similarly rated peers with 67.2% of principal retired in 10 years. The debt service schedule is largely descending until final maturity in fiscal 2041.

Debt-related derivatives

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

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Pensions and OPEB

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

Addison's adjusted net pension liability (ANPL), based on a 3.22% discount rate, was $73.1 million in fiscal 2020. By comparison, the town reported a GASB net pension liability of $2.8 million, based on a 6.75% discount rate; these figures are net of self support from the utility system. The town's ANPL has fluctuated over the past three to five years in part because of the town's decision to award cost of living adjustments. Under TMRS plan rules, the town has the flexibility to award cost of living adjustments (COLAs) to employees on an ad hoc basis annually. The town is required to include the COLA election in the pension liability calculation in years in which certain criteria is met per the Government Accounting Standards Board (GASB) rules. A COLA election increases the town's pension liability and the town's history reflects fluctuation in reported pension liability, as a direct result. For example, at fiscal year end 2018, the town reported an unfunded liability of negative $192 thousand in fiscal 2018 compared with the $6.5 million in fiscal 2017 or the $25.3 million at fiscal year end 2016, after adjusting for self support allocated to the utility system.

In fiscal 2020, the town's pension contribution of $2.1 million was slightly below our tread water indicator of $2.4 million. The town's tread water contribution level is also heavily influenced by a COLA election.

In addition to pension benefits, the town also provides retiree health care (OPEB) benefits to employees. However, the liability is manageable, with our adjusted net OPEB liability equating to just 9% of fiscal 2020 operating revenue. Additionally, total fixed costs (debt service, pension contributions and OPEB contributions) remain manageable at approximately 20% of operating revenue.

ESG considerations

Environmental

Addison is exposed to natural and man made hazards by virtue of its location in the Great Plains per the National Climate Assessment. The town has high risk to water stress resulting in drought like patterns and also has medium risk to heat stress and extreme rainfall. The environmental shift will evolve over the longer term and the town will benefit from long range planning. The town's high reserves will also provide buffer to offset any potential related financial event.

Social

Social considerations are incorporated into the economy and tax base section. Please refer to that section for more detailed credit information.

Governance

The town demonstrates good governance by multiyear capital and financial planning. The town also uses quarterly reviews of major operating funds in combination with a comparison of historical data. Financial practices are governed by conservative assumptions, as well as a historical willingness and ability to raise property tax rates during difficult financial periods, consistent with traits exhibited by a sophisticated management team. Although some of the town's ability to raise taxes will be limited by the most recent legislative change, the town's demonstrated ability for solid financial performance driven by prudent processes and practices will benefit the credit profile. The town maintains a fund balance policy equal to 25% of operations in its major operating funds, but town officials strive for a minimum of 30%.

Texas Cities have an institutional framework score [1] of "Aa," which is strong. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. Revenues are largely derived from property taxes which tend to be highly stable and predictable, sales taxes which are moderately stable and predictable and other fees. As a result unpredictable revenue fluctuations tend to be minor, or under 5% annually. Cities have a moderate ability to raise revenues because most cities are at the sales tax cap set by state statute. Additionally, property taxes are subject to a statutory cap of $25 per $1,000 of assessed values, with no more than $15 allocated for debt. Although most cities are well under the cap, cities can only increase their property tax revenues by 3.5% on existing property without voter approval on an annual basis; all increases above 3.5% must be approved by voters. Operating expenditures for cities tend to be highly stable and predictable with minor fluctuations under 5% annually. Cities also have a strong ability to reduce expenditures.

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Rating methodology and scorecard factors

The US Local Government General Obligation Debt methodology includes a scorecard, a tool providing a composite score of a local government's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare local government credits.

Exhibit 2

Addison, TX

Scorecard Factors and Subfactors	Measure	Score
Economy/Tax Base (30%) [1]		
Tax Base Size: Full Value (in 000s)	$5,040,172	Aa
Full Value Per Capita	$329,380	Aaa
Median Family Income (% of US Median)	106.1%	Aa
Notching Adjustments:[2]		
Regional Economic Center		Up
Finances (30%)		
Fund Balance as a % of Revenues	42.9%	Aaa
5-Year Dollar Change in Fund Balance as % of Revenues	16.0%	Aa
Cash Balance as a % of Revenues	45.7%	Aaa
5-Year Dollar Change in Cash Balance as % of Revenues	17.2%	Aa
Management (20%)		
Institutional Framework	Aa	Aa
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures (x)	1.0x	Aa
Debt and Pensions (20%)		
Net Direct Debt / Full Value (%)	2.2%	A
Net Direct Debt / Operating Revenues (x)	2.4x	A
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%)	1.2%	Aa
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x)	1.3x	A
Notching Adjustments:[2]		
Unusually Strong or Weak Security Features		Up
	Scorecard-Indicated Outcome	Aaa
	Assigned Rating	Aaa

[1] Economy measures are based on data from the most recent year available.
[2] Notching Factors are specifically defined in the US Local Government General Obligation Debt methodology.
[3] Standardized adjustments are outlined in the GO Methodology Scorecard Inputs publication.
Sources: US Census Bureau, Town of Addison's financial statements and Moody's Investors Service

Endnotes

1 The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See US Local Government General Obligation Debt (July 2020) methodology report for more details.

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S&P Global
Ratings

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Summary:

Addison, Texas; General Obligation

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Table Of Contents

Summary:

Addison, Texas; General Obligation

Credit Profile		
US$15.215 mil GO bnds ser 2021 dtd 08/01/2021 due 02/15/2041		
Long Term Rating	AAA/Stable	New
US$11.01 mil GO rfdg bnds (taxable) ser 2021 dtd 08/01/2021 due 02/15/2033		
Long Term Rating	AAA/Stable	New
Addison GO		
Long Term Rating	AAA/Stable	Affirmed

Rating Action

S&P Global Ratings assigned its 'AAA' rating to the Town of Addison, Texas' anticipated $15.215 million general obligation (GO) bonds, series 2021, and approximately $11.01 million GO refunding bonds, taxable series 2021. At the same time, we affirmed our 'AAA' rating on the town's GO debt outstanding. the outlook is stable.

The GO bonds are direct obligations of the town, payable from the levy and collection of a continuing annual ad valorem tax, within limits prescribed by law, on all taxable property in the town.

State statutes limit the ad valorem tax rate for home rule cities to $2.50 per $100 of taxable assessed valuation (AV) for all town purposes. The Texas attorney general permits the allocation of $1.50 of the $2.50 maximum tax rate for ad valorem tax debt service. In fiscal 2020, Addison's total levy is well below the maximum at 60.87 cents per $100 of AV, 16.76 cents of which is dedicated to debt service. Despite state statutory tax-rate limitations, we do not differentiate between the town's limited-tax debt and its general creditworthiness, since the ad valorem tax is not derived from a measurably narrower tax base and there are no limitations on the fungibility of resources, which supports our view of the town's overall ability and willingness to pay debt service.

We understand proceeds from the series 2021 GO bonds will be used to fund the Midway Road reconstruction, improvements to the Addison Athletic Club, and trail rehabilitation and expansion and improvements to Les Lacs Pond and various other improvements throughout the town. The taxable GO refunding bonds, series 2021, will be used to refund the town's series 2013 GO bonds and 2013 certificates of obligation.

Addison's GO bonds are eligible to be rated above the sovereign because we assess the town can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions" (published Nov. 19, 2013), U.S. local governments are considered to have moderate sensitivity to country risk. The town's GO pledge is the primary source of security on the debt; this severely limits the possibility of negative sovereign intervention in the payment of the debt or the town's operations. The institutional framework in the U.S. is predictable for local governments, allowing them significant autonomy and independent treasury management, and has no history of government intervention. Addison has considerable financial flexibility, as demonstrated by its very strong general fund balance as a percentage of expenditures, as well as very strong liquidity.

Credit overview

Consistent operating surpluses, aided by strong management and prudent spending, have enabled Addison to transfer excess general fund revenues into its capital project fund in each of the last three fiscal years while maintaining its healthy reserve levels. The town's economy is primarily reliant on commercial properties, with many large corporate headquarters located in, and moving to, the area. Fortunately, the town of Addison has a diverse tax base spread across multiple sectors in a high-demand metropolitan statistical area (MSA), all of which should help mitigate losses realized by portions of the hotel industry, which has yet to recover its business travel-related weekday activity. This, combined with strong reserves, leads us to view the town's creditworthiness as stable over our outlook horizon and believe management will prudently adjust operating budgets to maintain fiscal stability throughout the recession.

The rating reflects our view of the town's:

- Very strong economy, with access to a broad and diverse MSA;
- Very strong management, with strong financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with operating results that we expect could improve in the near term relative to fiscal 2020, which closed with a slight operating deficit in the general fund but an operating surplus at the total governmental fund level in fiscal 2020;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2020 of 55% of operating expenditures;
- Very strong liquidity, with total government available cash at 146.5% of total governmental fund expenditures and 10.3x governmental debt service, and access to external liquidity we consider strong;
- Very weak debt and contingent liability profile, with debt service carrying charges at 14.3% of expenditures and net direct debt that is 179.5% of total governmental fund revenue, as well as significant medium-term debt plans; and
- Strong institutional framework score.

Environmental, social, and governance (ESG) factors

Our analysis of these risks encompasses our review of environmental and social risks that currently exist, and all are in line with sector standards. We acknowledge the town's very strong management, with strong financial policies and practices, as a positive governance factor as it relates to the town's overall creditworthiness.

Stable Outlook

Downside scenario

We could consider lowering the rating if the town experiences significant economic or financial stress that results in structural imbalance and declining reserves, or if the town's debt burden increases significantly, adding stress to its budgetary performance.

Credit Opinion

Very strong economy

We consider Addison's economy very strong. The town, with an estimated population of 15,844, is located in Dallas County in the Dallas-Fort Worth-Arlington, Texas, MSA, which we consider broad and diverse. The town has a projected per capita effective buying income of 163% of the national level and per capita market value of $310,903. The town's market value grew by 2.2% over the past year to $4.9 billion in 2021. The county unemployment rate was 7.7% in 2020.

The local economy is diverse and anchored by key industries such as professional, scientific, and technical services, health care, and finance. Also, the town has a well-educated workforce, with roughly 58% of the population holding a bachelor's degree or higher, which provides employers access to a competitive, skilled labor pool. While residents have convenient access to employment opportunities within Dallas and throughout the Dallas-Ft. Worth metroplex, Addison itself has a multitude of employment opportunities. For S&P Global Economics' most recent view of the U.S. economy, see the article titled "Economic Outlook U.S. Q3 2021: Sun, Sun, Sun, Here It Comes," published June 24, 2021, on RatingsDirect

AV growth has generally been steady, including 2.2% for 2021. Commercial and industrial values are expected to be flat, except for a decline in hotels, for 2022, with a rebound in growth expected for 2023. Residential values are expected to be strong, based on new construction. Overall, management expects overall existing property values to decline 3%, offset by about $80 million of new properties added to the tax roll for 2022. Real, commercial, and industrial properties account for 48% of total AV, followed by multifamily residential (21%) and single-family residential (16%). Mandated business closures during the onset of the pandemic required a significant portion of the town's businesses to close. Hotel occupancy rates reached a low of 13% during 2020; however, the hotel tax does not support the general fund and is used to promote the arts, tourism, and hotel industry. The hotel tax performed better than budgeted and reserves exceed the town's 25% policy.

Given its abundance of commercial space, the town is home to several corporate headquarters, including Mary Kay Cosmetics, Bank of America, and Mattress Giant. Wingstop recently moved its corporate headquarters to the town, employing about 200 full-time jobs. Other key drivers of the local economy include the town's hotel and restaurant industries, in addition to the Addison Airport, one of the state's most-used general aviation airports. Galaxy Fixed Base Operator is anticipated to complete construction in the fall of 2021 of a 20,000-square-foot terminal, two 38,000-square-foot hangars, and a 30,000-square-foot hangar.

Despite significant pressure on certain sectors of the town's economy, its diversity should provide a degree of stability. An additional 406 units within the town's Vitruvian Park mixed-use development were completed in 2020, and Urban InTown Homes completed a 116,000-square-foot luxury townhome phase in February 2021 at Addison Grove, with additional homes under construction. Moreover, Dallas Area Rapid Transit (DART) is constructing a commuter rail line called the Silver Line that be the town's first DART rail station. This $1.1 billion, 26-mile commuter rail line will traverse three counties and connect Addison to the Dallas-Fort Worth International Airport and numerous cities within the metroplex. Service is expected to commence in 2023.

