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 Official Statement is delivered in final form. Under no circumstances shall this 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 any such jurisdiction.

FSCContinuingDisclosureServices
A Division of Hilltop Securities.
(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: January 16, 2018

Ratings:
Moody's: "Aa3"
S&P: "A+"
Fitch: "AA+"
See ("Other Information – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, under existing law, interest on the New Series Tax-Exempt Bonds is excludable from gross income for federal income tax purposes and the New Series Tax-Exempt Bonds are not "private activity bonds." See "Tax Matters – New Series Tax-Exempt Bonds" for a discussion of the opinion of Bond Counsel.

<u>THE BONDS **WILL NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS</u>

$2,405,000*
MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION
(Tarrant, Johnson and Ellis Counties, Texas)
SALES TAX REVENUE BONDS, NEW SERIES 2018

Dated Date: January 15, 2018
Interest Accrues: Date of Delivery
Due: August 1, as shown on page 2

PAYMENT TERMS. . . Interest on the $2,405,000* Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, New Series 2018 (the "New Series Tax-Exempt Bonds") will accrue from the date of their delivery to the Underwriters (the "Date of Delivery"), and will be payable February 1 and August 1 of each year commencing February 1, 2019, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive New Series Tax-Exempt 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 New Series Tax-Exempt Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the New Series Tax-Exempt Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the New Series Tax-Exempt 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 New Series Tax-Exempt Bonds. See "The New Series Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "The New Series Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The New Series Tax-Exempt Bonds are being issued by Mansfield Park Facilities Development Corporation (the "Corporation") pursuant to Chapters 501, 502 and 505, Texas Local Government Code, as amended (collectively the "Act"). The New Series Tax-Exempt Bonds and their terms are governed by the provisions of a resolution (the "New Series Tax-Exempt 2018 Resolution" and together with the New Series Taxable 2018 Resolution, as hereinafter defined, the "New Series 2018 Resolutions") to be adopted by the Corporation (see "The New Series Bonds – Authority for Issuance).

The New Series Tax-Exempt Bonds are special obligations of the Corporation, payable from, and together with any Parity New Series Revenue Obligations, secured by a lien on and pledge of certain Pledged Revenues which include the proceeds of a 1/2 of 1% sales and use tax levied within the City of Mansfield, Texas (the "City") for the benefit of the Corporation (see "Selected Provisions of the New Series Resolutions"); provided, however, such lien on and pledge of the Pledged Revenues is junior and subordinate to the lien on and pledge of the Pledged Revenues made for the security and payment of the Previously Issued Senior Lien Bonds (as defined herein). The Corporation has covenanted in the New Series 2018 Resolutions not to issue any additional obligations that are on a parity with the Previously Issued Senior Lien Bonds. At such time as there are no Previously Issued Senior Lien Bonds outstanding, the Parity New Series Revenue Obligations shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues.

The New Series Tax-Exempt Bonds are payable solely by a pledge of and lien on the moneys described in the New Series Tax-Exempt 2018 Resolution and not from any other revenues, properties or income of the Corporation. Neither the State, Tarrant, Johnson or Ellis Counties, the City nor any political corporation, subdivision, or agency of the State shall be obligated to pay the New Series Tax-Exempt Bonds or the interest thereon, and neither the faith and credit nor the taxing power of the State, Tarrant, Johnson or Ellis Counties, the City, or any political corporation, subdivision, or agency thereof, except as authorized by the Act, is pledged to the payment of the principal of or interest on the New Series Tax-Exempt Bonds (see "The New Series Bonds - Security and Source of Payment").

PURPOSE. . Proceeds from the sale of the New Series Tax-Exempt Bonds will be used for the purpose of (i) designing, developing, constructing and equipping a Parks Administration Building; (ii) constructing, improving, equipping and acquiring land for the Mansfield Linear Park Project, (iii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2018 Tax-Exempt Bonds Reserve Fund, and (iv) paying the costs of issuing the New Series Tax-Exempt Bonds.

BOND INSURANCE . . . The Corporation has applied for municipal bond insurance on the New Series Tax-Exempt Bonds and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. See "Bond Insurance Risk Factors" herein.

CUSIP PREFIX: 564393

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 2

SEPARATE ISSUES . . . The New Series Tax-Exempt Bonds are being offered by the Corporation concurrently with the Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, Taxable New Series 2018 (the "New Series Taxable Bonds" and together with the New Series Tax-Exempt Bonds, the "New Series Bonds"), under a common Official Statement. The New Series Tax-Exempt Bonds and New Series Taxable Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and while the New Series Bonds 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 tax status of its interest and other features.

LEGALITY . . . The New Series Tax-Exempt Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by Locke Lord LLP, Dallas, Texas, Counsel to the Underwriters.

DELIVERY. . . It is expected that the New Series Tax-Exempt Bonds will be available for delivery through The DTC on February 21, 2018.

FROST BANK

BOK FINANCIAL SECURITIES, INC. **RBC CAPITAL MARKETS**

* Preliminary, subject to change.

CUSIP[(1)] Prefix: 564393

MATURITY SCHEDULE*

1-Aug Year	Principal Amount	Interest Rate	Initial Yield	CUSIP[(1)] Suffix
2019	$ 35,000			
2020	90,000			
2021	95,000			
2022	100,000			
2023	100,000			
2024	105,000			
2025	105,000			
2026	110,000			
2027	115,000			
2028	115,000			
2029	120,000			
2030	125,000			
2031	130,000			
2032	135,000			
2033	140,000			
2034	145,000			
2035	150,000			
2036	155,000			
2037	165,000			
2038	170,000			

(Interest accrues from Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services managed by S&P Capital IQ 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. Neither the Corporation, the Financial Advisor, nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The Corporation reserves the right, at its option, to redeem New Series Tax-Exempt Bonds having stated maturities on and after August 1, 2028, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “The New Series Bonds - Optional Redemption").

* Preliminary, subject to change.

FSCContinuingDisclosureServices
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: January 16, 2017

Ratings:
Moody's: "Aa3"
S&P: "A+"
Fitch: "AA+"
See ("Other Information – Ratings" herein)

NEW ISSUE - Book-Entry-Only

Interest on the New Series Taxable Bonds is not excludable from gross income for federal income tax purposes under existing law. See "Tax Matters – New Series Taxable Bonds" herein.

$3,770,000*
MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION
(Tarrant, Johnson and Ellis Counties, Texas)
SALES TAX REVENUE BONDS, TAXABLE NEW SERIES 2018

Dated Date: January 15, 2018
Interest Accrues: Date of Delivery

Due: August 1, as shown on page 4

PAYMENT TERMS. . . Interest on the $3,770,000* Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, Taxable New Series 2018 (the "New Series Taxable Bonds") will accrue from the date of their delivery to the Underwriters (the "Date of Delivery"), and will be payable February 1 and August 1 of each year commencing February 1, 2019, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive New Series 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 New Series Taxable Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the New Series Taxable Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the New Series 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 New Series Taxable Bonds. See "The New Series Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "The New Series Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The New Series Taxable Bonds are being issued by Mansfield Park Facilities Development Corporation (the "Corporation") pursuant to Chapters 501, 502 and 505, Texas Local Government Code, as amended (collectively the "Act"). The New Series Taxable Bonds and their terms are governed by the provisions of a resolution (the "New Series Taxable 2018 Resolution" and together with the New Series Tax-Exempt 2018 Resolution, the "New Series 2018 Resolutions") to be adopted by the Corporation (see "The New Series Bonds – Authority for Issuance).

The New Series Taxable Bonds are special obligations of the Corporation, payable from, and together with any Parity New Series Revenue Obligations, secured by a lien on and pledge of certain Pledged Revenues which include the proceeds of a 1/2 of 1% sales and use tax levied within the City of Mansfield, Texas (the "City") for the benefit of the Corporation (see "Selected Provisions of the New Series 2018 Resolutions"); provided, however, such lien on and pledge of the Pledged Revenues is junior and subordinate to the lien on and pledge of the Pledged Revenues made for the security and payment of the Previously Issued Senior Lien Bonds (as defined herein). The Corporation has covenanted in the New Series 2018 Resolutions not to issue any additional obligations that are on a parity with the Previously Issued Senior Lien Bonds. At such time as there are no Previously Issued Senior Lien Bonds outstanding, the Parity New Series Revenue Obligations shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues.

The New Series Taxable Bonds are payable solely by a pledge of and lien on the moneys described in the New Series Taxable 2018 Resolution and not from any other revenues, properties or income of the Corporation. Neither the State, Tarrant, Johnson or Ellis Counties, the City nor any political corporation, subdivision, or agency of the State shall be obligated to pay the New Series Taxable Bonds or the interest thereon, and neither the faith and credit nor the taxing power of the State, Tarrant, Johnson or Ellis Counties, the City, or any political corporation, subdivision, or agency thereof, except as authorized by the Act, is pledged to the payment of the principal of or interest on the New Series Taxable Bonds (see "The New Series Bonds - Security and Source of Payment").

PURPOSE. . . Proceeds from the sale of the New Series Taxable Bonds will be used for the purpose of (i) designing, developing, constructing, and equipping a public recreational ice skating facility, (ii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2018 Taxable Bonds Reserve Fund, and (iii) paying the costs of issuing the New Series Taxable Bonds.

BOND INSURANCE . . . The Corporation has applied for municipal bond insurance on the New Series Taxable Bonds and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. See "Bond Insurance Risk Factors" herein.

CUSIP PREFIX: 564393
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 4

SEPARATE ISSUES . . . The New Series Taxable Bonds are being offered by the Corporation concurrently with the Mansfield Park Facilities Development Corporation Sales Tax Revenue Refunding and Improvement Bonds, New Series 2018 (the "New Series Tax-Exempt Bonds" and together with the New Series Taxable Bonds, the "New Series Bonds"), under a common Official Statement. The New Series Taxable Bonds and New Series Tax-Exempt Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and while the New Series Bonds 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 tax status of its interest and other features.

LEGALITY . . . The New Series Taxable Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by Locke Lord LLP, Dallas, Texas, Counsel to the Underwriters.

DELIVERY. . . It is expected that the New Series Taxable Bonds will be available for delivery through The DTC on February 21, 2018.

FROST BANK

BOK FINANCIAL SECURITIES, INC. **RBC CAPITAL MARKETS**

* Preliminary, subject to change.

CUSIP[1] Prefix: 564393

MATURITY SCHEDULE*

1-Aug Year	Principal Amount	Interest Rate	Initial Yield	CUSIP[1] Suffix
2020	$ 100,000			
2021	105,000			
2022	105,000			
2023	110,000			
2024	115,000			
2025	115,000			
2026	120,000			
2027	125,000			
2028	130,000			
2029	135,000			
2030	140,000			
2031	145,000			
2032	150,000			
2033	155,000			
2034	165,000			
2035	170,000			
2036	180,000			
2037	185,000			
2038	195,000			
2039	205,000			
2040	215,000			
2041	225,000			
2042	235,000			
2043	245,000			

(Interest accrues from Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services managed by S&P Capital IQ 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. Neither the Corporation, the Financial Advisor, nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The Corporation reserves the right, at its option, to redeem New Series Taxable Bonds having stated maturities on and after August 1, 2028, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The New Series Bonds - Optional Redemption").

* Preliminary, subject to change.

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

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

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

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

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

NEITHER THE CORPORATION, ITS FINANCIAL ADVISOR NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM HEREIN, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

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

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

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE CORPORATION .... The Corporation is a non-profit industrial development corporation of the City of Mansfield, Texas which is located in the City of Mansfield in Tarrant, Johnson and Ellis Counties, Texas (see "Introduction - Description of the Corporation").