Very strong management

We view the town's management as very strong, with strong financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Highlights include the following:

- Management utilizes three to five years of historical financial trend analysis to formulate the subsequent year's budget assumptions.
- Quarterly budget-to-actual financial reports are provided to the town council, and officials can amend the operating budget when needed.
- The council annually adopts a five-year rolling capital improvement plan that identifies potential projects and their respective funding sources.
- Management also prepares a five-year financial forecast that it presents to the town council annually.
- The town council has a formalized and comprehensive investment management policy that is reviewed annually, and officials provide the council with quarterly investment holdings and performance reports.
- The town has a formalized debt management policy as well, in line with state requirements.
- The town's formalized fund balance policy requires general fund reserves above 25% of operating expenditures. The policy was adopted to prevent deterioration of reserves in the event of a drop in revenues or emergencies. The town has historically remained in compliance with this policy.

Strong budgetary performance

Addison's budgetary performance is strong, in our opinion. The town had slight deficit operating results in the general fund of 1.3% of expenditures, but a surplus result across all governmental funds of 8.4% in fiscal 2020. Our assessment accounts for our expectation that budgetary results could improve from 2020 results in the near term. In our calculations, we have adjusted the town's revenues and expenditures to treat recurring transfers as either revenues or expenditures, and eliminated significant one-time expenditures funded through cash-on-hand or debt proceeds.

Addison consistently adopts balanced operating budgets based on conservative assumptions, often leading to positive budget variances. The results have enabled the town to transfer excess revenue to its capital projects fund to self-fund various capital projects and alleviate some of its debt burdens. Consistent with that trend, the budget for the fiscal year ended Sept. 30, 2020, outperformed. The deficit result was exclusively attributable to the town's decision to transfer from the general fund to capital projects. Property taxes constituted the largest portion of 2020 revenues (47% of general fund revenues), followed by sales and mixed beverage taxes (38%) and combined franchise fees (6%).

In planning for the 2021 year, officials were projecting a 10% decline in sales and mixed beverage tax collections but is on track to record a 17.5% increase over budget due to the full reopening of the economy since March. With several adjustments to the expenditure budget and outperforming revenue, the town anticipates a $1.5 million general fund surplus. For fiscal 2022, management expects sales tax revenue to reach pre-pandemic levels and property tax revenue to increase due to new construction.

The town received about $900,000 in CARES Act funds and has been allocated $4 million from American Rescue Plan Act funds.

Very strong budgetary flexibility

Addison's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2020 of 55% of operating expenditures, or $20.1 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

The town has maintained very strong budgetary flexibility in each of the past three fiscal years. The available fund balance has remained above 45% of general fund expenditures and has consistently exceeded the town's formal reserve policy of maintaining 25% of expenditures. The town has a history of strong operating performance, and transfers of excess revenue from the general fund to the capital projects fund should limit the use of reserves.

Very strong liquidity

In our opinion, Addison's liquidity is very strong, with total government available cash at 146.5% of total governmental fund expenditures and 10.3x governmental debt service in 2020.

In our opinion, the town has strong access to external liquidity if necessary, as demonstrated by relatively consistent issuances of GO debt over the past two decades. We do not view the town's investments as aggressive, provided that they are held in U.S. agency securities, state investment pools, commercial paper, and certificates of deposit. It is our understanding that the town does not have exposure to any variable-rate debt obligations or privately placed debt obligations that would cause contingent liability issues for the town.

Very weak debt and contingent liability profile

In our view, Addison's debt and contingent liability profile is very weak. Total governmental fund debt service is 14.3% of total governmental fund expenditures, and net direct debt is 179.5% of total governmental fund revenue. Negatively affecting our view of the town's debt profile are its significant medium-term debt plans.

Addison's adopted five-year capital improvement plan serves as a blueprint to address subsequent growth and development prudently. According to the capital projects summary in the fiscal 2021 budget book, roughly $48.9 million of additional debt could be issued through 2023, primarily attributable to continued road reconstruction. The town typically issues annually as part of its capital plan and generally amortizes a similar amount. We expect the town's debt burden to remain elevated, as Addison will likely issue additional debt to fund growth-related capital needs. However, we assess the town will prudently manage debt issuance relative to its rate of tax base growth.

Pension and other postemployment benefits (OPEB) liabilities:

We do not view pension and OPEB liabilities as an immediate source of credit pressure, as required contributions currently made up an affordable share of total governmental expenditures.

As of Dec. 31, 2019, the town participates in:

- Texas Municipal Retirement System (TMRS): 97.8% funded with a net pension liability of $3 million.
- For OPEB, has retirement health care benefit and a Supplemental Death Benefits Fund for all employees who retire from the town and receive benefits from a town-sponsored retirement program. The town's contribution to the health plan consists of total premiums in excess of retiree contributions. In fiscal 2020, the town contribution was $6,342 with a liability of $1.1 million.

The combined pension and OPEB contributions totaled 4.9% of total governmental fund expenditures in 2020. The town made its full required pension contribution in 2020. However, we consider the closed amortization period of 27 years as extended, leaving greater potential for costs to increase based on actual performance. Lastly, contributions are likely to increase, given the level percent of payroll funding method, as opposed to level-dollar contributions, which would result in consistent payments. The plan's assumed discount rate of 6.75% is not aggressive, in our opinion.

Strong institutional framework

The institutional framework score for Texas municipalities is strong.

Related Research

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020
- 2020 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of July 27, 2021)		
Addison comb tax and rev certs of oblig		
Long Term Rating	AAA/Stable	Affirmed
Addison GO		
Long Term Rating	AAA/Stable	Affirmed
Addison GO		
Long Term Rating	AAA/Stable	Affirmed
Addison GO		
Long Term Rating	AAA/Stable	Affirmed

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PRELIMINARY OFFICIAL STATEMENT

Dated July 29, 2021

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

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

THE BONDS **WILL NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

ADDISON

$15,110,000*
TOWN OF ADDISON, TEXAS
(Dallas County)
GENERAL OBLIGATION BONDS, SERIES 2021

Dated Date: August 1, 2021
Interest to accrue from Delivery Date

Due: February 15, as shown on page 2

PAYMENT TERMS . . . Interest on the $15,110,000* Town of Addison, Texas, General Obligation Bonds, Series 2021 (the "Bonds") will accrue from the date of their delivery to the initial purchaser (the "Delivery Date"), will be payable February 15 and August 15 of each year, commencing February 15, 2022, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or any integral multiple thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE OBLIGATIONS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, section 5.11 of the Town's Home Rule Charter, elections held within the Town on May 12, 2012 and November 15, 2019 (the "Election") and an ordinance to be passed by the City Council of the Town of Addison, Texas (the "Town") (the "Bond Ordinance" and together with the Taxable Bond Ordinance, the "Ordinances") . The Bonds are direct obligations of the Town of Addison, Texas (the "Town"), payable from a continuing ad valorem tax levied on all taxable property within the Town, within the limits prescribed by law, as provided in the Bond Ordinance (see "THE OBLIGATIONS - Authority for Issuance" and "THE OBLIGATIONS – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor, (ii) acquiring, developing, renovating and improving parks, park facilities, recreation facilities, including the Addison Athletic Club, and open spaces for park and recreation purposes in and for the Town, including the acquisition of land therefor, (iii) renovating, repairing, improving, and equipping existing Town service, public safety, conference and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, façade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws, and (iv) paying of the costs of issuance of the Bonds.

MATURITY SCHEDULE - BONDS

See page 2

SEPARATE ISSUES . . . The Bonds are being offered by the Town concurrently with the "Town of Addison, Texas, General Obligation Refunding Bonds, Taxable Series 2021" (the "Taxable Bonds"), under a common Official Statement, and such Bonds and Taxable Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Taxable Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on September 14, 2021.

BIDS DUE AUGUST 10, 2021 AT 10:00 AM, CDT

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

MATURITY SCHEDULE* **CUSIP Prefix [1]: 006644**

Amount	15-Feb Maturity	Interest Rate	Initial Yield	CUSIP Suffix [1]	Amount	15-Feb Maturity	Interest Rate	Initial Yield	CUSIP Suffix [1]
$ 570,000	2022				$ 785,000	2032			
550,000	2023				805,000	2033			
585,000	2024				820,000	2034			
605,000	2025				835,000	2035			
620,000	2026				860,000	2036			
645,000	2027				875,000	2037			
675,000	2028				890,000	2038			
710,000	2029				910,000	2039			
735,000	2030				930,000	2040			
760,000	2031				945,000	2041			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Town, the Financial Advisor or the Initial Purchaser of the Bonds shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The Town reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

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

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

HTSContinuingDisclosureServices
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated July 29, 2021

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

NEW ISSUE - Book-Entry-Only

Interest on the Taxable Bonds is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein.

$11,000,000*
TOWN OF ADDISON, TEXAS
(Dallas County)
GENERAL OBLIGATION REFUNDING BONDS, TAXABLE SERIES 2021

Dated Date: August 1, 2021
Interest to accrue from Delivery Date

Due: February 15, as shown on page 4

PAYMENT TERMS . . . Interest on the $11,000,000* Town of Addison, Texas, General Obligation Refunding Bonds, Taxable Series 2021 (the "Taxable Bonds") will accrue from date of their delivery to the initial purchaser (the "Delivery Date"), will be payable February 15 and August 15 of each year, commencing February 15, 2022, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Taxable Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Taxable Bonds may be acquired in denominations of $5,000 or any integral multiple thereof within a maturity. **No physical delivery of the Taxable Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Taxable Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Taxable Bonds. See "THE OBLIGATIONS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Taxable Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1207, Texas Government Code, as amended, and a bond ordinance to be passed by the City Council of the Town (the "Taxable Bond Ordinance" and together with the Bond Ordinance, the "Ordinances"). The Taxable Bonds are direct obligations of the Town, payable from a continuing ad valorem tax levied on all taxable property within the Town, within the limits prescribed by law, as provided in the Taxable Bond Ordinance (see "THE OBLIGATIONS - Authority for Issuance" and "THE OBLIGATIONS – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Taxable Bonds will be used (i) to refund certain outstanding ad valorem tax obligations of the Town as described in Schedule I – Schedule of Refunded Obligations (the "Refunded Obligations") for debt service savings and (ii) for payment of the costs of issuance of the Taxable Bonds.

MATURITY SCHEDULE – TAXABLE BONDS

See page 4

SEPARATE ISSUES . . . The Taxable Bonds are being offered by the Town concurrently with the "Town of Addison, Texas, General Obligation Bonds, Series 2021" (the "Bonds"), under a common Official Statement, and such Bonds and Taxable Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Taxable Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

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

DELIVERY . . . It is expected that the Taxable Bonds will be available for delivery through DTC on September 14, 2021.

BIDS DUE AUGUST 10, 2021 AT 10:30 AM, CDT

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

MATURITY SCHEDULE*

CUSIP Prefix [1]: 006644

Amount	15-Feb Maturity	Interest Rate	Initial Yield	CUSIP Suffix [1]	Amount	15-Feb Maturity	Interest Rate	Initial Yield	CUSIP Suffix [1]
$ 215,000	2022				$ 1,040,000	2028			
205,000	2023				1,065,000	2029			
990,000	2024				1,080,000	2030			
1,000,000	2025				1,100,000	2031			
1,015,000	2026				1,115,000	2032			
1,030,000	2027				1,145,000	2033			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Town, the Financial Advisor or the Initial Purchaser of the Taxable Bonds shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The Town reserves the right, at its option, to redeem the Taxable Bonds having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

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

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

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

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

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

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Town's undertaking to provide certain information on a continuing basis.

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

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

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENT.

TABLE OF CONTENTS

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

PRELIMINARY OFFICIAL STATEMENT SUMMARY

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

THE TOWN.................................. The Town of Addison, Texas (the "Town"), is a political subdivision and home-rule municipal corporation of the State, located in Dallas County, Texas. The Town covers approximately 4.4 square miles (see "Introduction - Description of the Town").

THE BONDS................................. The Town's $15,110,000* General Obligation Bonds, Series 2021 (the "Bonds") are scheduled to mature on February 15 in the years 2022 through 2041 (see "THE OBLIGATIONS - Description of the Obligations").

THE TAXABLE BONDS................. The Town's $11,000,000* General Obligation Refunding Bonds, Taxable Series 2021 (the "Taxable Bonds") are scheduled to mature on February 15 in the years 2022 through 2033 (see "THE OBLIGATIONS - Description of the Obligations").

PAYMENT OF INTEREST .... Interest on the Obligations accrues from the Delivery Date, calculated on the basis of a 360-day year consisting of twelve 30-day months, and is payable February 15, 2022, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE OBLIGATIONS - Description of The Obligations " and "THE OBLIGATIONS – Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, section 5.11 of the Town's Home Rule Charter, elections held within the Town on May 12, 2012 and November 15, 2019 (the "Elections") and a bond ordinance to be passed by the City Council of the Town (the "Bond Ordinance" and together with the Taxable Bond Ordinance, the "Ordinances") (see "THE OBLIGATIONS - Authority for Issuance").

The Taxable Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1207, Texas Government Code, as amended, and a bond ordinance to be passed by the City Council of the Town (the "Taxable Bond Ordinance" and together with the Bond Ordinance, the "Ordinances") (see "THE OBLIGATIONS - Authority for Issuance").

SECURITY FOR THE OBLIGATIONS........................... The Obligations constitute direct obligations of the Town, payable from a direct and continuing annual ad valorem tax levied, within the limit prescribed by law, on all taxable property located within the Town (see "THE OBLIGATIONS - Security and Source of Payment").

OPTIONAL REDEMPTION .... The Town reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

TAX STATUS .... In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

Interest on the Taxable Bonds is not excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein.

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* Preliminary, subject to change.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor, (ii) acquiring, developing, renovating and improving parks, park facilities, recreation facilities, including the Addison Athletic Club, and open spaces for park and recreation purposes in and for the Town, including the acquisition of land therefor, (iii) renovating, repairing, improving, and equipping existing Town service, public safety, conference and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, façade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws, and (iv) paying of the costs of issuance of the Bonds.

Proceeds from the sale of the Taxable Bonds will be used (i) to refund certain outstanding ad valorem tax obligations of the Town as described in Schedule I – Schedule of Refunded Obligations (the "Refunded Obligations") for debt service savings and (ii) for payment of the costs of issuance of the Taxable Bonds.

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

BOOK-ENTRY-ONLY SYSTEM...... The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "THE OBLIGATIONS - Book-Entry-Only System").

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

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Town Population [(1)]	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Net Funded Tax Debt Outstanding [(2)]	Per Capita Funded Tax Debt	Ratio Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections to Tax Levy
2017	15,730	$ 4,300,271,555	$ 273,380	$ 72,717,479	$ 4,623	1.69%	99.67%
2018	15,760	4,450,533,504	282,394	68,479,148	4,345	1.54%	99.61%
2019	15,790	4,725,759,169	299,288	61,985,000	3,926	1.31%	99.51%
2020	15,790	4,819,907,442	305,251	86,685,000	5,490	1.80%	99.22%
2021	15,790	4,925,943,024	311,966	95,595,000 [(3)]	6,054	1.94%	98.08% [(4)]

(1) Source: North Central Texas Council of Governments ("NCTCOG"). NCTCOG publishes its current population estimates in April of each year. Due to the fact that the most recent year's estimated population is not currently available, the Town has chosen to show the estimated population for 2021 equal to the NCTCOG's published 2020 estimated population figure for the Town.
(2) The above statement of indebtedness does not include general obligation debt for which repayment is provided from revenues of the waterworks and sewer system, the airport fund and drainage fund ("self-supporting debt"). See "Table 1 – Valuation, Exemptions and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt" herein.
(3) Projected, includes the Obligations. Excludes Self-Supporting Debt and the Refunded Obligations. Preliminary, subject to change.
(4) Collections as of May 1, 2021. Preliminary, subject to change.

For additional information regarding the Town, please contact:

Wesley Pierson		Nick Bulaich
Steven Glickman		Adam LanCarte
Town of Addison	or	Hilltop Securities Inc.
P.O. Box 9010		777 Main Street, Suite 1525
Addison, Texas 75001		Fort Worth, Texas 76102
(972) 450-7001		(817) 332-9710

TOWN OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Joe Chow Mayor	13 Years	May, 2023	Business Owner/Insurance Agent
Guillermo Quintanilla Mayor Pro Tem	2 Years	May, 2022	Small Business Owner
Paul Walden Deputy Mayor Pro Tem	4 Years	May, 2022	Business Developer Specialist
Tom Braun Councilmember	10 Years	May, 2023	Business Owner
Lori Ward Councilmember	4 Years	May, 2023	Commercial Business Development & Management
Kathryn Wheeler Councilmember	1 Month	May, 2023	Interior Designer
Marlin Willesen Councilmember	2 Years	May, 2022	Retired

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service
Wesley Pierson	City Manager	6 Years
Steven Glickman	Chief Financial Officer	1 Year

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Auditors .... BKD, LLP
Dallas, Texas

Bond Counsel .... Bracewell LLP
Dallas, Texas

Financial Advisor..Hilltop Securities Inc.
Fort Worth, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$15,110,000*	**$11,000,000***
TOWN OF ADDISON, TEXAS	**TOWN OF ADDISON, TEXAS**
GENERAL OBLIGATION BONDS, SERIES 2021	**GENERAL OBLIGATION REFUNDING BONDS, TAXABLE SERIES 2021**

INTRODUCTION

This Preliminary Official Statement, which includes the Schedule I and Appendices hereto, provides certain information regarding the issuance of the $15,110,000* Town of Addison, Texas, General Obligation Bonds, Series 2021 (the "Bonds") and the $11,000,000* Town of Addison, Texas, General Obligation Refunding Bonds, Taxable Series 2021 (the "Taxable Bonds" and together with the Bonds, the "Obligations"). The Bonds and Taxable Bonds are separate and distinct securities offerings being authorized for issuance under separate authorizations (the "Bond Ordinance" and the "Taxable Bond Ordinance", respectively, each as defined below, and collectively the "Ordinances"), to be adopted by the Town, but are being offered and sold pursuant to a common Official Statement, and while the Bonds and Taxable Bonds share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and the covenants and agreements made with respect thereto. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in each respective Ordinance, except as otherwise indicated herein.

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

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

DESCRIPTION OF THE TOWN . . . The Town is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the Town's Home Rule Charter. The Town's Home Rule Charter originally adopted in 1978, was last amended in 2010. The Town operates under the Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers. The term of office for Councilmembers is two years with the terms of the Mayor and three of the Councilmembers expiring in odd-numbered years and the terms of the other three Councilmembers expiring in even-numbered years. The Town Manager is the chief administrative officer for the Town. Some of the services that the Town provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the Town was 13,056, and the estimated 2021 population is 15,790. The Town covers approximately 4.4 square miles and is located within the Dallas, Texas, Standard Metropolitan Statistical Area (SMSA).

PLAN OF FINANCING

PURPOSE OF THE BONDS . . . Proceeds from the sale of the Bonds will be used for (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor, (ii) acquiring, developing, renovating and improving parks, park facilities, recreation facilities, including the Addison Athletic Club, and open spaces for park and recreation purposes in and for the Town, including the acquisition of land therefor, (iii) renovating, repairing, improving, and equipping existing Town service, public safety, conference and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, façade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws, and (iv) paying of the costs of issuance of the Bonds.

PURPOSE OF THE TAXABLE BONDS . . . Proceeds from the sale of the Taxable Bonds will be used (i) to refund certain outstanding ad valorem tax obligations of the Town as described in Schedule I – Schedule of Refunded Obligations (the "Refunded Obligations") for debt service savings and (ii) for payment of the costs of issuance of the Taxable Bonds.

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

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Obligations are to be paid on the redemption date of such Refunded Obligations and at the prices listed in Schedule I hereto, from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the City and the Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"). The Taxable Bond Ordinance provides that from the proceeds of the sale of the Taxable Bonds received from the initial purchaser thereof, together with other lawfully available funds of the Town, if any, the Town will deposit with the Escrow Agent an amount which, together with the Escrowed Securities (defined below) purchased with a portion of the Taxable Bond proceeds and the interest to be earned on such Escrowed Securities, will be sufficient to accomplish the discharge and final payment of the Refunded Obligations on their redemption date. Such funds will be held by the Escrow Agent, in an escrow account (the "Escrow Fund") and used to purchase securities authorized by Chapter 1207, Texas Government Code, as amended (the "Escrowed Securities"), and the ordinance authorizing the Refunded Obligations, to defease and redeem the Refunded Obligations. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations and the principal and interest earned on the Escrowed Securities will not be available to pay the debt service on the Obligations.

Public Finance Partners LLC (the "Verification Agent") will verify at the time of delivery of the Taxable Bonds to the initial purchaser thereof, the mathematical accuracy of the schedules that demonstrate that the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds in the Escrow Fund, will be sufficient to pay, when due, the amount necessary to accomplish the discharge and final payment of principal of and interest on the Refunded Obligations on their redemption date (see "OTHER INFORMATION - Verification of Arithmetical and Mathematical Computations").

By the deposit of the Escrowed Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the Town will have affected the defeasance of all of the Refunded Obligations in accordance with State law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the verification report of the Verification Agent, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrowed Securities and any cash held for such purpose by the Escrow Agent and the Refunded Obligations will not be deemed as being outstanding obligations of the Town payable from ad valorem taxes nor for the purpose of applying any limitation on the issuance of debt.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations are dated August 1, 2021, and mature on February 15 in each of the years and in the amounts shown on pages 2 and 4 hereof. Interest for the Obligations will accrue from the date of their initial delivery to their initial purchasers (the "Delivery Date"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2022, until maturity or prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "THE OBLIGATIONS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, section 5.11 of the Town's Home Rule Charter, elections held within the Town on May 12, 2012 and November 15, 2019 (the "Elections") and a bond ordinance to be passed by the City Council of the Town of Addison, Texas (the "Town") (the "Bond Ordinance" and together with the Taxable Bond Ordinance, the "Ordinances") (see "THE OBLIGATIONS - Authority for Issuance").

The Taxable Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1207, Texas Government Code, as amended, and a bond ordinance to be passed by the City Council of the Town of Addison, Texas (the "Town") (the "Taxable Bond Ordinance" and together with the Bond Ordinance, the "Ordinances") (see "THE OBLIGATIONS - Authority for Issuance").

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

OPTIONAL REDEMPTION . . . The Town reserves the right, at its option, to redeem the Obligations having stated maturities on and after February 15, 2031 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the Town may select the maturities of Obligations to be redeemed. If less than all the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (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.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Obligations, the Town shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

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

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

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

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

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

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

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

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

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

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the certificate documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the register and request that copies of the notices be provided directly to them.

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

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

Principal and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent/Registrar of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent/Registrar of each series, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

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

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Town, printed Obligations will be issued to the holders and the Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "THE OBLIGATIONS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Obligations is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinances, the Town retains the right to replace the Paying Agent/Registrar. The Town covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. If the Town replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Obligations, the Town agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

PAYMENT . . . Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the Town where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

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

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

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

REMEDIES . . . The Ordinances authorizing the issuance of the Obligations establish the following Events of Default with respect to the Obligations: (i) failure to make payment of principal of or interest on any of the Obligations when due and payable; or (ii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinances which materially and adversely affects the rights of the related Owners, including but not limited to their prospect or ability to be repaid in accordance with the Ordinances, and the continuation thereof for a period of sixty days after notice of such default is given by any Owner to the City.

Under State law, there is no right to the acceleration of maturity of the Obligations upon an event of default under the Ordinances. Although a registered Owner could presumably obtain a judgment against the City if a default occurred in any payment of the principal of or interest on any such Obligations, such judgment could not be satisfied by execution against any property of the City. Such registered Owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Obligations as they become due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. No assurance can be given that a mandamus or other legal action to enforce a default under the Ordinances would be successful.

The Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's governmental immunity from a suit for money damages, registered owners may not be able to bring such a suit against the City for breach of the Obligations or covenants in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

On April 1, 2016, the Texas Supreme Court ruled in Wasson Interests, Ltd. v. City of Jacksonville, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In Wasson, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Obligations, the City is not using the authority provided by Chapter 1371 and has not waived sovereign immunity in the proceedings authorizing the Obligations.