THE NEW SERIES TAX-EXEMPT BONDS.. The New Series Tax-Exempt Bonds are issued as $2,405,000* Sales Tax Revenue Bonds, New Series 2018. The New Series Tax-Exempt Bonds are issued as serial bonds maturing August 1, in the years 2019 through 2038 (see "The New Series Bonds - Description of the New Series Bonds").

THE NEW SERIES TAXABLE BONDS.. The New Series Taxable Bonds are issued as $3,770,000* Sales Tax Revenue Bonds, Taxable New Series 2018. The New Series Taxable Bonds are issued as serial bonds maturing August 1, in the years 2020 through 2043 (see "The New Series Bonds – Description of the New Series Bonds").

PAYMENT OF INTEREST .... Interest on the New Series Tax-Exempt Bonds accrues from the Date of Delivery, and is payable February 1, 2019, and each August 1 and February 1 thereafter until maturity or prior redemption (see "The New Series Bonds - Description of the New Series Bonds" and "The New Series Bonds - Optional Redemption").

Interest on the New Series Taxable Bonds accrues from the Date of Delivery, and is payable February 1, 2019, and each August 1 and February 1 thereafter until maturity or prior redemption (see "The New Series Bonds - Description of the New Series Bonds" and "The New Series Bonds - Optional Redemption").

AUTHORITY FOR ISSUANCE.......... The New Series Bonds are being issued by the Corporation pursuant to Chapters 501, 502 and 505, Texas Local Government Code, as amended. The New Series Bonds and their terms are governed by the provisions of the separate New Series 2018 Resolutions to be adopted by the Corporation (see "The New Series Bonds – Authority for Issuance").

SECURITY FOR THE BONDS .... The New Series Bonds are special obligations of the Corporation, payable from, and together with any Parity New Series Revenue Obligations, secured by a lien on and pledge of certain Pledged Revenues which include the gross proceeds of a 1/2 of 1% sales and use tax levied within the City of Mansfield, Texas for the benefit of the Corporation (see "The New Series Bonds - Security and Source of Payment"); provided, however, such lien on and pledge of the Pledged Revenues is junior and subordinate to the lien on and pledge of the Pledged Revenues made for the security and payment of the Previously Issued Senior Lien Bonds (as defined herein). The Corporation has covenanted in the New Series 2018 Resolutions not to issue any additional obligations that are on a parity with the Previously Issued Senior Lien Bonds. At such time as there are no Previously Issued Senior Lien Bonds outstanding, the New Series Bonds shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues.

REDEMPTION .... The Corporation reserves the right, at its option, to redeem New Series Bonds having stated maturities on and after August 1, 2028 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The New Series Bonds - Optional Redemption").

TAX MATTERS............................... In the opinion of Bond Counsel, under existing law, the interest on the New Series Tax-Exempt Bonds will be excludable from gross income for federal income tax purposes and the New Series Tax-Exempt Bonds are not private activity bonds. See "Tax Matters – New Series Tax-Exempt Bonds" for a discussion of the opinion of Bond Counsel.

Interest on the New Series Taxable Bonds is not excludable from gross income for federal tax income purposes under existing law. See "Tax Matters – New Series Taxable Bonds" herein.

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* Preliminary, subject to change.

USE OF PROCEEDS......................... Proceeds from the sale of the New Series Tax-Exempt Bonds will be used for the purpose of (i) designing, developing, constructing and equipping a Parks Administration Building; (ii) constructing, improving, equipping and acquiring land for the Mansfield Linear Park Project, (iii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2018 Tax-Exempt Bonds Reserve Fund, and (iv) paying the costs of issuing the New Series Tax-Exempt Bonds.

Proceeds from the sale of the New Series Taxable Bonds will be used for the purpose of (i) designing, developing, constructing, and equipping a public recreational ice skating facility, (ii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2018 Taxable Bonds Reserve Fund, and (iii) paying the costs of issuing the New Series Taxable Bonds.

RATINGS .... The New Series Bonds and the presently outstanding Parity New Series Revenue Obligations of the Corporation are rated "Aa3" by Moody's Investors Service, Inc. ("Moody's"), "A+" by S&P Global Ratings ("S&P"), and “AA+” by Fitch Ratings (“Fitch”), without regard to credit enhancement (see "Other Information - Ratings").

INSURANCE .... The Corporation has made an application for a municipal bond insurance policy in conjunction with the issuance of the Bonds.

BOOK-ENTRY-ONLY SYSTEM .... The definitive New Series Bonds 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 New Series Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity of a series. No physical delivery of the New Series Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the New Series 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 New Series Bonds (see “The New Series Bonds - Book-Entry-Only System") .

PAYMENT RECORD .... The Corporation has never defaulted in payment of its bonds.

CORPORATION ADMINISTRATION

THE CORPORATION’S OFFICERS AND BOARD OF DIRECTORS

Member Name	Member Since	Term Expires
Harold Bell President	February, 1996	October, 2018
Wendy Collini Vice President	September, 2000	October, 2019
Lindsay Cadenhead	October, 2017	October, 2019
Bob Kowalski	October, 2009	October, 2019
Sandra Hightower	November, 2006	October, 2018
Dee Davey	October, 2010	October, 2019
Neal Shaw	October, 2016	October, 2018

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Elected	Term Expires	Occupation
David L. Cook Mayor, Place 1	Re-elected May, 2016	May 2019	Attorney
Brent Newsom Councilmember Place 2	Re-elected May, 2016	May 2019	Bank Manager
Stephen Lindsey Councilmember Place 3	Re-elected May, 2015	May 2018	Gas Industry Executive
Darryl Haynes Councilmember Place 4	Re-elected May, 2015	May 2018	Corporate Risk Manager
Cory Hoffman Councilmember Place 5	Re-elected May, 2015	May 2018	CPA, CFO
Terry Moore Councilmember Place 6	Elected May, 2017	May 2020	Cardiovascular Equipment Sales
Larry Broseh Councilmember Place 7	Re-elected May, 2017	May 2020	President, Cam Tech Inc.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to City	Total Length of Governmental Service
Clayton W. Chandler, MPA, ABJ Regional Entrepreneur of the Year June 1992, INC. Magazine	City Manager	33 Years	43 Years
Peter K. Phillis, CPA	Deputy City Manager	20 Years	25 Years
Shelly Lanners	Deputy City Manager	17 Years	17 Years
Joe Smolinski	Deputy City Manager	16 Years	16 Years
Jeanne Heard	City Secretary	2 Years	24 Years
E. Allen Taylor, Jr.	City Attorney	20 Years	29 Years

CONSULTANTS AND ADVISORS

Auditors .... KPMG LLP
Dallas, Texas

Bond Counsel .... Bracewell & Giuliani LLP
Dallas, Texas

Financial Advisor.. Hilltop Securities Inc.
Dallas, Texas

For additional information regarding the Corporation, please contact:

Clayton W. Chandler Peter K. Phillis City of Mansfield 1200 E. Broad Street Mansfield, Texas 76063 (817) 276-4200	or	Nick Bulaich Hilltop Securities Inc. 777 Main Street Suite 1200 Fort Worth, Texas 76102 (817) 332-9710	or	W. Boyd London, Jr. Hilltop Securities Inc. 1201 Elm Street Suite 3500 Dallas, Texas 75270 (214) 953-4000

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$2,405,000*
MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION
SALES TAX REVENUE BONDS, NEW SERIES 2018

AND

$3,770,000*
MANSFIELD PARK FACILIITES DEVELOPMENT CORPORATION
SALES TAX REVENUE BONDS, TAXABLE NEW SERIES 2018

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $2,405,000* Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, New Series 2018 (the "New Series Tax-Exempt Bonds") and the $3,770,000* Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, Taxable New Series 2018 (the "New Series Taxable Bonds" and together with the New Series Tax-Exempt Bonds, the "New Series Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the separate New Series 2018 Resolutions to be adopted on the date of sale of the New Series Bonds which will authorize the issuance of the New Series Bonds, except as otherwise indicated herein (see "Selected Provisions of the New Series 2018 Resolutions").

There follows in this Official Statement descriptions of the New Series Bonds and certain information regarding the Corporation 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 Corporation's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

All financial and other information presented in this Official Statement has been provided by the Corporation and the City of Mansfield (the "City") from their 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 Corporation. 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").

DESCRIPTION OF THE CORPORATION . . . The Corporation is a non-profit corporation duly organized and operating under the laws of the State of Texas, particularly Chapters 501, 502 and 505, Texas Local Government Code, as amended (collectively, the "Act"). The Corporation was created following an election held by the City on January 18, 1992, on the question of the levy of a 1/2 of 1% local sales and use tax in the City for the benefit of the Corporation (the "Election"). The purpose of the Corporation as currently organized is to promote and provide for the economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing, and financing projects under the Act. The City Council of the City of Mansfield appoints the members of the Board and under the provisions of the Act and the Corporation's by-laws is required to approve certain actions of the Corporation, including the issuance of the New Series Bonds by the Corporation.

DESCRIPTION OF THE CITY. . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1890, and first adopted its Home Rule Charter in 1975 and amended its Home Rule Charter on May 7, 1988. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The term of office is a staggered three-year term. The City Manager is the chief executive officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 56,368, while the estimated 2018 population is 70,170. The City covers approximately 36.69 square miles.

* Preliminary, subject to change.

THE NEW SERIES BONDS

Purpose. . . Proceeds from the sale of the New Series Tax-Exempt Bonds will be used for the purpose of (i) designing, developing, constructing and equipping a Parks Administration Building; (ii) constructing, improving, equipping and acquiring land for the Mansfield Linear Park Project, (iii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2018 Tax-Exempt Bonds Reserve Fund, and (iv) paying the costs of issuing the New Series Tax-Exempt Bonds.

Proceeds from the sale of the New Series Taxable Bonds will be used for the purpose of (i) designing, developing, constructing, and equipping a public recreational ice skating facility, (ii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2018 Taxable Bonds Reserve Fund, and (iii) paying the costs of issuing the New Series Taxable Bonds.

Description of the New Series Bonds . . . The New Series Bonds are dated January 15, 2018, and mature on August 1 in each of the years and in the amounts shown on the pages 2 and 4 hereof. Interest will accrue from the Date of Delivery, and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 1 and August 1, commencing February 1, 2019. The definitive New Series Bonds 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 New Series Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the New Series 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 New Series Bonds. See "Book-Entry-Only System" herein.

Authority for Issuance. . . The New Series Bonds are being issued by the Corporation pursuant to the Act. The New Series Bonds and their terms are governed by the provisions of the separate New Series Tax-Exempt 2018 Resolution and New Series Taxable 2018 Resolution to be adopted by the Corporation.

Security and Source of Payment. . . The New Series Bonds are special obligations of the Corporation payable solely from, and together with any Parity New Series Revenue Obligations, secured by a lien on and pledge of the Pledged Revenues, as defined below; provided, however, such lien on and pledge of the Pledged Revenues is junior and subordinate to the lien on and pledge of the Pledged Revenues made for the security and payment of the Previously Issued Senior Lien Bonds (as set out in the table below). The Corporation has covenanted in the New Series 2018 Resolutions not to issue any additional bonds that are on a parity with the Previously Issued Senior Lien Bonds. At such time as there are no Previously Issued Senior Lien Bonds outstanding, the New Series Bonds, together with any Parity New Series Revenue Obligations, shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues. (See "Selected Provisions of the New Series 2018 Resolutions").

The Corporation currently has outstanding Previously Issued Senior Lien Bonds secured by and payable from a prior and superior lien on and pledge of the Pledged Revenues, as follows:

Dated Date	Outstanding Debt(1)	Issue Description
12/1/2006	$ 110,000	Sales Tax Revenue Bonds, Series 2007
12/1/2011	2,510,000	Sales Tax Revenue Refunding Bonds, Series 2012
	$ 2,620,000	

(1) As of January 1, 2018.