The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source or revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Obligationholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that the rights of holders of the Obligations are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors *are encouraged to review Title 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 Town is the responsibility of the Dallas Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised. See Table 1 for the reduction in taxable valuation attributable to the 10% Homestead Cap.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See Table 1 for the reduction in taxable valuation attributable to valuation by Productivity Value.

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

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See Table 1 for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. See Table 1 for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded. See Table 1 for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

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

FREEPORT EXEMPTIONS . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1,1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See Table 1 for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

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

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value", and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "AD VALOREM PROPERTY TAXATION" Town Application of Property Tax Code" for descriptions of any TIRZ created in the Town.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "AD VALOREM PROPERTY TAXATION – Town Application of Property Tax Code" for descriptions of any of the Town's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the Town, see "AD VALOREM PROPERTY TAXATION – Town Application of Property Tax Code" herein.

PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS

The following terms as used in this section have the meanings provided below:

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

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

"effective tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

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

"rollback tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.08, plus the debt service tax rate.

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

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

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

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

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

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

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

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

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

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

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

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

Issuer and Taxpayer Remedies

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

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

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

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the Town is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of August 1. Oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on August 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge.

TOWN APPLICATION OF TAX CODE . . . The Town grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $50,000. The disabled are also granted an exemption of $60,000.

To those who apply, the Town grants an additional exemption of 20% of the market value of residence homesteads with a minimum exemption of $5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

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

The Town does not tax nonbusiness personal property or aircraft.

The Town contracts with the Dallas County Tax Assessor to collect its taxes.

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

The Town does tax freeport property.

The Town does tax goods-in-transit.

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

The Town has not adopted a tax abatement policy and does not have any tax abatement agreements in place.

The Town has not adopted the freeze for elderly and disabled homeowners.

The Town has not created any TIRZs and does not participate in any TIRZs created by other governmental entities.

The Town does have Chapter 380 Agreements in place and anticipates expending approximately $475,000 under those agreements during Fiscal Year 2021.

TAX ABATEMENT POLICY . . . The Town does not have a tax abatement policy nor has it granted any tax abatements.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2020/21 Market Valuation Established by Dallas Central Appraisal District [(1)]		$ 5,427,110,055
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions	$ 140,334,445	
Disabled Veterans Exemptions	2,864,226	
Agricultural Land Use Reductions	664,652	
Over 65	36,303,000	
Disabled Person	672,000	
Totally Exempt	317,456,870	
Parcels Under $500	38,610	
Mineral Rights	200	
Capped Value Loss	2,786,803	
Pollution Control	46,225	501,167,031
2020/21 Taxable Assessed Valuation		$ 4,925,943,024
2021/22 Certified Taxable Assessed Valuation (as of July 29, 2021)		$ 5,075,396,106 [(2)]
Town Funded Debt Payable from Ad Valorem Taxes (as of 5-1-2021)		
General Obligation Bonds	$ 56,515,000 [(3)]	
Certificates of Obligation	44,860,000 [(3)]	
The Bonds	15,110,000 [(4)]	
The Taxable Bonds	11,000,000 [(4)]	
Funded Debt Payable from Ad Valorem Taxes		$ 127,485,000
Less Self-Supporting Debt: [(5)]		
Airport Fund General Obligation Debt	9,090,000 [(6)]	
Drainage Fund General Obligation Debt	5,730,000 [(6)]	
Water and Sewer System General Obligation Debt	17,070,000	31,890,000
Net Funded Debt Payable from Ad Valorem Taxes		$ 95,595,000
Interest and Sinking Fund as of 5-1-2021		$ 1,833,095
Ratio Total Funded Debt to Taxable Assessed Valuation		2.59%
Ratio Net Funded Debt to Taxable Assessed Valuation		1.94%

2021 Estimated Population - 15,790

Per Capita Taxable Assessed Valuation - $311,966

Per Capita Total Funded Debt $8,074

Per Capita Net Funded Debt - $6,054

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(1) As reported by the Town's 2020 Certified Tax Roll.
(2) As reported by the Town's 2021 Certified Tax Roll.
(3) Excludes the Refunded Obligations. Preliminary, subject to change.
(4) Preliminary, subject to change.
(5) General obligation debt in the amount shown for which repayment is provided from revenues of the waterworks and sewer system, airport fund, and drainage fund. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the Town's current policy to provide these payments from respective system revenues. This policy is subject to change in the future. To the extent such policy is changed, and such self-supporting debt is not paid from the waterworks and sewer system revenues, airport fund, or drainage fund, such debt will be paid from ad valorem taxes.
(6) Excludes the Refunded Obligations and includes a portion of the Taxable Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2021		2020		2019	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	$ 862,815,259	15.90%	$ 818,643,860	15.40%	$ 815,671,540	15.66%
Real, Residential Multi-Family	1,126,073,784	20.75%	999,517,250	18.80%	896,180,670	17.21%
Real, Vacant Lots/Tracts	103,965,324	1.92%	108,676,940	2.04%	146,392,580	2.81%
Real, Farm and Ranch Improvements	664,900	0.01%	664,900	0.01%	664,900	0.01%
Real, Commercial and Industrial	2,587,617,824	47.68%	2,625,872,880	49.39%	2,614,632,350	50.21%
Minerals, Oil and Gas	200	0.00%	200	0.00%	200	0.00%
Real, Railroad	3,615,420	0.07%	3,453,430	0.06%	3,328,690	0.06%
Real and Tangible Personal, Utilities	28,866,870	0.53%	27,050,060	0.51%	26,277,830	0.50%
Tangible Personal, Aircraft	114,412,259	2.11%	117,007,360	2.20%	91,318,840	1.75%
Tangible Personal, Commercial.	496,994,887	9.16%	517,146,530	9.73%	498,789,770	9.58%
Tangible Personal, Industrial	81,537,328	1.50%	81,316,910	1.53%	97,226,570	1.87%
Tangible Personal, Other	20,546,000	0.38%	17,439,310	0.33%	16,738,050	0.32%
Total Appraised Value Before Exemptions	$ 5,427,110,055	100.00%	$ 5,316,789,630	100.00%	$ 5,207,221,990	100.00%
Less: Total Exemptions/Reductions	(501,167,031)		(496,882,188)		(481,462,821)	
Taxable Assessed Value	$ 4,925,943,024		$ 4,819,907,442		$ 4,725,759,169	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2018		2017	
Category	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	$ 743,340,860	15.14%	$ 722,123,190	15.33%
Real, Residential Multi-Family	862,802,690	17.57%	792,335,790	16.82%
Real, Vacant Lots/Tracts	125,095,920	2.55%	119,247,400	2.53%
Real, Farm and Ranch Improvements	664,900	0.01%	664,900	0.01%
Real, Commercial and Industrial	2,443,580,500	49.77%	2,335,898,600	49.57%
Minerals, Oil and Gas	200	0.00%	200	0.00%
Real, Railroad	3,146,340	0.06%	2,977,280	0.06%
Real and Tangible Personal, Utilities	24,747,880	0.50%	24,004,370	0.51%
Tangible Personal, Aircraft	99,631,040	2.03%	107,693,610	2.29%
Tangible Personal, Commercial	502,016,000	10.22%	509,239,560	10.81%
Tangible Personal, Industrial	81,528,310	1.66%	82,425,070	1.75%
Tangible Personal, Other	23,511,310	0.48%	15,346,210	0.33%
Total Appraised Value Before Exemptions	$ 4,910,065,950	100.00%	$ 4,711,956,180	100.00%
Less: Total Exemptions/Reductions	(459,532,446)		(411,684,625)	
Taxable Assessed Value	$ 4,450,533,504		$ 4,300,271,555	

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

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population [(1)]	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Net Funded Tax Debt Outstanding [(2)]	Ratio Funded Tax Debt to Taxable Assessed Valuation	Net Funded Debt Per Capita
2017	15,730	$ 4,300,271,555	$ 273,380	$ 72,717,479	1.69%	$ 4,623
2018	15,760	4,450,533,504	282,394	68,479,148	1.54%	4,345
2019	15,790	4,725,759,169	299,288	61,985,000	1.31%	3,926
2020	15,790	4,819,907,442	305,251	86,685,000	1.80%	5,490
2021	15,790	4,925,943,024	311,966	95,595,000 [(3)]	1.94%	6,054

(1) Source: North Central Texas Council of Governments ("NCTCOG"). NCTCOG publishes its current population estimates in April of each year. Due to the fact that the most recent year's estimated population is not currently available, the Town has chosen to show the estimated population for 2021 equal to the NCTCOG"s published 2020 estimated population figure for the Town.
(2) The above statement of indebtedness does not include general obligation debt for which repayment is provided from revenues of the waterworks and sewer system, the airport fund and drainage fund ("self-supporting debt"). See "Table 1 – Valuation, Exemptions and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt" herein.
(3) Projected, includes the Obligations. Excludes the Refunded Obligations and self-supporting debt. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution General Fund	Distribution Interest and Sinking Fund	Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
2017	$ 0.5605	$ 0.3812	$ 0.1793	$ 24,175,503	97.02%	99.67%
2018	0.5500	0.3970	0.1530	24,531,963	97.15%	99.61%
2019	0.5500	0.4074	0.1426	26,050,652	97.04%	99.51%
2020	0.5835	0.4341	0.1494	28,199,326	96.89%	99.22%
2021	0.6087	0.4411	0.1676	28,437,186	98.08% [(1)]	105.00% [(1)]

(1) Collections as of May 1, 2021. Preliminary, subject to change.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2020/21 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
5100 Belt Line Road Investors LLC	Retail	$ 95,000,000	1.88%
Post Addison Circle	Mixed Development	94,426,530	1.87%
FPG Colonnade LP	Office Buildings	84,801,940	1.68%
COP Spectrum Center LLC	Land, Office Buildings	84,598,250	1.68%
Fiori LLC	Land, Apartments	82,450,000	1.64%
Woodbranch 14555 LLC	Office Buildings	79,398,010	1.58%
Mary Kay Inc.	Office Buildings	79,015,000	1.57%
Gaedeke Holdings IX LLC	Office Buildings	72,470,000	1.44%
Post Addison Circle	Mixed Development	71,206,900	1.41%
FPG Colonnade LP	Office Buildings	70,952,780	1.41%
		$ 814,319,410	16.16%

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the Town under current State law or the Town's Home Rule Charter (see "THE OBLIGATIONS - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY (1)

2021 Net Principal and Interest Requirements for Debt	$ 7,643,652
$0.1596 Tax Rate at 97.23% Collection Produces	$ 7,644,033
Average Annual Net Principal and Interest Requirements for Debt, 2021 - 2041	$ 6,071,576
$0.1268 Tax Rate at 97.23% Collection Produces	$ 6,073,079
Maximum Net Principal and Interest Requirements for Debt, 2026	$ 8,512,169
$0.1778 Tax Rate at 97.23% Collection Produces	$ 8,515,721

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(1) Includes the Obligations. Less self-supporting debt and excludes the Refunded Obligations (See "Table 10 – Computation of Self-Supporting Debt"). Preliminary, subject to change. Based on the Town's 2020-2021 Certified Value.

TABLE 7 - ESTIMATED OVERLAPPING DEBT (1)

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

Taxing Jurisdiction	2020/21 Taxable Assessed Value	2020/21 Tax Rate	Total G.O. Debt	Estimated % Applicable	Overlapping G.O. Debt As of 5/1/2021	Authorized But Unissued Debt as of 5/1/2021
Town of Addison	$ 4,925,943,024	$ 0.60870	$ 95,595,000 (2)	100.00%	$ 95,595,000 (2)	$ 65,390,000 (2)
Carrollton/Farmers Branch Independent School District	24,013,850,096	1.25500	375,860,000	1.36%	5,111,696	-
Dallas County	263,171,536,372	0.24000	130,445,000	1.74%	2,269,743	-
Dallas County Community College District	271,168,476,338	0.12400	115,750,000	1.74%	2,014,050	1,102,000,000
Dallas County Hospital District	263,749,217,449	0.26600	622,000,000	1.74%	10,822,800	-
Dallas County Schools	261,927,801,917	0.01000	16,679,652	2.08%	346,937	-
Dallas Independent School District	128,056,436,790	1.29700	3,210,015,000	3.49%	112,029,524	3,586,600,000
Total Direct and Overlapping G.O. Debt					$ 228,189,750	
Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation					4.63%	
Per Capita Overlapping G.O. Debt					$ 14,451.54	

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(1) Based on fiscal year 2020-21 taxable values and tax rates for overlapping entities.
(2) Includes the Obligations. Excludes the self-supporting debt and the Refunded Obligations. Preliminary, subject to change.
(3) Includes amount unissued after the issuance of the Bonds. Preliminary, subject to change.