The Corporation currently has outstanding Previously Issued New Series Bonds secured by and payable from a junior and subordinate lien on and pledge of the Pledged Revenues, as follows:

Dated Date	Outstanding Debt(1)	Issue Description
12/1/2015	$ 6,405,000	Sales Tax Revenue Refunding and Improvement Bonds, New Series 2016
12/1/2015	14,815,000	Sales Tax Revenue Refunding and Improvement Bonds, Taxable New Series 2016
10/1/2016	8,295,000	Sales Tax Revenue Bonds,, Taxable New Series 2016A
	$ 29,515,000	

(1) As of January 1, 2018.

The New Series Bonds do not constitute a debt of the City, the State or any agency, political corporation or subdivision thereof except the Corporation. Neither the full faith and credit of the State, Tarrant, Johnson and Ellis Counties, the City or any agency, political corporation or subdivision thereof, has been pledged for the payment of the New Series Bonds, except as described herein.

The Act contains provisions which would allow the voters of the City to either reduce or repeal the Sales Tax. Should the Legislature ever enact such an amendment to the Act to allow for the reduction or repeal of the Sales Tax, the Attorney General of Texas has rendered an Opinion (Opinion No. DM-137) to the effect that a "reduction in the sales tax rate, or a limitation on the amount of time the tax may be collected, may not be applied to any bonds issued prior to the date of the rollback election". In so opining, the Attorney General noted any "subsequent legislation which purports to permit the reduction or other limitation of that tax is ineffective to do so, because such alteration would impair the obligation of the contract between the city and such bondholders", and in effect be a violation of Article 1, Section 10 of the United States Constitution and Article I, Section 16 of the Texas Constitution.

The Sales Tax may not be collected after the last day of the first calendar quarter occurring after notification to the State Comptroller of Public Accounts by the Corporation that all bonds or other obligations of the Corporation that are payable in whole or in part from the proceeds of the Sales Tax, including any refunding bonds or other obligations, have been paid in full or the full amount of money necessary to defease such bonds and other obligations has been set aside in a trust account dedicated to their payment.

PLEDGE UNDER THE NEW SERIES 2018 RESOLUTIONS. . . In the New Series 2018 Resolutions, the Corporation covenants and agrees that the Pledged Revenues, with the exception of those in excess of the amounts required for the payment and security of the Previously Issued Senior Lien Bonds and Parity New Series Revenue Obligations (collectively the New Series Bonds, the Previously Issued New Series Bonds and any Additional Parity News Series Revenue Obligations), are irrevocably pledged to the payment and security of the Parity New Series Revenue Obligations, including the establishment and maintenance of the special funds created and established in the resolutions authorizing Parity New Series Revenue Obligations. Under the New Series 2018 Resolutions, the Pledged Revenues consist of (i) Gross Sales Tax Revenues from time to time deposited or owing to the Gross Sales Tax Revenue Fund, and (ii) such other money, income, revenues or other property which the Corporation may expressly and specifically pledge to the payment of the Parity New Series Revenue Obligations. The New Series 2018 Resolutions define "Gross Sales Tax Revenue" as all of the revenues due or owing to, or collected or received by or on behalf of the Corporation, whether by the City or otherwise, pursuant to the Sales Tax Collection Resolution or the New Series Resolution (collectively, the New Series 2018 Resolutions, the resolutions authorizing the Previously Issued New Series Bonds and any resolutions authorizing Additional New Series Parity Revenue Obligations) from the levy of the Sales Tax, less any amounts due or owing to the Comptroller as charges for collection or retention by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retention are authorized or required by law.

ADDITIONAL PARITY NEW SERIES REVENUE OBLIGATIONS . . . In the New Series 2018 Resolutions, the Corporation reserves the right to issue Additional Parity New Series Revenue Obligations payable from and equally and ratably secured by a lien on and pledge of the Pledged Revenues on a parity with the lien and pledge securing Outstanding Parity New Series Revenue Obligations subject to satisfying certain terms and conditions including obtaining a certificate or opinion from a certified public accountant to the effect that the Gross Sales Tax Revenues received by the Corporation for the last completed Fiscal Year or for any twelve consecutive months out of the fifteen months next preceding the adoption of the resolution authorizing the issuance of the Additional Parity New Series Revenue Obligations were equal to at least (i) 1.35 times the combined maximum annual principal and interest requirements on all Previously Issued Senior Lien Bonds and Parity New Series Revenue Obligations to be outstanding after the issuance of the proposed Additional Parity New Series Revenue Obligations and (ii) 1.50 times the combined average annual principal and interest requirements on all Previously Issued Senior Lien Bonds and Parity New Series Revenue Obligations to be outstanding after the issuance of the proposed Additional Parity New Series Revenue Obligations; provided, that in the event of an increase in the rate of the Sales Tax that becomes effective prior to the date of the resolution authorizing the issuance of the Additional Parity New Series Revenue Obligations, such calculation shall be made if such increase were in effect during such period. The Corporation has covenanted in the New Series Resolutions not to issue any additional obligations that are on a parity with the Previously Issued Senior Lien Bonds.

THE GROSS SALES TAX REVENUE FUND . . . Under the terms of the Act and a resolution adopted concurrently by the City Council of the City and the Board of Directors of the Corporation (the "Sales Tax Collection Resolution") that relates to the collection, handling and transfer of sales tax revenue due to the Corporation, the Gross Sales Tax Revenues collected by the State Comptroller of Public Accounts and remitted periodically to the City for the benefit of the Corporation shall be deposited by the City as received to the credit of a fund or account of the Corporation to be known as the "Gross Sales Tax Revenue Fund."

As explained below under "Flow of Funds," the Gross Sales Tax Revenues held in the Gross Sales Tax Revenue Fund are first to be used to make payments to the Previously Issued Senior Lien Bonds Debt Service Fund in amounts equal to one hundred percent (100%) of the interest on and principal of the Previously Issued Senior Lien Bonds and then to any amounts required to be made pursuant to the resolutions authorizing the Previously Issued Senior Lien Bonds. Subsequent to such payments for the Previously Issued Senior Lien Bonds, the Gross Sales Tax Revenues held in the Gross Sales Tax Revenue Fund are to be used to make payments to the New Series Debt Service Fund in amounts equal to one hundred percent (100%) of the interest on and principal of the Parity New Series Revenue Obligations then falling due and payable.

GENERAL COVENANT REGARDING THE SALES TAX . . . The Municipal Sales and Use Tax Act provides that the Sales Tax does not apply to the sale of a taxable item unless the item is also taxable under the Texas Limited Sales, Excise and Use Tax Act. **The Sales Tax is therefore subject to broadening and reduction in the base against which it is levied by action of the State Legislature without the consent of the City or the Corporation.**

In the New Series 2018 Resolutions, the Corporation covenants, agrees and warrants that, while any Parity New Series Revenue Obligations are outstanding, it will take and pursue all action permissible under applicable law to cause the Sales Tax, at its current rate (1/2 of 1%) or at a higher rate if legally permitted, to be levied and collected continuously in the manner and to the maximum extent permitted by applicable law; and to cause no reduction, abatement or exemption in the Sales Tax until all the Parity New Series Revenue Obligations have been paid in full or until they are lawfully defeased in accordance with the New Series 2018 Resolutions. The Corporation also covenants and agrees that, if, subsequent to the issuance of the New Series Bonds, the City is authorized by applicable law to impose and levy the Sales Tax on any items or transactions that are not subject to the Sales Tax on the date the New Series 2018 Resolutions were adopted, then the Corporation will use its best efforts to cause the City to take such action as may be required by applicable law to subject such items or transactions to the Sales Tax.

OPTIONAL REDEMPTION. . . The Corporation reserves the right, at its option, to redeem New Series Bonds having stated maturities on and after August 1, 2028, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the New Series Bonds of a series are to be redeemed, the Corporation may select the maturities of New Series Bonds of a series to be redeemed. If less than all the New Series Bonds of any maturity and series are to be redeemed, the Paying Agent/Registrar (or DTC while the New Series Bonds are in Book-Entry-Only form) shall determine by lot the New Series Bonds, or portions thereof, within such maturity and series to be redeemed. If a New Series Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such New Series Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the New Series Bonds, the Corporation shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the New Series Bonds 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. In the New Series 2018 Resolutions, the Corporation reserves the right in the case of a redemption to give notice of its election or direction to redeem New Series Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) the Corporation retains the right to rescind such notice at any time prior to the scheduled redemption date if the Corporation delivers a certificate of the Corporation 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 New Series Bonds subject to conditional redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Corporation 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.

ANY NOTICES SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICES. NOTICES HAVING BEEN SO GIVEN, THE BONDS CALLED FOR OPTIONAL REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATES, AND NOTWITHSTANDING THAT ANY NEW SERIES BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH NEW SERIES BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the Corporation, so long as a book-entry-only system is used for the New Series Bonds will send any notice of redemption or other notices with respect to the New Series Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the New Series Bonds called for redemption or any other action premised or any such notice.

DEFEASANCE . . . The New Series 2018 Resolution provides that the Corporation may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon (i) by irrevocably depositing with the Paying Agent/Registrar, or other lawfully authorized escrow agent, in trust a sum of money equal to the principal of, premium, if any, and all interest to accrue on such Bonds to maturity or redemption or (ii) by irrevocably depositing with the Paying Agent/Registrar, or other lawfully authorized escrow agent, in trust amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (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 Corporation 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; or (iii) any combination of (i) and (ii) above. 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 of the Bonds, as the case may be.

After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the Corporation to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the Corporation: (i) in the proceedings providing for the firm banking arrangements, expressly reserves the right to call Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds 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.

Upon such deposit as described above, such New Series Bonds shall no longer be regarded to be outstanding or unpaid. Provided, however, the Corporation has reserved the option, to be exercised at the time of the defeasance of the New Series Bonds, to call for redemption, at an earlier date, those New Series Bonds which have been defeased to their maturity date, if the Corporation: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the New Series Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the New Series Bonds 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.

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FLOW OF FUNDS. . . The New Series 2018 Resolutions provide for the establishment and maintenance of the following funds and accounts for the application of the proceeds of the New Series Bonds and for the Pledged Revenues with all revenues flowing first to the Gross Sales Tax Revenue Fund.

Until such time as the Previously Issued Senior Lien Bonds are no longer outstanding, moneys on deposit in the Gross Sales Tax Revenue Fund shall be applied in the following order of priority:

GROSS SALES TAX REVENUE FUND	
PRIORITY	FUND [1]
First Priority	Previously Issued Senior Lien Bonds Debt Service Fund for the payment of the Previously Issued Senior Lien Bonds,
Second Priority	Previously Issued Senior Lien Bonds Reserve Fund to establish and maintain a Required Reserve for the Previously Issued Senior Lien Bonds,
Third Priority	To pay any amounts due to any bond insurer of Previously Issued Senior Lien Bonds for the Previously Issued Senior Lien Bonds not paid pursuant to the sections above,
Fourth Priority	To pay any amounts due to any issuer of a Previously Issued Senior Lien Bonds Reserve Fund Surety Bond not paid pursuant to the sections above,
Fifth Priority	Any other fund required by any resolution authorizing issuance of Previously Issued Senior Lien Bonds,
Sixth Priority	New Series Debt Service Fund for the payment of the Parity New Series Revenue Obligations,
Seventh Priority	On a pro rata basis, to each debt service reserve fund created by any resolution authorizing the issuance of Parity New Series Revenue Obligations, which contains less than the amount to be accumulated and/or maintained therein, as provided in such resolutions;
Eighth Priority	To pay any amounts due to any bond insurer of Parity New Series Revenue Obligations for the Parity New Series Revenue Obligations not paid pursuant to the sections above,
Nineth Priority	To pay any amounts due to any issuer of a New Series Reserve Fund Surety Bond not paid pursuant to the sections above,
Tenth Priority	Any other fund required by any resolution authorizing issuance of Parity New Series Revenue Obligations,
Eleventh Priority	Any other fund or account held at any place or places, or to any payee, required by any other resolution of the Board which authorized the issuance of obligations or the creation of debt of the Corporation having a lien on the Pledged Revenues subordinate to the lien created herein on behalf of the Parity New Series Revenue Obligations, and
Twelfth Priority	To the New Series Capital Improvement Fund to be used for paying costs of authorized projects the payment of which are not otherwise provided from the proceeds of New Series Parity Revenue Obligations, and for any other lawful purposes permitted under applicable law. The New Series Capital Improvement Fund at all times shall be free of any lien or pledge created by the New Series 2018 Resolutions and the resolution or resolutions authorizing the issuance Additional Parity New Series Revenue Obligations.

(1) All funds are held by the Corporation's Depository Bank.

At such time as there are no Previously Issued Senior Lien Bonds outstanding, moneys on deposit in the Gross Sales Tax Revenue Fund shall be applied in the following order of priority:

GROSS SALES TAX REVENUE FUND

PRIORITY	FUND [1]
First Priority	New Series Debt Service Fund for the payment of the Parity New Series Revenue Obligations,
Second Priority	On a pro rata basis, to each debt service reserve fund created by any resolution authorizing the issuance of Parity New Series Revenue Obligations, which contains less than the amount to be accumulated and/or maintained therein, as provided in such resolutions;
Third Priority	To pay any amounts due to any bond insurer of Parity New Series Revenue Obligations for the Parity New Series Revenue Obligations not paid pursuant to the sections above,
Fourth Priority	To pay any amounts due to any issuer of a New Series Reserve Fund Surety Bond not paid pursuant to the sections above,
Fifth Priority	Any other fund required by any resolution authorizing issuance of Parity New Series Revenue Obligations,
Sixth Priority	Any other fund or account held at any place or places, or to any payee, required by any other resolution of the Board which authorized the issuance of obligations or the creation of debt of the Corporation having a lien on the Pledged Revenues subordinate to the lien created herein on behalf of the Parity New Series Revenue Obligations, and
Seventh Priority	To the New Series Capital Improvement Fund to be used for paying costs of authorized projects the payment of which are not otherwise provided from the proceeds of New Series Parity Revenue Obligations, and for any other lawful purposes permitted under applicable law. The New Series Capital Improvement Fund at all times shall be free of any lien or pledge created by the New Series 2018 Resolutions and the resolution or resolutions authorizing the issuance of other Parity New Series Revenue Obligations.

See "Selected Provisions of the New Series 2018 Resolutions" herein for additional information relating to the flow of funds.

RESERVE FUND REQUIREMENT. . . In the New Series 2018 Resolutions, the Board of Directors has ordered to be created, solely for the benefit of the New Series Tax-Exempt Bonds and New Series Taxable Bonds, respectively, the New Series 2018 Tax-Exempt Bonds Reserve Fund and the New Series 2018 Taxable Bonds Reserve Fund. The New Series Resolutions provide that the Corporation may create and establish a debt service reserve fund pursuant to the provisions of any resolution or other instrument authorizing the issuance of Parity New Series Revenue Obligations for the purpose of securing that particular issue or series of Parity New Series Revenue Obligations or any specific group of issues or series of Parity New Series Revenue Obligations, and the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Pledged Revenues and shall be held solely for the benefit of the owners of the particular Parity New Series Revenue Obligations for which such debt service reserve fund was established.

Amounts on deposit in the New Series 2018 Tax-Exempt Bonds Reserve Fund and the New Series 2018 Taxable Bonds Reserve Fund, respectively, shall be used for (i) the payment of the principal of and interest on the respective New Series Tax-Exempt Bonds or New Series Taxable Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make payments due under a New Series Reserve Fund Surety Bond and (iii) with respect to funds and investments on deposit and credited to the respective New Series 2018 Tax-Exempt Bonds Reserve Fund and the New Series 2018 Taxable Bonds Reserve Fund, to retire the last Stated Maturity or Stated Maturities of or interest on the respective New Series Tax-Exempt Bonds or New Series Taxable Bonds. Each of the New Series 2018 Tax-Exempt Bonds Reserve Fund and the New Series 2018 Taxable Bonds Reserve Fund shall be maintained in an amount equal to the Required Reserve for such series of New Series Bonds, which amount shall be equal to the maximum annual debt service requirements of the then outstanding New Series Tax-Exempt Bonds or New Series Taxable Bonds calculated on the date such New Series Bonds are issued and recalculated each October 1 thereafter.

If either of the respective New Series 2018 Tax-Exempt Bonds Reserve Fund or the New Series 2018 Taxable Bonds Reserve Fund at any time contains less than the Required Reserve, the Corporation has agreed to cure the deficiency in each such Reserve Fund by making monthly deposits and credits to such Reserve Fund in amounts equal to not less than 1/60th of the Required Reserve; provided, however, that no such deposits shall be made into the Reserve Fund during any six month period beginning on February 1 and August 1 until there has been deposited into the New Series Debt Service Fund the full amount required to be deposited therein by the next following February 1 and August 1, as the case may be. The New Series 2018 Resolutions further provide that, subject only to the prior deposits and credits to be made for the Previously Issued Senior Lien Bonds and to the

New Series Debt Service Fund, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve, including by paying payments under a New Series Reserve Fund Surety Bond when due, and any reserve established for the benefit of any issue or series of Parity New Series Revenue Obligations and to cure any deficiency in such amounts as required by the terms of the New Series 2018 Resolutions and any other resolution pertaining to the issuance of New Series Parity Revenue Obligations. Reimbursements to the provider, if any, of a New Series Reserve Fund Surety Bond shall constitute the making up of a deficiency in the respective New Series Reserve Fund to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the New Series Reserve Fund Surety Bond.

The Corporation may at any time deposit, supplement, replace or substitute a New Series Reserve Fund Surety Bond (defined in the New Series Resolutions as any surety bond or insurance policy having a rating in the two highest generic rating categories by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC , or Fitch Ratings, Inc., issued to the Corporation for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve) for cash or investments on deposit in the respective New Series 2018 Tax-Exempt Bonds Reserve Fund or New Series 2018 Taxable Bonds Reserve Fund or in substitution for or replacement of any existing New Series Reserve Fund Surety Bond. If the Corporation is required to make a withdrawal from either of the respective New Series 2018 Tax-Exempt Bonds Reserve Fund or the New Series 2018 Taxable Bonds Reserve Fund for any of the purposes described above, the Corporation shall make such withdrawal first from available moneys or investments then on deposit in the respective New Series 2018 Tax-Exempt Bonds Reserve Fund or the New Series 2018 Taxable Bonds Reserve Fund, and next from a drawing under any New Series Reserve Fund Surety Bond to the extent of such deficiency. For a further description of the respective Reserve Funds, see "Selected Provisions of the New Series 2018 Resolutions."

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the New Series Bonds is to be transferred and how the principal of, premium, if any, and interest on the New Series Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the New Series Bonds 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 Corporation believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The Corporation cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the New Series Bonds, 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 New Series Bonds), 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 New Series Bonds. The New Series Bonds 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 and series of the New Series Bonds, each in the aggregate principal amount of such maturity and series, 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 and www.dtc.org.

Purchases of New Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the New Series Bonds on DTC's records. The ownership interest of each actual purchaser of each New Series Bond ("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 New Series

Bonds 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 New Series Bonds, except in the event that use of the book-entry-only system for the New Series Bonds is discontinued.

To facilitate subsequent transfers, all New Series Bonds 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 New Series Bonds 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 New Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such New Series Bonds 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 New Series Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the New Series Bonds, such as redemptions, tenders, defaults, and proposed amendments to the New Series Bond documents. For example, Beneficial Owners of New Series Bonds may wish to ascertain that the nominee holding the New Series Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of the notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to New Series Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation 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 New Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the New Series Bonds 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 Corporation 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 Corporation, 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 Corporation 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.

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

The Corporation may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, New Series Bonds, as appropriate, will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the New Series Bonds 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 New Series Bonds, 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 New Series 2018 Resolutions 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, and is not to be construed as a representation by the Corporation, the Financial Advisor, or the Underwriters.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System of one or more series of New Series Bonds is discontinued, printed certificates will be issued to the DTC Participants or the holder, as the case may be, and such New Series Bonds will be subject to transfer, exchange and registration provisions as set forth in the New Series 2018 Resolutions and summarized under "The New Series Bonds - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas. In the New Series 2018 Resolutions, the Corporation retains the right to replace the Paying Agent/Registrar. The Corporation covenants to maintain and provide a Paying Agent/Registrar at all times until the New Series Bonds 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 New Series Bonds. Upon any change in the Paying Agent/Registrar for the New Series Bonds, the Corporation agrees to promptly cause a written notice thereof to be sent to each registered owner of the New Series Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the owners of the New Series Bonds and thereafter, the New Series Bonds 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. New Series Bonds may be assigned by the execution of an assignment form on the respective New Series Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New New Series Bonds will be delivered by the Paying Agent/Registrar, in lieu of the New Series Bonds 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 New Series Bonds issued in an exchange or transfer of New Series Bonds 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 New Series Bonds 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 New Series Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount and series as the New Series Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the New Series Bonds. Neither the Corporation nor the Paying Agent/Registrar shall be required to transfer or exchange any New Series Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a New Series Bond.

RECORD DATE FOR INTEREST PAYMENT. . . The record date ("Record Date") for the interest payable on the New Series Bonds on any interest payment date means the close of business on the fifteenth day of the month next preceding such interest payment date.

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 Corporation. 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 a New Series 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.

BONDHOLDERS' REMEDIES . . . The New Series 2018 Resolutions establish the following as Events of Default with respect to each series of the New Series Bonds: (i) the failure to make payment of the principal of or interest on any of the New Series Bonds when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the Corporation, which default materially and adversely affects the rights of the Owners, including, but not limited to, their prospect or ability to be repaid in accordance with the New Series Resolutions, and the continuation thereof for a period of sixty days after notice of such default is given by any Owner to the Corporation. Upon any happening of any Event of Default and except as otherwise provided in the New Series 2018 Resolutions, any Owner or an authorized representative, thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Corporation for the purpose of protecting and enforcing the rights of the Owners under the New Series 2018 Resolutions, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained in the New Series 2018 Resolutions, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners under the New Series 2018 Resolutions or any combination of such remedies. It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all owners of the New Series Bonds then outstanding. The New Series 2018 Resolutions allow, but do not provide for a trustee to enforce the covenants and obligations of the Corporation. In no event will registered owners have the right to have the maturity of the New Series Bonds accelerated as a remedy. 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 New Series Resolutions would be successful.

Furthermore, the Corporation is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Chapter 9 includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Corporation avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the New Series Resolutions and the New Series Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

USE OF NEW SERIES BOND PROCEEDS . . . Proceeds from the sale of the New Series Bonds are expected to be expended as follows:

Sources:	**New Series Tax-Exempt Bonds**	**New Series Taxable Bonds**
Par Amount	$ -	$ -
Reoffering Premium		
TOTAL SOURCES	$ -	$ -
Uses:		
Deposit to Project Fund	$ -	$ -
Costs of Issuance		
Surety Fee for New Series Reserve Fund Surety Bond		
Underwriters' Discount		
TOTAL USES	$ -	$ -

BOND INSURANCE RISK FACTORS

GENERAL . . . The Corporation has submitted applications to municipal bond insurance companies to have the payment of the principal of and interest on the New Series Bonds of each series insured by a municipal bond insurance policy. If the Corporation obtains and accepts a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to the New Series Bonds of a series (the "Policy"), the final Official Statement shall disclose certain information relating to the Insurer and the Policy.