TABLE 8 – PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year	Outstanding Debt Service Requirements [(1)] Principal	Outstanding Debt Service Requirements [(1)] Interest	The Bonds [(2)] Principal	The Bonds [(2)] Interest	The Taxable Bonds [(3)] Principal	The Taxable Bonds [(3)] Interest	Total Debt Service Requirements	Less Amount Supported by Airport Fund [(4)]	Less Amount Supported by Water and Sewer System	Less Amount Supported by Drainage Fund [(4)]	Total Net Tax Supported Debt Service Requirements	% of Principal Retired
2021	$ 6,535,000	$ 3,885,085	$ -	$ -	$ -	$ -	$ 10,420,085	$ 717,735	$ 1,516,431	$ 542,266	$ 7,643,652	
2022	6,670,000	3,229,509	570,000	385,386	215,000	148,923	11,218,819	699,162	1,525,281	502,679	8,491,696	
2023	6,915,000	2,997,576	550,000	397,750	205,000	161,137	11,226,463	701,058	1,532,756	503,191	8,489,459	
2024	6,325,000	2,789,915	585,000	375,050	990,000	156,974	11,221,938	693,793	1,535,131	498,005	8,495,009	
2025	6,540,000	2,592,690	605,000	351,250	1,000,000	148,511	11,237,451	693,948	1,536,331	499,326	8,507,845	28.13%
2026	6,775,000	2,376,815	620,000	326,750	1,015,000	138,432	11,251,997	697,047	1,542,831	499,950	8,512,169	
2027	7,000,000	2,145,726	645,000	301,450	1,030,000	126,409	11,248,584	697,958	1,544,047	499,748	8,506,831	
2028	6,795,000	1,908,367	675,000	275,050	1,040,000	111,446	10,804,863	696,257	1,546,325	498,278	8,064,003	
2029	6,580,000	1,669,288	710,000	247,350	1,065,000	94,391	10,366,029	701,800	1,442,119	500,905	7,721,206	
2030	6,820,000	1,436,302	735,000	218,450	1,080,000	76,425	10,366,177	698,101	1,444,375	503,115	7,720,586	59.91%
2031	7,010,000	1,199,339	760,000	192,350	1,100,000	56,795	10,318,484	700,224	1,445,459	499,608	7,673,194	
2032	7,235,000	957,372	785,000	169,175	1,115,000	35,195	10,296,742	696,469	1,443,194	500,245	7,656,835	
2033	6,135,000	719,781	805,000	149,350	1,145,000	12,023	8,966,154	701,819	1,442,718	500,198	6,321,419	
2034	4,475,000	531,794	820,000	133,100	-	-	5,959,894	499,975	1,007,356	-	4,452,562	
2035	3,120,000	415,519	835,000	116,550	-	-	4,487,069	496,325	444,169	-	3,546,575	86.28%
2036	3,205,000	323,556	860,000	99,600	-	-	4,488,156	496,994	446,328	-	3,544,834	
2037	3,305,000	228,253	875,000	82,250	-	-	4,490,503	496,891	447,744	-	3,545,869	
2038	2,775,000	139,975	890,000	64,600	-	-	3,869,575	495,988	448,388	-	2,925,200	
2039	2,860,000	58,406	910,000	46,600	-	-	3,875,006	498,881	447,975	-	2,928,150	
2040	835,000	8,350	930,000	28,200	-	-	1,801,550	-	-	-	1,801,550	99.29%
2041	-	-	945,000	9,450	-	-	954,450	-	-	-	954,450	100.00%
	$ 107,910,000	$ 29,613,620	$ 15,110,000	$ 3,969,711	$ 11,000,000	$ 1,266,659	$ 168,869,991	$ 12,080,425	$ 22,738,959	$ 6,547,512	$ 127,503,095	

(1) "Outstanding Debt" does not include lease/purchase obligations, includes self-supporting debt and excludes the Refunded Obligations. Preliminary, subject to change.
(2) Average life of the issue – 10.873 years. Interest on the Bonds has been calculated at the average rate of 1.69% for purposes of illustration. Preliminary, subject to change.
(3) Average life of the issue – 6.817 years. Interest on the Taxable Bonds has been calculated at the average rate of 1.77% for purposes of illustration. Preliminary, subject to change.
(4) Includes a portion of the Taxable Bonds and excludes a portion of the Refunded Obligations. Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION [(1)]

General Purpose Debt Service Requirements, Fiscal Year Ending 9/30/21		$ 7,882,389
Budgeted Interest and Sinking Fund Balance, as of 9/30/20	$ 10,458	
Budgeted Interest and Sinking Fund Tax Levy Collection	7,915,707	
Other Revenues and Income	16,000	7,942,165
Projected Ending Fund Balance, 9/30/21		$ 59,776

(1) Source: Town's 2021 Budget.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

Waterworks and Sewer System	
Net Revenues Available from Waterworks and Sewer System, Fiscal Year 9-30-20	$ 2,570,670
Less: Waterworks and Sewer System General Obligation Bond Requirements, 2021 Fiscal Year	1,516,431
Balance	$ 1,054,239
Percentage of Waterworks and Sewer System General Obligation Bonds Self-Supporting	100.00%
Airport Enterprise Fund	
Net Revenues Available from Airport Revenue, Fiscal Year 9-30-20	$ 1,414,786
Less: Airport Fund General Obligation Bond Requirements, 2021 Fiscal Year	717,735
Balance	$ 697,051
Percentage of Airport Fund General Obligation Bonds Self-Supporting	100.00%
Stormwater Drainage Enterprise Fund	
Net Revenues Available from Stormwater Revenue, Fiscal Year 9-30-20	$ 1,417,612
Less: Drainage Fund General Obligation Bond Requirements, 2021 Fiscal Year	542,226
Balance	$ 875,386
Percentage of Drainage Fund General Obligation Bonds Self-Supporting	100.00%

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Street Improvements	5/12/2012	$ 29,500,000	$ 6,500,000	$ 8,000,000	$ 15,000,000
Parking Facilities	5/12/2012	3,000,000	-	-	3,000,000
Road & Bridge	11/5/2019	22,300,000	14,030,000	-	8,270,000
Street & Drainage	11/5/2019	33,602,000	-	-	33,602,000
Parks & Recreation	11/5/2019	6,723,000	365,000	3,145,000	3,213,000
Public Facilities	11/5/2019	7,395,000	140,000	4,950,000	2,305,000
Traffic	11/5/2019	600,000	600,000	-	-
		$ 103,120,000	$ 21,635,000	$ 16,095,000	$ 65,390,000

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The Town does not anticipate issuing additional general obligation debt within the next 12 months.

TABLE 12 - OTHER OBLIGATIONS

As of September 30, 2020, the Town has no unfunded debt outstanding.

PENSION FUND . . . The Town provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 887 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual individual actuarial valuation performed. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

BENEFITS PROVIDED . . . TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

Benefits depend upon the sum of the employee's contributions to the plan and the Town-financed monetary credits, with interest. At the date the plan began, the Town granted monetary credits for services rendered before the plan began based on an amount equal to two times what would have been contributed by the employee plus interest. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions. Beginning in 1994, the Town adopted an annually repeating type of monetary credit referred to as an updated service credit which when added to the employee's accumulated contributions and the monetary credits for service since the plan began would be the total monetary credits and employee contributions accumulated with interest, if the current employee contribution rate and Town matching percent had always been in existence. The calculation included a three year exponential average of the actual salaries paid during the prior fiscal years.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits plus interest were used to purchase an annuity. Also in 1994, the Town adopted annually repeating annuity increases for its retirees equal to 70% of the change in the consumer price index. The Town discontinued the annual increases in January 2009 and began doing ad hoc increases through 2014, still at 70%. The Town has not adopted an ad hoc COLA since 2014.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Members can retire at certain ages, based on the years of service with the Town. The service retirement eligibilities for the Town are: 5 years/age 60, 20 years/any age. Plan provisions for the Town are as follows:

Deposit Rate:	7.0%
Matching Ratio (Town to Employeee):	2 to 1
A member is vested after:	5 years

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receving Benefits	216
Inactive Employees Entitled to But Not Yet Receving Benefits	233
Active Employees	270
	719

Contribution . . The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for the Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Since the Town needs to know its contribution rates in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The Town elected to contribute at the full rates for calendar year 2019 of 10.86%. Accordingly, contributions to TMRS for the year ended September 30, 2020 were $2,259,912 and were equal to the required contribution.

Net Pension Liability . . . The Town's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% including inflaction
Investment Rate of Return	6.75%, net of pension plan investment expense including inflation

Salary increases were based on service-related tables. Mortality rates for active members and retirees were multiplied by 107.5% for males and females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the same table as healthy retirees is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2019, valuation were based on the actuarial investigation of experience of TMRS. This investigation was for the period December 31, 2014 through December 31, 2018.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

Other Information:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Total Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
None-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Single Discount Rate:

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75%. A single discount rate of 6.75% was used to measure the total pension liability as of December 31, 2019. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows, the Town's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the Town. The projection of cash flows used to determine the single discount rate for the Town assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the Town will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals (i.e. the employer normal cost).

Changes in Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	Increase (Decrease)		
Balance at 10/1/2019	$ 130,237,725	$ 118,484,627	$ 11,753,098
Changes for the year:			
Service cost	3,261,975	-	$ 3,261,975
Interest	8,672,125	-	8,672,125
Difference between expected and actual experience	857,318	-	857,318
Changes of assumptions	402,607	-	402,607
Contributions - employer	-	2,259,912	(2,259,912)
Contributions - employee	-	1,480,167	(1,480,167)
Net investment income	-	18,296,106	(18,296,106)
Benefit payments, including refunds of employee contributions	(6,785,567)	(6,785,567)	-
Administrative expense	-	(103,502)	103,502
Other changes	-	(3,109)	3,109
Net changes	6,408,458	15,144,007	(8,735,549)
Balance at 9/30/2020	$ 136,646,183	$ 133,628,634	$ 3,017,549

Sensitivity of the Net Pension Liability to changes in the Discount Rate

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

	1% Decrease Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase Rate (7.75%)
Town's Net Pension Liability	$ 20,869,939	$ 3,017,549	$ (11,752,583)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2020, the Town recognized pension expense of $3,370,643. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 945,834	$ (2,375)
Contributions subsequent to the measurement date	1,716,190	-
Change of assumptions	304,170	-
Difference between expected and actual investment earnings	0	(4,077,799)
Total	$ 2,966,194	$ (4,080,174)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date but before the end of the Town's reporting period of $1,716,190 will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended 30-Sep	Net deferred outflows (inflows) of resources
2021	$ (664,796)
2022	(847,600)
2023	714,179
2024	(2,031,953)
Total	$ (2,830,170)

OTHER POSTEMPLOYMENT BENEFITS

A summary of OPEB related items as of and for the year ended September 30, 2020, is presented below (in thousands).

Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Care Plan				
Governmental Activities	$ 3,160,225	$ 329,877	$ (105,012)	$ 262,050
Business-Type Activities	274,526	28,662	$ (9,130)	22,787
Supplemental Death Benefits				
Governmental Activities	1,017,049	178,093	(63,291)	78,581
Business-Type Activities	88,350	15,478	(5,503)	6,833
Total	$ 4,540,150	$ 552,110	$ (182,936)	$ 370,251

In addition to the pension benefits described above, as required by state law and defined by Town Policy, the Town makes available health care benefits to all employees who retire from the Town and who are receiving benefits from a Town-sponsored retirement program (Texas Municipal Retirement System and/or a Section 457 Deferred Compensation Plan) through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance, or until age 65 if eligible for Medicare, to eligible retirees, their spouses and dependents through the Town's group health insurance plan, which covers both active and retired members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Current retirees in the health plan and active employees with 20 years or more of service or at age 60 or more with five years or more of service at retirement are eligible to remain in the health plan at the total blended contribution rate for active and retiree participants. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report. Benefit provisions for retirees are not mandated by any form of employment agreement. The continued provision of these benefits is based entirely on the discretion of the Town of Addison City Council.