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

Default of payment of principal and interest will not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may require its consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable New Series Bond documents.

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

In the event the Corporation elects to purchase bond insurance, the long-term ratings on the New Series Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the New Series Bonds insured by the Insurer will not be subject to downgrade, and such event could adversely affect the market price of the New Series Bonds or the marketability (liquidity) for the New Series Bonds. See the description under "Other Information - Ratings" herein.

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

Neither the Corporation, the Financial Advisor nor the Underwriters have made independent investigations into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Corporation to pay principal of and interest on the New Series Bonds and the claims-paying ability of the Insurer, particularly over the life of the New Series Bonds.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . Moody's Investor Services, Inc., Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC, and Fitch Ratings (the "Rating Agencies") have downgraded the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, certain events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the New Series Bonds.

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DEBT INFORMATION

TABLE 1 – PRO-FORMA MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Previously Issued Senior Lien Bonds Debt Service		Previously Issued New Series Bonds Debt Service		The New Series Tax-Exempt Bonds(1)		The New Series Taxable Bonds(2)		Total Debt Service	% of Principal Retired
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2018	$ 545,000	$ 69,769	$ 770,000	$ 1,102,951	$ -	$ -	$ -	$ -	$ 2,487,720	
2019	445,000	56,669	1,140,000	1,088,985	35,000	141,986	-	257,013	3,164,653	
2020	310,000	46,656	1,320,000	1,066,081	90,000	83,967	100,000	154,208	3,170,912	
2021	315,000	39,294	1,345,000	1,032,089	95,000	80,817	105,000	151,928	3,164,128	
2022	325,000	31,025	1,385,000	995,467	100,000	77,967	105,000	149,282	3,168,741	22.27%
2023	335,000	21,681	1,425,000	955,855	100,000	74,967	110,000	146,300	3,168,803	
2024	345,000	11,213	1,470,000	913,852	105,000	71,967	115,000	143,011	3,175,043	
2025	-	-	1,520,000	863,665	105,000	68,817	115,000	139,319	2,811,801	
2026	-	-	1,585,000	810,437	110,000	65,667	120,000	135,398	2,826,502	
2027	-	-	1,315,000	753,395	115,000	62,367	125,000	131,210	2,501,972	46.06%
2028	-	-	1,240,000	704,200	115,000	58,917	130,000	126,760	2,374,877	
2029	-	-	1,035,000	656,676	120,000	55,179	135,000	122,028	2,123,883	
2030	-	-	1,070,000	617,608	125,000	51,039	140,000	116,358	2,120,005	
2031	-	-	1,120,000	576,973	130,000	46,489	145,000	110,478	2,128,940	
2032	-	-	1,160,000	531,075	135,000	41,666	150,000	104,388	2,122,129	64.20%
2033	-	-	1,215,000	480,036	140,000	36,563	155,000	98,088	2,124,687	
2034	-	-	1,270,000	426,574	145,000	31,187	165,000	91,578	2,129,339	
2035	-	-	1,325,000	370,676	150,000	25,532	170,000	84,235	2,125,443	
2036	-	-	1,145,000	312,355	155,000	19,622	180,000	76,670	1,888,647	
2037	-	-	1,200,000	259,487	165,000	13,469	185,000	68,660	1,891,616	84.47%
2038	-	-	1,255,000	204,079	170,000	6,885	195,000	60,428	1,891,392	
2039	-	-	1,310,000	146,131	-	-	205,000	51,750	1,712,881	
2040	-	-	1,375,000	85,613	-	-	215,000	42,320	1,717,933	
2041	-	-	520,000	22,100	-	-	225,000	32,430	799,530	
2042	-	-	-	-	-	-	235,000	22,080	257,080	99.36%
2043	-	-	-	-	-	-	245,000	11,270	256,270	100.00%
	$ 2,620,000	$ 276,307	$ 29,515,000	$ 14,976,360	$ 2,405,000	$ 1,115,070	$ 3,770,000	$ 2,627,190	$ 57,304,927	

(1) Average life of New Series Tax-Exempt Bonds is 12.527 years. Interest calculated at an average rate of 3.701% for purposes of illustration. Preliminary, subject to change.
(2) Average life of the New Series Taxable Bonds is 16.051 years. Interest calculated at an average rate of 4.341% for purposes of illustration. Preliminary, subject to change.

THE SALES TAX

SOURCE AND AUTHORIZATION. . . The Sales Tax is a 1/2 of 1% limited sales and use tax imposed on all taxable transactions within the City as approved at the Election. The Sales Tax is authorized to be levied and collected against the receipts from the sale at retail of taxable items within the City. The Sales Tax also is an excise tax on the use, storage or other consumption of taxable tangible personal property purchased, leased or rented from a retailer within the City. The City currently levies an additional sales and use tax for City purposes totaling 1% in accordance with State law and is restricted by current law. The imposition, computation, administration, governance, abolition and use of the Sales Tax is governed by the Texas Limited Sales, Excise, and Use Tax Act except to the extent that there is conflict with the Act, in which case the provisions of the Act control as to the New Series Bonds, and by the Municipal Sales and Use Tax Act, and reference is made thereto for a more complete description of the Sales Tax.

In general, as applied to the Sales Tax, a taxable item includes any tangible personal property and certain taxable services. "Taxable services" include certain amusement services, cable television services, motor vehicle parking and storage services, the repair, maintenance and restoration of most tangible personal property, certain telecommunication services, credit reporting services, debt collection services, insurance services, information services, real property services, data processing services, real property repair and remodeling, security services, internet access services, and distribution utility of transmission or delivery of service directly to an electricity end-use customer whose consumption of electricity is subject to taxation under Chapter 151 of the Texas Tax Code. Certain items are exempted by State law from sales and use taxes, including items purchased for resale, food products (except food products which are sold for immediate consumption, e.g. by restaurants, lunch counters, etc.), health care supplies (including medicines, corrective lens and various therapeutic appliances and devices), agricultural items (if the item is to be used exclusively on a farm or ranch or in the production of agricultural products), timber for sale or agricultural aircraft operations, gas and electricity purchased for residential use (unless a city has taken steps to repeal the exemption), and certain telecommunications services, newspapers and magazines. In addition, items which are taxed under other State laws are generally exempted from sales taxes, except that the following are exempt from the sales taxes: mixed beverages, ice or nonalcoholic beverages that are subject to State alcohol taxes (there is no local component of the State alcohol taxes and, thus, the City would not receive any revenue with respect to such sales) and alcoholic beverages when sold to the holder of a private club registration permit under certain circumstances. These items include certain natural resources, cement, motor vehicles and insurance premiums. Alcohol and tobacco products are taxed under both State alcohol and tobacco taxes as well as through the sales taxes. In addition, purchases made by various exempt organizations are not subject to the sales and use taxes. Such organizations include the federal and state governments, political subdivisions, Indian tribes, religious institutions and certain charitable organizations and non-profit corporations. Also, State law provides an exemption from sales taxes on items purchased under a contract in effect when the legislation authorizing such tax (or the increase in the rate thereof) is enacted, up to a maximum of three years.

In general, a sale of a taxable item is deemed to occur within the municipality, county or special district in which the sale is consummated. The tax levied on the use, storage or consumption of tangible personal property is considered to be consummated at the location where the item is first stored, used or consumed. Thus, the use is considered to be consummated in a municipality, and the tax is levied there if the item is shipped from outside the state to a point within the municipality.

In addition to the local sales and use taxes levied, as described above, the State levies and collects a 6 ¼% sales and use tax against essentially the same taxable items and transactions as the Sales Tax is levied. Under current State law, the maximum aggregate sales and use tax which may be levied within a given area by an authorized political subdivision within such area, including the State, is 8 ¼%. The current aggregate sales and use tax levied in the City is 8 ¼% of which 6 ¼% is levied by the State, 1% is levied by the City, ½ of 1% is levied by the Corporation and ½ of 1% is levied as the Sales Tax for the benefit of the Mansfield Economic Development Corporation.

The Comptroller administers and enforces all sales tax laws and collects all sales and use taxes levied by the State, and levying counties, municipalities and other special districts having sales tax powers. Certain limited items are taxed for the benefit of the State under nonsales tax statutes, such as certain natural resources and other items described above, and are not subject to the sales tax base available to municipalities and counties, including the tax base against which the Sales Tax is levied. Municipalities may by local option determine to tax certain telecommunication services on the same basis as the State taxes such services (some aspects of telecommunication services, such as interstate telephone calls and broadcasts regulated by the FCC are not subject to either State or local taxation). The City has opted to repeal the local telecommunication services exemption. With respect to the taxation of the residential use of gas and electricity, the State is not authorized to collect a sales tax, while municipalities, on a local option basis, may tax such use. The City has opted to tax the residential use of gas and electricity.

In recent years, several changes in the State sales tax laws have contributed to the growth of local sales tax revenues. These changes have added additional goods and services to the list of taxable items. Other items have been subjected to sales tax on an interim basis or have been taxed pursuant to legislation which includes planned phase-outs of the tax, including sales tax for tangible personal property used in manufacturing, processing, or fabrication operations with a useful life of at least six months that became totally exempt from sales tax in 1995. Subject to the right of the governing body of the City to repeal the sales tax holiday, during a three day period beginning the Friday before eight days prior to the earliest possible first day of school, articles of clothing, footwear, qualifying backpacks and school supplies with a cost less than $100 are exempt from the sales tax. The first $25 of a monthly charge for Internet access is exempt from sales tax, as is 20% of the value of information services and data processing services. Sales tax is due on over-the-counter drugs and medicines labeled with a national FDA drug code.

With certain exceptions, sales and use taxes in the State are collected at the point of sale and are remitted to the Comptroller by the "taxpayer" who is, generally speaking, the business that collects the tax resulting from a taxable transaction. Taxpayers owing $500 or more sales and use tax dollars in a calendar month submit their tax collections to the Comptroller on a monthly basis; taxpayers owing less than $500 sales and use tax dollars in a calendar month but $1,500 or more in a calendar quarter submit their tax collections quarterly; and taxpayers owing less than $1,500 in a calendar quarter submit their tax collections annually. Taxpayers are required to report and remit to the Comptroller by the 20th day of the month following the end of the reporting period. The reporting period for yearly filers ends each December 31; for quarterly filers, the reporting period ends at the end of each calendar quarter; and monthly filers report and remit by the 20th of each month for the previous month. The Comptroller is required by law to distribute funds to the receiving political subdivisions periodically and as promptly as feasible but, not less frequently than twice during each fiscal year of the State. Historically, and at the present time, the Comptroller distributes the funds monthly with the largest payments being made quarterly in February, May, August and November. The Comptroller maintains a direct deposit program using electronic funds transfers to expedite the distribution of monthly allocation checks. If a political subdivision desires to participate in the electronic funds transfers, it may make application to the Comptroller. The City participates in this program. Otherwise, the Comptroller mails the monthly allocation check, which is typically received by the middle of the month following the month in which the taxpayer reports and remits payment on the tax.

The Comptroller is responsible for enforcing the collection of sales and use taxes in the State. Under State law, the Comptroller utilizes sales tax permits, sales tax bonds and audits to encourage timely payment of sales and use taxes. Each entity selling, renting, leasing or otherwise providing taxable goods or services is required to have a sales tax permit. Permits are required for each individual location of a taxpayer and are valid for only one year, requiring an annual renewal. As a general rule, every person who applies for a sales tax permit for the first time, or who becomes delinquent in paying the sales or use tax, is required to post a bond in an amount sufficient to protect against the failure to pay taxes. The Comptroller's audit procedures include auditing the largest 2% of the sales and use tax taxpayers (who report about 65% of all sales and use tax in the State annually), each every three or four years. Other taxpayers are selected at random or upon some other basis for audits. The Comptroller also engages in taxpayer education programs and mails a report to each taxpayer before the last day of the month, quarter or year that it covers.