A measurement date of December 31, 2019 was used for the September 30, 2020 liability and expense. The information that follows was determined as of a valuation date of December 31, 2019.

At the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	44
Active Members	262
Total	306

Contributions

Before age 65, the Town will pay a $150 monthly stipend toward the retiree's healthcare premium if the retiring employee meets the eligibility criteria at the time of termination and elect's coverage in the health plan. For Members who retire after 65 or were eligible for the $150 stipend before age 65, the Town will pay a $75 monthly stipend directly to the retiree. Current retirees contribute to the health plan the total blended premium for active and retired participants, less the $150 stipend provided by the Town. The Town contribution to the health plan consists of total premiums in excess of retiree contributions.

Retirees receiving medical benefits during fiscal year 2020 contribute $499 to $1,600 per month depending on coverage levels selected. In fiscal year 2020, total retiree contributions were $140,437.

Total OPEB Liability for Retiree Health Care Plan

The Town of Addison utilized the actuarial services of Gabriel, Roeder, Smith & Company (GRS), a company who has been providing actuarial consulting services since 1938, under the shared services arrangement provided by GRS and North Central Texas Council of Governments. The Town's total OPEB liability for healthcare benefits of $3,434,751 was measured as of December 31, 2019.

The Town's total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.50%, including inflation
Discount rate	2.75 percent (3.71% in prior year)
Healthcare cost trend rates	7.2 percent for 2020 declining to 4.25% after 15 years
Participation rates	50 percent of employees who retire before age 65 and 100 percent of employees who retire at age 65 or older

For plans that do not have a formal trust that meets the GASB's requirements, the discount rate is equal to the tax-exempt municipal bond rate based on a 20-year general obligation AA bond rating as of the measurement date. The rate of 2.75 percent is based on the daily rate closest to but not later than the measurement date using the Fidelity 20-Year Municipal G.O. AA Index. Mortality rates were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.

Changes in the Total OPEB Liability for Retiree Health Care Plan

	Total OPEB Liability
Balance as of 10/1/19	$ 3,160,157
Changes for the year:	
Service Cost	151,275
Interest on OPEB Liability	117,504
Effect of difference in expected & actual experience	(1,268)
Effect of assumptions (change in discount rate)	144,221
Benefit payments	(137,138)
Change in total OPEB Liability	274,594
Balance as of 9/30/20	$ 3,434,751

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability of the Town, calculated using a discount rate of 2.75% as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Town's OPEB Liability	$ 3,791,305	$ 3,434,751	$ 3,120,717

Sensitivity of Total OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the plan's total OPEB liability of the Town, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	$ 3,145,471	$ 3,434,751	$ 3,784,038

For the year ended September 30, 2020, the Town recognized OPEB expense of $284,837. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ (39,586)
Change of assumptions	233,071	(74,556)
Benefit payments made subsequent to measurement date	125,468	-
Total	$ 358,539	$ (114,142)

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date but before the end of the Town's reporting period of $125,468 will be recognized as a decrease to the total OPEB liability during the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended 30-Sep	Net deferred outflows (inflows) of resources
2021	$ 16,058
2022	16,058
2023	16,058
2024	16,058
2025	16,058
Thereafter	38,639
Total	$ 118,929

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FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
Revenues:	2020	2019	2018	2017	2016
Program Revenues					
Charges for Services	$ 3,714,419	$ 5,362,224	$ 5,373,387	$ 6,877,857	$ 6,580,860
Operating Grants and Contributions	634,082	100,904	106,322	51,063	27,472
Capital Grants and Contributions	100	130,000	121,578	-	148,518
General Revenues					
Property Taxes	27,005,415	25,180,507	23,600,531	23,572,225	22,593,188
Other Taxes	20,495,887	24,208,294	25,866,219	23,787,700	23,054,458
Other	1,346,316	1,707,358	1,151,297	4,209,687	897,916
Total Revenues	$ 53,196,219	$ 56,689,287	$ 56,219,334	$ 58,498,532	$ 53,302,412
Expenses:					
General Government	$ 10,206,304	$ 10,149,540	$ 10,218,620	$ 7,184,325	$ 10,015,214
Public Safety	20,337,267	19,855,190	17,814,777	7,021,636	17,528,619
Development Services	3,320,919	3,137,715	1,379,071	100,924	1,278,232
Street and Sanitation	8,326,816	7,677,651	7,249,140	6,660,591	6,567,732
Parks and Recreation	6,784,214	6,840,345	6,068,682	4,259,992	5,796,136
Visitor Services	4,310,828	6,884,597	7,118,492	6,839,484	7,537,477
Interest on Long-term Debt	2,153,845	1,938,010	2,038,203	1,713,819	2,417,435
Total Expenses	$ 55,440,193	$ 56,483,048	$ 51,886,985	$ 33,780,771	$ 51,140,845
Increase (Decrease) in Net Position	$ (2,243,974)	$ 206,239	$ 4,332,349	$ 24,717,761	$ 2,161,567
Transfers	(3,790,232)	500,000	500,000	800,000	-
Change in Accounting Principle	-	-	(2,518,620) [(1)]	-	-
Net Position - October 1	162,847,569	162,141,330	159,827,601	134,309,840	132,148,273
Net Position - September 30	$ 156,813,363	$ 162,847,569	$ 162,141,330	$ 159,827,601	$ 134,309,840

(1) Restated due to GASB No. 65 "Items Previously Reported as Assets and Liabilities".

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
Revenues	2020	2019	2018	2017	2016
Taxes	$ 33,808,469	$ 33,409,108	$ 33,471,469	$ 30,004,841	$ 27,519,752
Franchise Fees	2,176,562	2,459,254	2,566,839	2,601,529	3,074,519
Licenses and Permits	1,183,285	1,366,941	1,404,035	1,225,373	768,964
Intergovernmental Revenues	-	71,963	-	-	15,905
Service Fees	1,842,055	1,726,863	1,992,053	1,802,346	1,691,003
Fines and Forfeitures	227,997	376,362	334,467	426,144	554,393
Interest Income	402,873	643,083	333,192	168,959	101,510
Rental and Other	156,674	185,442	174,164	382,320	430,969
Total Revenues	$ 39,797,915	$ 40,239,016	$ 40,276,219	$ 36,611,512	$ 34,157,015
Expenditures					
General Government	$ 8,784,547	$ 8,917,497	$ 8,367,341	$ 7,854,030	$ 7,593,648
Public Safety	19,170,964	18,589,033	17,815,288	16,927,651	16,277,101
Development Services	1,501,596	1,350,598	1,374,246	1,158,967	1,207,871
Streets	1,799,513	1,777,128	1,895,171	1,942,584	1,791,257
Parks and Recreation	5,407,703	5,520,903	5,054,566	5,020,975	4,906,200
Total Expenditures	$ 36,664,323	$ 36,155,159	$ 34,506,612	$ 32,904,207	$ 31,776,077
Revenues Over (Under) Expenditures	$ 3,133,592	$ 4,083,857	$ 5,769,607	$ 3,707,305	$ 2,380,938
Other Sources (Uses), Net	(3,587,397)	(4,458,569)	(1,174,689)	(230,066)	(1,092,000)
Change in Fund Balance	$ (453,805)	$ (374,712)	$ 4,594,918	$ 3,477,239	$ 1,288,938
Beginning Fund Balance	20,588,244	20,962,956	16,368,038	12,890,799	11,601,861
Ending Fund Balance	$ 20,134,439	$ 20,588,244	$ 20,962,956	$ 16,368,038	$ 12,890,799

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The Town has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the Town the power to impose and levy a 1% Local Sales and Use Tax within the Town; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the Town monthly.

Fiscal Year Ended 9/30	1% Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2017	$ 14,032,616	58.04%	$ 0.3263	$ 892
2018	16,449,993	67.06%	0.3696	1,044
2019	15,017,082	57.65%	0.3178	951
2020	14,302,624	50.72%	0.2967	906
2021	8,158,382 (1)	28.69%	0.1751	517

(1) Collections through May 31, 2021. Preliminary, subject to change.

FINANCIAL POLICIES

The financial statements of the Town has been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements . . . The governmental-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*Measurement Focus, Basis of Accounting and Basis of Presentation . . .*The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 50 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closer/post close costs, are recorded only when the liability has matured.

Property taxes, sales taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Town receives the cash as the resulting receivables are deemed immaterial.

Budgetary Procedures . . . The City Council follows these procedures in establishing the budgets reflected in the financial statements:

1. At least 60 days prior to the beginning of each fiscal year, the Town Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.

3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.

4. Transfers between expenditure accounts in one department may occur with the approval of the Chief Financial Officer. Transfers between operating departments may occur with the approval of the Town Manager and Chief Financial Officer provided that a department's total budget is not changed by more than five percent. Transfers between fund or transfers between departments which change a department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

For all budgets of the Town, the Town Charter requires only that funds be certified as available for expenditure. Legally, expenditures may exceed budgeted appropriations as long as those expenditures are certified as funds being available.

Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.

5. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for the Capital Project Funds are normally established pursuant to the terms of the related bond indentures, that is, project basis.

Budgeted amounts are as originally adopted or as amended by the City Council.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement (the "Certificate") for Excellence in Financial Reporting to the Town of Addison, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2020. The Certificate is the highest form of recognition for excellence in state and local government financial reporting. A Certificate of Achievement is valid for a period of one year only.

In addition to the Certificate, the Town received GFOA's Award for Distinguished Budget Presentation (the "Award") for its fiscal year 2021 annual budget document. Together, the Award and the Certificate are evidence of the Finance department's dedication to producing documents which effectively communicate the Town's financial condition to elected officials, Town administrators, and the general public.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Available Town funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the Town's investment policies are subject to change. Under State law, the Town is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for Town deposits, or (ii) where (a) the funds are invested by the Town through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the Town as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the Town; (b) the broker or the depository institution selected by the Town arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Town; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the Town appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Town with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the Town, held in the Town's name, and deposited at the time the investment is made with the Town or with a third party selected and approved by the Town and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Town, held in the Town's name and deposited at the time the investment is made with the Town or a third party designated by the Town; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The Town may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The Town is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years, and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the Town is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for Town funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Texas Public Funds Investment Act (Texas Government Code, Chapter 2256). All Town funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

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

TABLE 15 - CURRENT INVESTMENTS (1)

As of May 31, 2021, the Town's investable funds were invested in the following categories:

Description	Percent	Book Value	Market Value
TexPool	0.95%	$ 1,000,012	$ 1,000,012
TexStar	0.95%	1,000,010	1,000,010
Logic	15.51%	16,272,297	16,272,297
Texas CLASS	8.19%	8,589,656	8,589,656
Agency Securites	23.25%	24,386,646	24,449,624
Municipal Bonds	36.40%	38,177,965	38,143,175
Certificate of Deposit	14.75%	15,471,182	15,471,182
	100.00%	$ 104,897,768	$ 104,925,956

(1) Source: Town Officials.

TAX MATTERS

BONDS

THE FOLLOWING DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE PURCHASER OF THE BONDS SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE BONDS.

TAX EXEMPTION

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Town has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Town, the Town's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the Town, the Town's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the Town fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Town as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Town nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

TAXABLE BONDS

The following discussion is a summary of the material U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Taxable Bonds offered in this offering. This summary is based upon current provisions of the Code, existing and proposed Treasury Regulations promulgated thereunder, Service rulings and pronouncements, and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis, at any time by legislative, judicial or administrative action. The Town cannot assure you that the Service will not challenge the conclusions stated below, and no ruling from the Service or an opinion of counsel has been or will be sought on any of the matters discussed below.