Once a taxpayer becomes delinquent in the payment of a sales or use tax, the Comptroller may collect the delinquent tax by using one or more of the following methods; (i) collection by an automated collection center or local field office, (ii) estimating the taxpayers' liability based on the highest amount due in the previous 12 months and billing them for it, (iii) filing liens and requiring a new or increased payment bond, (iv) utilizing forced collection procedures such as seizing assets of the taxpayer (e.g., a checking account) or freezing assets of the taxpayer that are in the custody of third parties, (v) removing a taxpayer's sales and use tax permit, and (vi) certifying the account to the Attorney General's Office to file suit for collection. A municipality may not sue for delinquent taxes unless it joins the Attorney General as a plaintiff or unless it first receives the permission of the Attorney General and the Comptroller.

The Comptroller retains 2% of the tax receipts for collection of the tax; additionally, under State law, a taxpayer may deduct and withhold 1/2% of the amount of taxes due on a timely return as reimbursement for the cost of collecting the sales and use taxes. In addition, a taxpayer who prepays its tax liability on the basis of a reasonable estimate of the tax liability for a month or quarter in which a prepayment is made, may deduct and withhold 1 1/4% of the amount of the prepayment in addition to the 1/2% allowed for the cost of collecting the sales and use tax.

INVESTOR CONSIDERATIONS. . . *The following is a discussion of certain investment considerations that should be considered by any prospective purchaser of the New Series Bonds prior to an investment in the New Series Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with the other parts of this Official Statement, including the Appendices hereto.*

The primary source of security for the New Series Bonds will be certain receipts of the Sales Tax received by the City for the benefit of the Corporation. The amount of revenues from the Sales Tax is closely related to the amount of economic activity in the City. Sales and use tax receipts, unlike other taxes levied by municipalities, immediately reflect changes in the economic conditions of a municipality. The City could be subjected to economic events that slow sales tax growth, or result in an annual decline in collections. The City cannot predict such events, but they could arise from increased environmental regulations, downturns in financial and credit markets, cyclical housing and commercial development activity, changes in Federal and State tax policies, including the implementation of value added taxation measures, among other factors.

Increases in Internet sales may result in a decrease in Sales Tax revenue to the Corporation. The emergence of Internet sales and services and issues related to taxation of such sales and services have been the subject of review and study at the state and national level. In October, 1998, the United States Congress enacted the Internet Tax Freedom Act which provided a three year moratorium on certain aspects of taxation of the Internet (existing taxes imposed by Texas were exempted from the moratorium), and, in late 2001, the moratorium was extended by Congress through November 1, 2003. In 2004, Congress extended the moratorium again until November 1, 2007. On November 1, 2007 the President signed into law a continuation of the moratorium passed by Congress that extends the moratorium until November 1, 2014. On June 9, 2015, the United States House of Representatives approved H.R. 235, the Permanent Internet Tax Freedom Act (PITFA), which would make the moratorium permanent, the bill was sent to the United States Senate, where it was referred to the Committee on Finance. The relevant provisions of the PITFA were added to Section 922 of the Trade Facilitation and Trade Enforcement Act (the "Trade Act"), signed into law by President Obama on February 24, 2016. The Trade Act bans Internet access taxes and imposes a firm end date on those states still imposing the tax. Legislative changes relating to the taxation of Internet sales and services, and any effect of such changes on the Sales Tax received by the Corporation, cannot be predicted at this time.

Although State law protects sales tax data of individual taxpayers, the City is entitled to confidential information from remitters of sales taxes in the City, which it uses to monitor collection efforts of the Comptroller and to target economic development objectives. The availability of such information has made the City aware that large "big box" retailers or other entities could produce a significant percentage of Sales Tax revenues for the Corporation, and that such entities can have business reversals, may occasionally redirect resources and may relocate from the City, thereby potentially adversely affecting Sales Tax revenues. The City and its instrumentalities, including the Corporation, use economic development incentives, zoning and other City services in accordance with strategies designed to retain and attract new businesses to the City, although such efforts are subject to competition from other municipalities in the area, in the State and nationally. In accordance with the Act, the Corporation may enter into economic development incentive agreements with business entities, and such agreements may include rebates or grants equal to substantial portions of Sales Tax revenues collected from business entities and the Corporation may agree to provide such rebates or grants over multiple year periods. The Corporation has not entered into such agreements in the past but may do so in the future, assuming sufficient revenues are available to fund such agreements.

Historically, the Comptroller has remitted sales and use tax allocation checks to municipalities on a monthly basis, but State law currently requires that such allocation be made at least twice annually and such procedures could change in the future. Additionally, the taxable items and services subject to State and local sales and use taxes are subject to legislative action, and have been changed in recent years by the State Legislature. State law provides that the Sales Tax cannot be levied against any taxable item or service unless such item or service is also subject to the State sales and use tax.

In recent years the State Legislature has enacted laws permitting the State, together with its political subdivisions, to levy sales and use taxes of up to 8 1/4%, which is among the highest sales tax rates in the nation (although the State has no personal or corporate income tax), and the current total sales and use tax rate within the City's boundaries is 8 ¼ % (including State, City and Mansfield Economic Development Corporation taxes as well as the Sales Tax). The rate of the sales and use taxes authorized in the State could be further increased by the State Legislature and the Corporation has no way of predicting any such increase or the effect that would have on the Sales Tax which secures the New Series Bonds. State leaders have appointed committees to study methods of achieving greater tax equity within the State's tax system. Any changes which may be enacted by the State Legislature could affect the tax base against which the Sales Tax is levied; and the City (and hence the Corporation as the beneficiary of the City's action), except in certain limited instances described below, has no control over the components of the tax base. Neither the City nor the Corporation currently has statutory authority to increase or decrease the maximum authorized rate of the Sales Tax.

Tax receipts received by the Corporation are expected to be subject to seasonal variations and to variations caused by the State laws and administrative practices governing the remittance of sales and use tax receipts which authorize different taxpayers to remit the tax receipts at different times throughout the year.

The Sales Tax is collected by the Comptroller and remitted to the City along with other City sales and use tax receipts. The City allocates a portion of the receipts to the Corporation which represents the 1/2 of 1% tax rate of the Sales Tax. Generally, sales and use taxes in the State are collected at the point of a taxable transaction and remitted by the taxpayer to the Comptroller. The Comptroller has the primary responsibility for enforcing sales and use tax laws and collecting delinquent taxes. The collection efforts of the Comptroller are subject to applicable federal bankruptcy code provisions with respect to the protection of debtors.

Changes in the tax base against which a sales and use tax is assessed, as well as changes in the rate of such taxes, make projections of future tax revenue collections very uncertain. No independent projections have been made with respect to the revenues available to pay debt service on the New Series Bonds.

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TABLE 2 - HISTORICAL CITY RECEIPTS OF 1/2% SALES TAX

Month of Receipt	1/2% Sales Tax Collections Fiscal 2016/17[1]	1/2% Sales Tax Collections Fiscal 2015/16	1/2% Sales Tax Collections Fiscal 2014/15	1/2% Sales Tax Collections Fiscal 2013/14	1/2% Sales Tax Collections Fiscal 2012/13
October	$ 496,908	$ 476,768	$ 447,097	$ 399,991	$ 381,405
November	395,531	381,567	365,646	317,936	319,784
December	413,670	376,756	368,101	339,868	285,917
January	566,910	575,958	540,886	504,331	429,982
February	389,976	401,827	339,095	303,903	283,179
March	368,749	343,561	311,562	306,823	290,366
April	521,651	501,919	469,795	445,468	393,611
May	405,282	376,065	374,554	378,424	292,236
June	424,544	395,811	356,382	354,488	317,045
July	548,368	515,846	491,837	445,819	409,142
August	441,269	393,176	390,176	363,033	331,310
September	414,881	413,094	387,670	359,488	320,183
Totals	$ 5,387,739	$ 5,152,348	$ 4,842,801	$ 4,519,572	$ 4,054,160

(1) Unaudited.

TABLE 3 - CALCULATION OF COVERAGE FOR THE ISSUANCE OF ADDITIONAL BONDS[1]

Sales Tax Collection for Fiscal Year Ended 9/30/17	$ 5,387,739
Maximum Annual Debt Service Fiscal Year 2024	$ 3,175,043
Coverage of Maximum Requirements	1.70x
Average Annual Debt Service 2018-2043	$ 2,204,036
Coverage of Average Requirements	2.44x
New Series Tax-Exempt Bonds Reserve Fund	$ - [2]
New Series Taxable Bonds Reserve Fund	$ - [2]

(1) Includes the Previously Issued Senior Lien Bonds, the Previously Issued New Series Bonds and the New Series Bonds. Preliminary, subject to change.

(2) Upon issuance of the New Series Bonds, the respective New Series 2018 Tax-Exempt Bonds Reserve Fund and New Series 2018 Taxable Bonds Reserve Fund are expected to be funded with separate New Series Reserve Fund Surety Bonds. Preliminary, subject to change.

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TABLE 4 - HISTORICAL CORPORATION REVENUES AND EXPENDITURES

	Fiscal Years Ended September 30,				
	2017[2]	2016	2015	2014	2013
Revenues:					
Taxes, Penalties, and Interest	$ 5,400,052	$ 5,164,135	$ 4,854,487	$ 4,530,982	$ 4,065,299
Intergovernmental	16,061	-	-	-	-
Interest Income	47,238	23,231	4,583	5,100	10,512
Contributions	25,893	17,912	2,770	29,350	20,856
Other	1,801,988	1,989,590	2,281,877	2,326,162	2,222,195
Total Revenues	$ 7,291,232	$ 7,194,868	$ 7,143,717	$ 6,891,594	$ 6,318,862
Expenditures:					
Cultural and Recreational	$ 3,817,158	$ 3,545,579	$ 2,824,547	$ 3,169,583	$ 2,358,547
Debt Service	2,174,855	8,022,090	1,245,374	1,250,410	1,238,918
Capital Outlay	10,499,918	9,071,583	1,954,798	1,456,916	2,694,403
Total Expenditures	$ 16,491,931	$ 20,639,252	$ 6,024,719	$ 5,876,909	$ 6,291,868
Excess (Deficiency) of Revenue Over Expenditures	(9,200,699)	(13,444,384)	1,118,998	1,014,685	26,994
Bond Proceeds	$ 218,089	$ 21,705,000	$ -	$ -	$ -
Bond Payment	-	-	-	-	-
Premiums on Bond Issuance	-	398,328	-	-	-
Discounts on Bond Issuance	-	(135,459)	-	-	-
Sale of City Property	6,845	8,140	-	-	-
Operating Transfers Out	(1,260,740)	(2,100,000)	-	(65,000)	(130,000)
Operating Transfers In	1,633,236	-	108,639	-	-
Total Other Financing Sources (Uses)	$ 597,430	$ 19,876,009	$ 108,639	$ (65,000)	$ (130,000)
Beginning Fund Balance[1]	16,560,796	10,129,171	8,901,534	7,951,849	8,054,855
Ending Fund Balance[1]	$ 7,957,527	$ 16,560,796	$ 10,129,171	$ 8,901,534	$ 7,951,849

(1) These amounts do not constitute Pledged Funds and are not pledged to the payment of the Bonds.
(2) Unaudited.

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SELECTED PROVISIONS OF THE NEW SERIES 2018 RESOLUTIONS

The following are certain provisions of the New Series 2018 Resolutions. These provisions are not to be considered a full statement of the terms of the New Series 2018 Resolutions. Accordingly, these selected provisions are qualified in their entirety by reference to the New Series Resolutions and are subject to the full text thereof.

Definitions

"Additional Parity New Series Revenue Obligations" means the additional sales tax revenue bonds the Corporation reserves the right to issue on a parity with the New Series Bonds.

"Authorized Officer" means the President, Vice President, or Secretary of the Corporation or any other officer or employee of the Corporation, or any other person authorized to perform specific acts or duties by the Board or its bylaws.

"Board" means the Board of Directors of the Corporation.

"Closing Date" means the date of the initial delivery of and payment for the New Series Bonds.

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

"Comptroller" means the Comptroller of Public Accounts of the State of Texas and any successor officer or official that may be charged by law with the duty of collecting Gross Sales Tax Revenues for the account of, and remitting the same to, the City for the account of the Corporation.

"Corporation Order" means a written order signed in the name of the Corporation by an Authorized Officer and delivered to the Paying Agent, or another party hereunder.

"Costs of the Projects" means all items of costs of or attributable to the Projects and defined as "Costs" in the Act.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named herein, its corporate trust office in Dallas, Texas, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Corporation and such successor.

"Event of Default" means any Event of Default as defined in the New Series 2018 Resolutions.

"Fiscal Year" means October 1 through September 30.

"Gross Sales Tax Revenue Fund" means the special fund so designated in the New Series 2018 Resolutions.

"Gross Sales Tax Revenues" means all of the revenues due or owing to, or collected or received by or on behalf of the Corporation, whether by the City or otherwise, pursuant to the Sales Tax Collection Resolution or the New Series Resolutions, or the resolutions authorizing the Previously Issued Senior Lien Bonds, or any Additional Parity New Series Revenue Obligations, from or by reason of the levy of the Sales Tax, less any amounts due or owing to the Comptroller as charges for collection or retentions by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retention are authorized or required by law.

"Interest Payment Date" means the date or dates upon which interest on the New Series Bonds is scheduled to be paid until the maturity of the New Series Bonds, such dates being February l and August 1 of each year commencing Februaryl, 2019.

"New Series Bond" means any of the New Series Bonds.

"New Series Bonds" means collectively the Corporation's bonds entitled "Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, New Series 2018" and "Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, Taxable New Series 2018" authorized to be issued by the New Series 2018 Resolutions.

"New Series Debt Service Fund" means the debt service fund established by the New Series Resolutions.

"New Series Reserve Fund" means the reserve funds established by the New Series Resolutions.

"New Series Reserve Fund Obligations" means cash or investments securities of any of the type or types permitted under the New Series Resolution.

"New Series Reserve Fund Surety Bond" means any surety bond or insurance policy having a rating in the two highest generic rating categories by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, or Fitch Ratings, Inc., issued to the Corporation for the benefit of the Owners of the New Series Bonds to satisfy any part of the New Series Required Reserve as provided in the New Series Resolution.

"New Series Resolutions" means, collectively, the New Series Tax-Exempt 2018 Resolution, the New Series Taxable 2018 Resolution and any resolutions authorizing Additional New Series Parity Revenue Obligations.

"New Series 2018 Resolutions" means, collectively, the New Series Tax- Exempt 2018 Resolution and the New Series Taxable 2018 Resolution.

"New Series Taxable Bonds" means the Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, Taxable New Series 2018.

"New Series Taxable 2018 Resolution" means the resolution of the Corporation approving the issuance of the New Series Taxable Bonds.

"New Series Tax-Exempt Bonds" means the Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, New Series 2018.

"New Series Tax-Exempt 2018 Resolution" means the resolution of the Corporation approving the issuance of the New Series Tax-Exempt Bonds.

"Owner" means the person who is the registered owner of a New Series Bond or New Series Bonds, as shown in the Register.

"Parity New Series Revenue Obligations" means the New Series Bonds, the Previously Issued New Series Bonds and any Additional Parity New Series Revenue Obligations.

"Paying Agent/Registrar" means U.S Bank National Association, any successor thereto or an entity which is appointed as and assumes the duties of paying agent/registrar as provided in the New Series Resolutions.

"Pledged Funds" means collectively (a) amounts on deposit in the Gross Sales Tax Revenue Fund, (b) amounts on deposit in the New Series Debt Service Fund, (c) amounts on deposit in the New Series Reserve Fund, together with any investments or earnings belonging to said funds, and (d) any additional revenues, other moneys or funds of the Corporation which heretofore have been or hereafter may be expressly and specifically pledged to the payment of the Parity New Series Revenue Obligations.

"Pledged Revenues" means (a) Gross Sales Tax Revenues from time to time deposited or owing to the Gross Sales Tax Revenue Fund, and (b) such other money, income, revenues or other property which the Corporation may expressly and specifically pledge to the payment of Parity New Series Revenue Obligations.

"Previously Issued New Series Bonds" means the outstanding and unpaid revenue bonds of the Corporation designated as follows: (1) Sales Tax Revenue Refunding and Improvement Bonds, Taxable New Series 2016, dated as of December 1, 2015; (2) Sales Tax Revenue Refunding and Improvement Bonds, New Series 2016, dated as of December 1, 2015; and (3) Sales Tax Revenue Bonds, Taxable New Series 2016A, dated October 1, 2016.

"Previously Issued Senior Lien Bond Resolution" means, collectively, the Resolutions authorizing the Previously Issued Senior Lien Bonds.

"Previously Issued Senior Lien Bonds" means the outstanding and unpaid revenue bonds of the Corporation designated as following: (1) Sales Tax Revenue Bonds, Series 2007, dated as of December 1, 2006; and (2) Sales Tax Revenue Refunding Bonds, Series 2012, dated December 1, 2011.

"Previously Issued Senior Lien Bonds Debt Service Fund" means the "Debt Service Fund" created and confirmed in the Previously Issued Senior Lien Bond Resolution.

"Previously Issued Senior Lien Bonds Reserve Fund" means the "Reserve Fund" created and confirmed in the Previously Issued Senior Lien Bond Resolution for the benefit of the Previously Issued Senior Lien Bonds.

"Projects" means all properties, including land, buildings, and equipment of the types added to the definition of "projects" by the Act that are approved by the Board as necessary and appropriate to fulfill and carry out the purposes of the Corporation.

"Sales Tax" means the one-half of one percent local sales and use tax authorized under the Act approved by the voters of the City on January 8, 1992, and heretofore authorized and levied by the City within its existing boundaries, and hereafter required to be levied and collected within any expanded areas included within the City pursuant to the Act, together with any increases in the rate thereof if provided and authorized by applicable law.

"Sales Tax Collection Resolution" means that certain resolution adopted concurrently by the Board and the governing body of the City on the same date, bearing that name.

Confirmation and Levy of Sales Tax. (a) In the New Series 2018 Resolutions, the Corporation hereby confirms the earlier levy by the City of the Sales Tax at the rate voted at the election held by and within the City on January 8, 1992, and the Corporation hereby warrants and represents that the City has duly and lawfully ordered the imposition and collection of the Sales Tax upon all sales, uses and transactions as are permitted by and described in the Act throughout the boundaries of the City as such boundaries existed on the date of said election and as they may be expanded from time to time.

(b) For so long as any Previously Issued Senior Lien Bonds or Parity New Series Revenue Obligations are outstanding, the Corporation covenants, agrees and warrants to take and pursue all action permissible under applicable law to cause the Sales Tax, at said rate, or at a higher rate if permitted by applicable law, to be levied and collected continuously, in the manner and to the maximum extent permitted by applicable law, and to cause no reduction, abatement or exemption in the Sales Tax or rate of tax below the rate stated, confirmed and ordered in subsection (a) of this Section to be ordered or permitted so long as any Previously Issued Senior Lien Bonds or Parity New Series Revenue Obligations shall remain outstanding.

(c) If the City shall be authorized hereafter by applicable law to apply, impose and levy the Sales Tax on any taxable items or transactions that are not subject to the Sales Tax on the date of the adoption hereof, the Corporation, to the extent it legally may do so, hereby covenants and agrees to use its best efforts to cause the City to take such action as may be required by applicable law to subject such taxable items or transactions to the Sales Tax.

(d) The Corporation agrees to take and pursue all action permissible under applicable law to cause the Sales Tax to be collected and remitted and deposited as herein required and as required by the Act, at the earliest and most frequent times permitted by applicable law.

(e) The Corporation agrees and covenants at all times, and to use its best efforts to cause the City, to comply with the Sales Tax Collection Resolution.

Pledge. (a) In the New Series 2018 Resolutions, the Corporation irrevocably pledges (i) the Pledged Revenues, and (ii) the Pledged Funds (A) to the payment of the principal of, and the interest and any premiums on, all Parity New Series Revenue Obligations which are or may be outstanding from time to time, and (B) to the establishment and maintenance of the New Series Reserve Fund.

(b) The provisions, covenants, pledge and lien on and against the Pledged Revenues are established and shall be for the equal benefit, protection and security of the Owners of the Parity New Series Revenue Obligations without distinction as to priority and rights.

(c) The Parity New Series Revenue Obligations, including interest payable thereon, shall constitute special obligations of the Corporation, payable solely from and secured by an irrevocable lien on and pledge of the Pledged Revenues and Pledged Funds, and not from any other revenues, properties or income of the Corporation, such lien and pledge, however, being in all things junior and subordinate to the lien on and pledge of the Pledged Revenues and Pledged Funds made for the security and payment of the Previously Issued Senior Lien Bonds and to the deposits required by the Previously Issued Senior Lien Bond Resolution to be made to the various funds and accounts as security for the Previously Issued Senior Lien Bonds. Provided further, however, at such time as all of the Previously Issued Senior Lien Bonds are no longer outstanding, the Parity New Series Revenue Obligations shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues. Parity New Series Revenue Obligations shall not constitute debts or obligations of the State or of the City, and the Owners of the Parity New Series Revenue Obligations shall never have the right to demand payment out of any funds raised or to be raised by ad valorem taxation. The Parity New Series Revenue Obligations do not give rise to a claim for payment against the City except as to Sales Tax Revenues held by the City and required by the Act to be paid over to the Corporation.

Resolution as Security Agreement. (a) An executed copy of each of the respective New Series 2018 Resolutions shall constitute a security agreement pursuant to applicable law, with the Owners as the secured parties. The lien, pledge, and security interest of the Owners created in the New Series 2018 Resolutions shall become effective immediately upon the Closing Date of the New Series Bonds, and the same shall be continuously effective for so long as any New Series Bonds are outstanding.

(b) A fully executed copy of each of the New Series 2018 Resolutions and the proceedings authorizing them shall be filed as a security agreement among the permanent records of the Corporation. Such records shall be open for inspection to any member of the general public and to any person proposing to do or doing business with, or asserting claims against, the Corporation, at all times during regular business hours.

Application of Chapter 1208, Government Code.

(a) Chapter 1208, Government Code, applies to the issuance of the New Series Bonds and the pledge of the revenues granted by the Corporation under the New Series 2018 Resolutions, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the New Series Bonds are outstanding and unpaid such that the pledge of the revenues granted by the Corporation under the New Series 2018 Resolutions are to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the New Series Bonds the perfection of the security interest in said pledge, the Corporation agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Creation and Confirmation of Funds.

(a) The Corporation hereby creates, establishes and confirms the following funds to be held at the Corporation's depository bank:

(i) Mansfield Park Facilities Development Corporation Previously Issued Senior Lien Bonds Debt Service Fund;

(ii) Mansfield Park Facilities Development Corporation Previously Issued Senior Lien Bonds Reserve Fund;

(iii) Mansfield Park Facilities Development Corporation Gross Sales Tax Revenue Fund;

(iv) Mansfield Park Facilities Development Corporation New Series Debt Service Fund;

(v) Mansfield Park Facilities Development Corporation New Series 2018 Tax-Exempt Bonds Reserve Fund;

(vi) Mansfield Park Facilities Development Corporation New Series 2018 Taxable Bonds Reserve Fund;

(vii) Mansfield Park Facilities Development Corporation Previously Issued Senior Lien Bonds Project Development Fund;

(viii) Mansfield Park Facilities Development Corporation New Series Bonds Project Development Fund;

(ix) Mansfield Park Facilities Development Corporation New Series Capital Improvement Fund.

(b) The Previously Issued Senior Lien Bonds Debt Service Fund shall be maintained for the benefit of the Owners of the Previously Issued Senior Lien Bonds. Money on deposit in the Previously Issued Senior Lien Bonds Debt Service Fund shall be used to pay the principal of, premium, if any, and interest on the Previously Issued Senior Lien Bonds when and as the same shall become due and payable.

(c) The Previously Issued Senior Lien Bonds Reserve Fund shall be maintained for the benefit of the Owners of the Previously Issued Senior Lien Bonds. Money on deposit in the Previously Issued Senior Lien Bonds Reserve Fund shall be used to pay principal of, premium of, if any, and interest on Previously Issued Senior Lien Bonds becoming due and payable when there is not sufficient money available in the Previously Issued Senior Lien Bonds Debt Service Fund for such purpose. Money on deposit in the Previously Issued Senior Lien Bonds Reserve Fund may be applied to the acquisition of a Surety Bond as authorized pursuant to the Previously Issued Senior Lien Bond Resolution.

(d) Moneys on deposit in the Previously Issued Senior Lien Bonds Project Development Fund shall be used for paying costs of Corporation Projects for which Previously Issued Senior Lien Bonds were issued.

(e) Moneys on deposit in the New Series Bonds Project Development Fund shall be used for paying costs of Projects for which Parity New Series Revenue Obligations from time to time are issued.

(f) The Gross Sales Tax Revenue Fund, which may also be designated as the "Mansfield Parks Facilities Development Corporation Fund," is hereby established as a special fund comprised of the Gross Sales Tax Revenues, together with all other revenues as from time to time may be determined for deposit therein by the Corporation, and shall be maintained at the Corporation's depository bank for the benefit of the Owners of the Previously Issued Senior Lien Bonds and the Parity New Series Revenue Obligations, subject to the further provisions of the New Series Resolutions.

(g) The New Series Debt Service Fund shall be maintained for the benefit of the Owners of the Parity New Series Revenue Obligations. Money deposited in the New Series Debt Service Fund shall be used to pay the principal of, premium, if any, and interest on the Parity New Series Revenue Obligations when and as the same shall become due and payable.

(h) The New Series 2018 Tax-Exempt Bonds Reserve Fund and New Series 2018 Taxable Bonds Reserve Fund, respectively, shall be maintained for the benefit of the Owners of the New Series Tax-Exempt Bonds and New Series Taxable Bonds, respectively, and not any other New Series Parity Revenue Obligations. Money deposited in the New Series 2018 Tax-Exempt Bonds Reserve Fund shall be used to pay principal of and/or interest on the New Series Tax-Exempt Bonds becoming due and payable when there is not sufficient money available in the New Series Debt Service Fund for such purpose. Money deposited in the New Series 2018 Taxable Bonds Reserve Fund shall be used to pay principal of and/or interest on the New Series Taxable Bonds becoming due and payable when there is not sufficient money available in the New Series Debt Service Fund for such purpose. Money on deposit in the New Series 2018 Tax-Exempt Bonds Reserve Fund and/or New Series 2018 Taxable Bonds Reserve Fund, respectively, may be applied to the acquisition of a New Series Reserve Fund Surety Bond.

(i) Money from time to time on deposit in the New Series Capital Improvement Fund shall be used for paying costs of authorized Projects the payment of which are not otherwise provided from the proceeds of New Series Parity Revenue Obligations, and for any other lawful purposes permitted under applicable law. The New Series Capital Improvement Fund at all times shall be free of any lien or pledge created by the New Series Resolutions and the resolution or resolutions authorizing the issuance Additional Parity New Series Revenue Obligations.

Gross Sales Tax Revenue Fund.

(a) All Pledged Revenues shall be deposited and transferred as received to the Gross Sales Tax Revenue Fund.

(b) Until such time as the Previously Issued Senior Lien Bonds are no longer outstanding, moneys deposited in the Gross Sales Tax Revenue Fund shall be pledged and appropriated to the following uses, in the order of priority shown:

(i) First, to the payment, without priority, of all amounts required to be deposited in the Previously Issued Senior Lien Bonds Debt Service Fund established by the Previously Issued Senior Lien Bonds Resolution established for the payment of Previously Issued Senior Lien Bonds;

(ii) Second, to the payment of all amounts required to be deposited in the Previously Issued Senior Lien Bonds Reserve Fund pursuant to the Previously Issued Senior Lien Bonds Resolution;

(iii) Third, to pay any amounts due to any bond insurer of Previously Issued Senior Lien Bonds not paid pursuant to subsections (i) or (ii) above;

(iv) Fourth, to pay any amounts due to any issuer of a Previously Issued Senior Lien Bond Reserve Fund Surety Bond not paid pursuant to subsections (ii) or (iii) above;

(v) Fifth, to any other fund or account required by any Previously Issued Senior Lien Bond Resolution authorizing Previously Issued Senior Lien Bonds, the amounts required to be deposited therein;

(vi) Sixth, to the payment, without priority, of all amounts required to be deposited in the New Series Debt Service Fund herein established for the payment of Parity New Series Revenue Obligations;

(vii) Seventh, on a pro rata basis, to each debt service reserve fund created by any resolution authorizing the issuance of Parity New Series Revenue Obligations, which contains less than the amount to be accumulated and/or maintained therein, as provided in such resolutions;

(viii) Eighth, to pay any amounts due to any bond insurer of Parity New Series Revenue Obligations not paid pursuant to subsections (vi) or (vii) above;

(ix) Ninth, to pay any amounts due to any issuer of a New Series Reserve Fund Surety Bond not paid pursuant to subsections (vii) or (viii) above;

(x) Tenth, to any other fund or account required by any resolution authorizing Parity New Series Revenue Obligations, the amounts required to be deposited therein;

(xi) Eleventh, to any fund or account, or to any payee, required by any other resolution of the Board which authorizes the issuance of obligations or the creation of debt of the Corporation having a lien on the Pledged Revenues subordinate to the lien and pledge created herein with respect to the Parity New Series Revenue Obligations; and

(xii) Twelfth, to the New Series Capital Improvement Fund.

(c) At such time as there are no Previously Issued Senior Lien Bonds outstanding, moneys deposited in the Gross Sales Tax Revenue Fund shall be pledged and appropriated to the following uses, in the order of priority shown:

(i) First, to the payment, without priority, of all amounts required to be deposited in the New Series Debt Service Fund herein established for the payment of Parity New Series Revenue Obligations;

(ii) Second, on a pro rata basis, to each debt service reserve fund created by any resolution authorizing the issuance of Parity New Series Revenue Obligations, which contains less than the amount to be accumulated and/or maintained therein, as provided in such resolutions;

(iii) Third, to pay any amounts due to any bond insurer of Parity New Series Revenue Obligations not paid pursuant to subsections (i) or (ii) above;

(iv) Fourth, to pay any amounts due to any issuer of a New Series Reserve Fund Surety Bond not paid pursuant to subsections (ii) or (iii) above;

(v) Fifth, to any other fund or account required by any resolution authorizing Parity New Series Revenue Obligations, the amounts required to be deposited therein;

(vi) Sixth, to any fund or account, or to any payee, required by any other resolution of the Board which authorizes the issuance of obligations or the creation of debt of the Corporation having a lien on the Pledged Revenues subordinate to the lien and pledge created herein with respect to the Parity New Series Revenue Obligations; and

(vii) Seventh, to the New Series Capital Improvement Fund.

New Series Debt Service Fund

(a) The Corporation hereby covenants and agrees to make deposits to the New Series Debt Service Fund from moneys in the Gross Sales Tax Revenue Fund, in substantially equal monthly, bi-monthly, quarterly or semi-annual installments as such money is received, to pay the principal of and interest on the Parity New Series Revenue Obligations as follows:

(i) Such amounts, on deposit and received following the Closing Date, as will be sufficient, together with other amounts, if any, then on hand in the New Series Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and become due and payable with respect to the Parity New Series Revenue Obligations on the next succeeding Interest Payment Date;

(ii) Such amounts, on deposit and received following the Closing Date, as will be sufficient, together with other amounts, if any, on hand in the New Series Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Parity New Series Revenue Obligations on the next succeeding Interest Payment Date on which principal of the Bonds is to be payable.

(b) The deposits to the New Series Debt Service Fund for the payment of principal of and interest on the Parity New Series Revenue Obligations shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the New Series Debt Service Fund and New Series Reserve Fund is equal to the amount required to pay all outstanding obligations (principal and/or interest) for which said Fund was created and established to pay or (ii) the Parity New Series Revenue Obligations are no longer outstanding, i.e., fully paid as to principal and interest on all of the Parity New Series Revenue Obligations have been refunded.

(c) Any proceeds of the New Series Bonds not required for the purposes for which the New Series Bonds are issued shall be deposited to the New Series Debt Service Fund.

New Series 2018 Tax-Exempt Bonds Reserve Fund.

(a) There is hereby created and ordered held at a depository bank of the Corporation, for the benefit of the New Series Tax-Exempt Bonds, the New Series 2018 Tax-Exempt Bonds Reserve Fund. As provided in the New Series Tax-Exempt 2018 Resolution, the Corporation shall deposit and credit to the New Series 2018 Tax-Exempt Bonds Reserve Fund amounts required to maintain the balance in the New Series 2018 Tax-Exempt Bonds Reserve Fund in an amount equal to the maximum annual debt service requirements of the New Series Tax-Exempt Bonds (the "Required Reserve"). The maximum annual debt service requirements of the New Series Tax-Exempt Bonds shall be calculated by the Corporation on the date of issuance of the New Series Tax-Exempt Bonds and on each October 1 thereafter, and the Required Reserve to be maintained in the New Series 2018 Tax-Exempt Bonds Reserve Fund after each such calculation shall be the amount determined by such calculation.

(b) All funds, investments and New Series Reserve Fund Surety Bonds on deposit and credited to the New Series 2018 Tax-Exempt Bonds Reserve Fund shall be used solely for (i) the payment of the principal of and interest on the New Series Tax-Exempt Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make payments due under a New Series Reserve Fund Surety Bond and (iii) with respect to funds and investments on deposit and credited to the New Series 2018 Tax-Exempt Bonds Reserve Fund other than New Series Reserve Fund Surety Bonds, to retire the last maturity of or interest on the New Series Tax-Exempt Bonds.

(c) When and for so long as the cash, investments and New Series Reserve Fund Surety Bonds in the New Series 2018 Tax-Exempt Bonds Reserve Fund equal the Required Reserve, no deposits need be made to the credit of the New Series 2018 Tax-Exempt Bonds Reserve Fund. If the New Series 2018 Tax-Exempt Bonds Reserve Fund at any time contains less than the Required Reserve, the Corporation covenants and agrees that the Corporation shall cure the deficiency in the New Series 2018 Tax-Exempt Bonds Reserve Fund by making deposits to such Fund from the Pledged Revenues in accordance with the New Series Tax-Exempt 2018Resolution by monthly deposits and credits in amounts equal to not less than 1/60th of the Required Reserve with any such deficiency payments being made on or before the last day of each month until the Required Reserve has been fully restored; provided, however, that no such deposits shall be made into the New Series 2018 Tax-Exempt Bonds Reserve Fund during any six-month period beginning on February 1 and August 1 until there has been deposited into the

New Series Debt Service Fund the full amount required to be deposited therein by the next following February