This discussion is limited to holders who are the initial purchasers of the Taxable Bonds for cash at their original purchase price, which will equal the first price to the public (not including bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Taxable Bonds is sold for cash (the "Issue Price") and who hold the Taxable Bonds as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address all U.S. federal income tax consequences relative to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation: U.S. expatriates and former citizens or long-term residents of the United States; persons subject to the alternative minimum tax; U.S. Holders (as defined below) whose functional currency is not the U.S. dollar; persons holding the Taxable Bonds as part of a hedge, straddle, or other risk reduction strategy or as part of a conversion transaction, or other integrated investment; banks, insurance companies or other financial institutions; real estate investment trusts or regulated investment companies; brokers, dealers or traders in securities or currencies; "controlled foreign corporations", "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax; S corporations, partnerships and other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein); persons subject to special accounting rules as a result of any items of gross income with respect to the Taxable Bonds being taken into account in an applicable financial statement; tax-exempt organizations or governmental organizations; persons who elect to use a mark-to-market method of accounting for security holdings; and individual retirement accounts or qualified pension plans. This summary does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances and does not discuss the effect of any U.S. state, local income or other tax laws, any U.S. federal estate and gift tax laws, or any non-U.S. tax laws.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Taxable Bonds, the tax treatment of such partnership or a partner of such partnership generally will depend upon the tax status of the partner and the tax treatment of the partnership. **Partnerships acquiring Taxable Bonds and partners of partnerships acquiring the Taxable Bonds should consult their own tax advisors about the U.S. federal income tax consequences to them of the purchase, ownership and disposing of the Taxable Bonds.**

This discussion of material U.S. federal income tax considerations is provided for general information only and is not intended as tax advice to any particular investor. Persons considering the purchase of Taxable Bonds are urged to consult their tax advisors with regard to the application of U.S. federal income or other tax laws (including estate and gift tax laws) to their particular situations as well as any tax consequences arising under the laws of any state, local, or foreign taxing jurisdiction or under any applicable tax treaty.

Consequences to U.S. Holders

The following discussion summarizes certain material U.S. federal income tax consequences to U.S. holders of the purchase, ownership, and disposition of the Taxable Bonds. As used herein "U.S. holder" means a beneficial owner of a Taxable Bond who or that is for U.S. federal income tax purposes: (i) an individual who is a citizen of the United States or resident alien of the United States; (ii) a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or if a valid election is in effect under U.S. Treasury Regulations to be treated as a United States person.

Interest on the Taxable Bonds -- A U.S. Holder will be required to recognize as ordinary income all interest paid or accrued on the Taxable Bonds in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

Original Issue Discount -- If the Issue Price of the Taxable Bonds of any stated maturity is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Taxable Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Taxable Bonds at maturity over the Issue Price, and such amount will be amortized over the life of the Taxable Bonds using the "constant yield method" provided in the U.S. Treasury Regulations. The original issue discount accrues under the constant yield method and the beneficial owners of the Taxable Bonds, regardless of their regular method of accounting, must include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of such Taxable Bonds that exceeds actual cash interest payments to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on such Taxable Bonds each taxable year will be reported annually to the Service and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds such Taxable Bonds will increase such beneficial owner's adjusted tax basis of such Taxable Bonds.

Premium -- If the Issue Price of the Taxable Bonds of any stated maturity is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased such Taxable Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of such Taxable Bond and may offset interest otherwise required to be included in respect of such Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. Taxable Bond premium on such Taxable Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of such Taxable Bond. However, if such Taxable Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the U.S. Treasury Regulations which could result in a deferral of the amortization of some Taxable Bond premium until later in the term of such Taxable Bond. Any election to amortize Taxable Bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the Service.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Taxable Bond -- A U.S. Holder generally will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Taxable Bond measured by the difference, if any, between (i) the amount of cash and the fair market value of any property received (except to the extent that the cash or other property received in respect of a Taxable Bond is attributable to accrued and unpaid interest on the Taxable Bond, which amount will be taxable as ordinary interest income to the extent not previously included in gross income) and (ii) the U.S. Holder's adjusted tax basis in the Taxable Bond.

A U.S. Holder's adjusted tax basis in the Taxable Bonds generally will equal the amount the U.S. Holder paid for the Taxable Bonds, increased by any original issue discount previously included in the holder's income and decreased by the amount of the Taxable Bond premium that has been previously amortized. Any gain or loss will be capital gain or loss and will be treated as long-term capital gain or loss if, at the time of the sale, exchange, redemption, retirement or other taxable disposition, the Taxable Bonds have been held by the U.S. Holder for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders, including individuals, generally will be subject to a reduced rate of tax. The deductibility of capital losses is subject to certain limitations. U.S. Holders of the Taxable Bonds should consult their tax advisors regarding the treatment of capital gains and losses.

Information Reporting and Backup Withholding -- Information reporting generally will apply to payments of interest on, and the proceeds of the sale, exchange, redemption, retirement or other disposition of, the Taxable Bonds held by U.S. Holders, and backup withholding may apply unless the U.S. Holder provides the applicable withholding agent with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Holder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the Service.

Tax Consequences to Non-U.S. Holders

The following discussion summarizes certain material U.S. federal income tax consequences to Non-U.S. Holders of the purchase, ownership and disposition of the Taxable Bonds. For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of Taxable Bonds that is neither classified for U.S. federal income tax purposes as a partnership nor is a U.S. Holder (as defined above).

Interest on the Taxable Bonds -- Subject to the discussions below regarding backup withholding and FATCA withholding, payments of interest on a Taxable Bond to a Non-U.S. Holder that are not effectively connected with such Non-U.S. Holder's U.S. trade or business generally will not be subject to U.S. federal income tax and will be exempt from U.S. federal withholding tax under the portfolio interest exemption provided that:

- the Non-U.S. Holder is not an actual or constructive owner of 10% or more of the total combined voting power of all classes of the Town's voting stock;

- the Non-U.S. Holder is not a controlled foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to the Town through stock ownership); and

- the Non-U.S. Holder is not a bank that acquired the Taxable Bonds in consideration for the extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business.

- the Non-U.S. Holder provides its name and address and certifies, under penalties of perjury, that it is not a United States person as defined under the Code (which certification may be made on an Internal Revenue Service Form W-8BEN or W-8BEN-E (or other applicable form)); (ii) the non-U.S. Bondholder holds its Taxable Bonds through certain foreign intermediaries and it satisfies the certification requirements of applicable Treasury Regulations; or (iii) a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business holds the Taxable Bonds on behalf of the Non-U.S. Holder and such securities clearing organization, bank, or other financial institution satisfies the certification requirements of applicable Treasury Regulations.

If the payments of interest on a Taxable Bond are effectively connected with the conduct by a Non-U.S. Holder of a trade or business in the United States (and, in the event that an income tax treaty is applicable, if the payments of interest are attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder), such payments will not be subject to withholding of U.S. federal income tax so long as the Non-U.S. Holder provides the applicable withholding agent with a properly completed Internal Revenue Service Form W-8ECI (or other applicable form), signed under penalties of perjury. However, such payments will be subject to U.S. federal income tax on a net income basis at regular graduated income tax rates generally in the same manner as if it were a U.S. Holder (as defined above), subject to any modifications provided under an applicable income tax treaty. In addition, if the non-U.S. Holder is a foreign corporation for federal income tax purposes, such payments of interest may also be subject to a branch profits tax at the rate of 30% (or lower applicable treaty rate) of such holder's earnings and profits for the taxable year, subject to certain adjustments, including earnings and profits from an investment in the Taxable Bonds, that are effectively connected with its conduct of a trade or business in the United States.

A non-U.S. Holder that does not qualify for the exemption from U.S. federal withholding tax under the preceding paragraphs generally will be subject to U.S. federal withholding tax at the rate of 30% on payments of interest on the Taxable Bonds, unless such non-U.S. Holder provides the applicable withholding agent with a properly executed Internal Revenue Service Form W-8BEN or W-8BEN-E (or other applicable form) claiming exemption from or a reduction of withholding under the benefit of an applicable tax treaty. Income tax treaties may provide for a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above. Non-U.S. Bondholders should consult with their advisors regarding any applicable income tax treaties.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Taxable Bond -- Subject to the discussions below on backup withholding and FATCA withholding, any gain realized by a Non-U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Taxable Bond generally will not be subject to U.S. federal income tax or withholding tax, unless:

- Such gain is effectively connected with the conduct by such Non-U.S. Holder of a U.S. trade or business in the United States (and, in the event that an income tax treaty is applicable, such gain is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States),

- the Non-U.S. Bolder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are satisfied.

If a Non-U.S. Holder is engaged in a trade or business in the United States and gain on a Taxable Bond is effectively connected with the conduct of such trade or business (and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by the Non-U.S. Holder within the United States), the Non-U.S. Holder will be subject to U.S. federal income tax at regular graduated income tax rates in the same manner as if it were a U.S. Holder, subject to any modification provided under an applicable income tax treaty. If the Non-U.S. Holder is a foreign corporation for U.S. federal income tax purposes, such gain may also be subject to a branch profits tax at the rate of 30%, or lower applicable treaty rate, of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

If a Non-U.S. Holder is an individual who is present or deemed to be present in the United States for 183 days or more during the taxable year of the disposition of a Taxable Bond and certain other requirements are met, such Non-U.S. Holder generally will be subject to U.S. federal income tax at a flat rate of 30% (unless a lower applicable income tax treaty rate applies), on any such gain.

Information Reporting and Backup Withholding -- Payments to Non-U.S. Holders of interest on a Taxable Bond, and amounts withheld from such payments, if any, generally will be required to be reported to the Service and to the Non-U.S. Holder. Copies of these information returns also may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or is established under the provisions of a specific treaty or agreement. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Backup withholding generally will not apply to payments of principal and interest on Taxable Bonds if the Non-U.S. Holder furnishes a certification as to its Non-U.S. status or the Non-U.S. Holder otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know that the Non-U.S. Holder is a United States person.

Payment of the proceeds of a disposition of a Taxable Bond effected by the U.S. office of a United States or foreign broker will be subject to information reporting and backup withholding unless the Non-U.S. Holder properly certifies under penalties of perjury as to its foreign status and certain other conditions are met or the Non-U.S. Holder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Taxable Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records of the Non-U.S. Holder's foreign status and certain other conditions are met, or the Non-

U.S. Holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the sale of a Taxable Bond effected outside the United States by such a broker if it has certain relationships with the United States.

U.S. backup withholding tax is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Bondholder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the Service.

FATCA Withholding

The Foreign Account Tax Compliance Act, or "FATCA," imposes a 30% withholding tax on certain types of payments made to foreign financial institutions, or "FFIs," and certain other non-U.S. entities, unless certain due diligence, reporting, withholding, and certification requirements are satisfied. As a general matter, FATCA imposes a 30% withholding tax on interest payments on a Taxable Bond, and (subject to the proposed United States Treasury regulations discussed below) payments of gross proceeds from the sale or other disposition of a Taxable Bond, that are made to an FFI or non-financial foreign entity unless (i) the foreign entity is an FFI that undertakes certain due diligence, reporting, withholding, and certification obligations, or in the case of an FFI that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence, reporting, and other requirements of such an agreement, (ii) the foreign entity is not an FFI and either certifies that it does not have any "substantial" U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (iii) the foreign entity qualifies for an exemption from these rules. In certain cases, a "substantial" U.S. owner can mean an owner of any interest in the foreign entity.

As noted above, withholding under FATCA can apply to payments of gross proceeds from the sale or other disposition of a Taxable Bond, in addition to interest payments. However, United States Treasury regulations have been proposed that would entirely eliminate FATCA withholding on payments of gross proceeds. Taxpayers generally may rely on these proposed United States Treasury regulations until the promulgation of final United States Treasury regulations.

Prospective investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in the Taxable Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances the Town has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Town is required to observe the agreement while it remains obligated to advance funds to pay such Bonds. Under the agreement, the Town will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The Town will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the Town of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 15. The Town will update and provide this information in the numbered tables within six months after the end of each fiscal year ending in or after 2021 and, if then available, audited financial statements of the Town. If audited financial statements are not available when the information is provided, the Town will provide audited financial statements when and if they become available, but in any event within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Town shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the Town may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The Town's current fiscal year end is September 30. Accordingly, updated unaudited information included in the above-referenced tables must be provided by March 31 in each year, and audited financial statements must be provided by September 30 of each year, unless the Town changes its fiscal year. If the Town changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events . . . The Town will also provide timely notices of certain events to the MSRB. The Town will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Town, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) Incurrence of a Financial Obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Town, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Town, any of which reflect financial difficulties. In addition, the Town will provide timely notice of any failure by the Town to provide annual financial information in accordance with their agreement described above under "Annual Reports."

For these purposes, (A) any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Town in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the Town, and (B) the Town intends the words used in clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018. The Ordinances define "Financial Obligation" as a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . Under its continuing disclosure agreement for the Town's Combination Tax and Revenue Certificates of Obligation, Series 2008, the Town is required to file notice with the MSRB if the audit of the Town's financial statements is not complete by March 31 in a particular year and, in such event, to file unaudited financial statements for the applicable year by March 31. While the Town included unaudited financial information regarding changes in net assets of governmental activities and General Fund revenues and expenditures in its 2015 Annual Report, the Town did not file unaudited financial statements by March 31, 2016 or make a failure to file notice that the audit of financial statements was not complete by such date. The Town did give notice on its cover sheet for the filing of its Annual Report for fiscal year ended September 30, 2015 filed with the MSRB on March 30, 2016 that the audit of the 2015 financial statements was not available. The Town did file its fiscal year 2015 audited financial statements on May 2, 2016 with the MSRB. The 2015 audited financial statements were not available on March 31 due to internal staffing changes at the Town and the implementation of a new financial management and accounting software system. The Town has since addressed such issues and anticipates timely filing its audited financial statements in accordance with its continuing disclosure undertakings in the future. This was the only instance in the last five years where the Town did not file audited financial statements with the MSRB prior to March 31 in a year.

OTHER INFORMATION

RATINGS

The Obligations and presently outstanding tax-supported debt of the Town are rated "Aaa" by Moody's and "AAA" by S&P. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Town makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

In the opinion of Town officials the Town is not a party to any litigation or other proceeding pending or to their knowledge threatened, in or before any court, agency or other administrative body (either state or federal) which, if decided adversely to the Town, would have a material adverse effect on the financial condition or operations of the Town.

At the time of the initial delivery of the Obligations, the Town Attorney will notify the Initial Purchasers if there has been any lawsuit or claim challenging the issuance of the Obligation or that affects the payment, delivery or security of the Obligations of which the Town Attorney has been notified.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Obligations (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Obligations are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Obligations may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before the Obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The Town has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations to any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. No review by the Town has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL MATTERS

The Town will furnish to the Initial Purchasers a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Obligations and to the effect that the Obligations are valid and legally binding obligations of the Town, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS FOR THE BONDS" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations, or which would affect the provision made for their payment or security or in any manner questioning the validity of said Obligations will also be furnished. Though it represents the Financial Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the Town in connection with the issuance of the Obligations. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Official Statement to verify that such description conforms to the provisions of the Ordinances. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System.

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

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC, will deliver to the Issuer, on or before the settlement date of the Taxable Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash, if any, and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the Issuer. In addition, Public Finance Partners LLC has relied on any information provided to it by the Issuer's retained advisors, consultants or legal counsel.

The report will be relied upon by Bond Counsel in rendering its opinion with respect to the defeasance of the Refunded Obligations.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the Town in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

INITIAL PURCHASER OF THE BONDS

After requesting competitive bids for the Bonds, the Town accepted the bid of _______________________ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of par plus a cash premium of $__________. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the Town to the Initial Purchaser of the Bonds. The Town has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Bonds.

INITIAL PURCHASER OF THE TAXABLE BONDS

After requesting competitive bids for the Taxable Bonds, the Town accepted the bid of _______________________ (the "Initial Purchaser of the Taxable Bonds") to purchase the Taxable Bonds at the interest rates shown on page 4 of the Official Statement at a price of par minus an original issue discount of $__________. The Initial Purchaser of the Taxable Bonds can give no assurance that any trading market will be developed for the Taxable Bonds after their sale by the Town to the Initial Purchaser of the Taxable Bonds. The Town has no control over the price at which the Taxable Bonds are subsequently sold and the initial yield at which the Taxable Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Taxable Bonds.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency (including TEA) that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. On March 2, 2021, the Governor issued Executive Order GA-34, effective March 10, 2021, which among other things rescinds and supersedes various prior executive orders and provides that (i) in all counties not in an "area with high hospitalization" (as defined in Executive Order GA 34) there are no COVID-19 related operating limits for any business or other establishment and (ii) no person may be required by any jurisdiction to wear or to mandate the wearing of a face covering. In "areas with high hospitalizations" a county judge may impose COVID-19 related mitigation strategies, including reinstituting business occupancy limits. The Governor retains the right to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the City. See "AD VALOREM PROPERTY TAXATION – Table 2 – Taxable Assessed Valuation by Category." In addition, sales tax revenues are an important part of the City's revenues and sales tax revenues may be negatively affected by the pandemic and therefore have a negative effect on the City's budget and operations. **The Obligations are secured by aa ad valorem tax, levied within the limited prescribed by law, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Obligations as well as the City's share of operations and maintenance expenses payable from ad valorem taxes.**

WINTER STORM URI

Between February 14 and February 19, 2021, the State of Texas experienced a severe winter storm causing widespread, record breaking cold temperatures throughout the State. As a result of the winter storm, there were widespread disruptions to the operations of Texas electric and gas utilities, which have been widely reported in the press, and approximately four million Texas residents lost power for significant portions for the week. The power outages caused water pipes to burst, resulting in damage to many structures, and in some areas affected the safety of the public water supply for a period of time. The President declared a major disaster in the State, making disaster assistance from the Federal Emergency Management Agency ("FEMA") available to homeowners and businesses that sustained damage. Based on preliminary assessments, the Town does not anticipate a material adverse impact on its operations or financial condition as a result of the storm. There are special taxing procedures for areas declared to be disaster area which could affect the amount of taxes due and when they are collected. See "TAX INFORMATION – Temporary Exemption for Qualified Property Damaged by a Disaster."

CERTIFICATION OF THE OFFICIAL STATEMENT

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

MISCELLANEOUS

The Ordinances authorizing the issuance of the Obligations will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Initial Purchasers.

Schedule I

SCHEDULE OF REFUNDED OBLIGATIONS*

General Obligation Bonds, Tax-Exempt Series 2013

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
7/15/2013	2/15/2024	5.000%	$ 230,000	$ 230,000
	2/15/2025	5.000%	240,000	240,000
	2/15/2026	5.000%	255,000	255,000
	2/15/2027	5.000%	265,000	265,000
	2/15/2028	5.000%	280,000	280,000
	2/15/2029	4.100%	295,000	295,000
	2/15/2030	4.150%	305,000	305,000
	2/15/2031	4.250%	320,000	320,000
	2/15/2032	4.300%	330,000	330,000
	2/15/2033	4.375%	345,000	345,000
			$ 2,865,000	$ 2,865,000

The 2024 – 2033 maturities will be redeemed prior to original maturity on February 15, 2023 at par.

General Obligation Bonds, Series 2013A (AMT)

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
7/15/2013	2/15/2024 (1)	4.250%	$ 90,000	$ 90,000
	2/15/2025 (1)	4.250%	95,000	95,000
	2/15/2026 (1)	4.250%	100,000	100,000
	2/15/2027 (1)	4.250%	105,000	105,000
	2/15/2028 (1)	4.250%	110,000	110,000
	2/15/2029 (2)	4.800%	115,000	115,000
	2/15/2030 (2)	4.800%	120,000	120,000
	2/15/2031 (2)	4.800%	125,000	125,000
	2/15/2032 (2)	4.800%	130,000	130,000
	2/15/2033 (2)	4.800%	140,000	140,000
			$ 1,130,000	$ 1,130,000

The 2024 – 2033 maturities will be redeemed prior to original maturity on February 15, 2023 at par.

(1) Represent mandatory sinking fund installments of a Term Bond with a final maturity of February 15, 2028.
(2) Represent mandatory sinking fund installments of a Term Bond with a final maturity of February 15, 2033.

* Preliminary, subject to change.

Combination Tax and Revenue Certificates of Obligation, Series 2013

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
7/15/2013	2/15/2024	5.000%	$ 490,000	$ 490,000
	2/15/2025	5.000%	515,000	515,000
	2/15/2026	5.000%	545,000	545,000
	2/15/2027	5.000%	575,000	575,000
	2/15/2028	5.000%	600,000	600,000
	2/15/2029	4.100%	630,000	630,000
	2/15/2030	4.150%	655,000	655,000
	2/15/2031	4.250%	685,000	685,000
	2/15/2032	4.300%	715,000	715,000
	2/15/2033	4.375%	750,000	750,000
			$ 6,160,000	$ 6,160,000

The 2024 – 2033 maturities will be redeemed prior to original maturity on February 15, 2023 at par.

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* Preliminary, subject to change.

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWN

DESCRIPTION OF THE TOWN . . . The Town of Addison (4.4 square miles in area), incorporated in 1953, is located in Dallas County 12 miles north of downtown Dallas. Addison is bounded on the east by the extension of the Dallas North Tollway and is bisected east to west by Belt Line Road.

GOVERNMENT . . . The Town is governed by a City Council composed of six councilmembers and the Mayor. The Mayor and councilmembers serve staggered two-year terms. The day-to-day operations of Addison are conducted by a Town Manager who is selected by the City Council. The Town's Home Rule Charter was adopted in 1978 and was last amended in January, 1993. The charter provides for a City Council comprised of the Mayor and six councilmembers. Under the charter the Mayor may vote on all items coming before the Council.

POPULATION . . . The U.S. Census Bureau set the 1970 population at 550, the 1980 population at 5,553, the 1990 population at 8,783 and the 2010 population at 13,056, and the NCTCOG estimates the 2021 population to be 15,790.

ECONOMY . . .Addison is a prime and desirable location for many businesses seeking relocation in the area.

Among the top employers in the Town are the following:

Company	Type of Business	Estimated Number of Employees
Mary Kay Cosmetics Inc.	Cosmetics	1,200
Bank of America	Finance	1,200
Homeward Residential Inc.	Finance	750
Regus Texas	Real Estate	590
Barrett Daffin Frappier Turner	Attorney Firm	550
Expense Reduction Analysts	Consulting Service	501
Maxim Integrated Products	Manufacturing	500
Intercontinental Hotel Dallas	Hospitality	450
National Bankruptcy Services	Bankruptcy Service	450

Source: Town’s 2019 Annual Financial Report.

AIRPORT . . . The Town of Addison owns a general aviation airport, a single runway facility. The runway is 7,200 feet in length and can accommodate general aviation aircraft through 120,000 pounds gross weight including Boeing 737's and DC9's. the Addison Airport is currently home to over 600 based aircraft, including more than 150 jets, an FAA air traffic control tower, U.S. Customs services, two nationally recognized Fixed-Based Operators (FBO's) with a third FBO currently under construction, and more than seventy commercial aeronautical service providers employing over 1,000 full-time employees. The airport is used extensively by corporate executives who wish to conduct business in offices located in the north Dallas area.

TRANSPORTATION . . . Direct access to downtown Dallas is afforded via the Dallas North Tollway. Nearby highways and freeways provide convenient access to the entire Dallas/Fort Worth Metroplex including the Richardson telecommunications corridor, the Plano corporate campus, and the Dallas/Fort Worth International Airport.

In addition to Addison Airport, commercial air transportation is available at Dallas' Love Field and at the Dallas/Fort Worth International Airport. Rail service for Addison is provided by the Cotton Belt Railroad and numerous motor freight lines from nearby Dallas are available.

EDUCATIONAL FACILITIES . . . Addison is served by the Dallas Independent School District and the Carrollton-Farmers Branch Independent School District, it is also served by two private schools, Trinity Christian Academy and Greenhill School; all serve the K/12 grades. Brookhaven Community College, a part of the Dallas County Community College, is located in the Town and seven major colleges and universities are located within a 40-mile radius of the Town and include University of North Texas, Southern Methodist University, Texas Christian University, University of Texas at Dallas and University of Texas at Arlington.

BUILDING PERMITS

Fiscal Year	Number of Permits	Commercial	Residential	Total Value
2017	1,390	$ 200,316,063	$ 2,745,991	$ 203,062,054
2018	1,305	154,405,364	52,566,729	206,972,093
2019	1,231	162,104,339	40,239,465	202,343,804
2020	1,171	209,324,055	9,409,884	218,733,938
2021 (1)	1,955	250,887,633	15,336,265	266,223,898

(1) As of May 31, 2021.

APPENDIX B

EXCERPTS FROM THE

TOWN OF ADDISON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2020

The information contained in this Appendix consists of excerpts from the Town of Addison, Texas Annual Financial Report for the Year Ended September 30, 2020, and is not intended to be a complete statement of the Town's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS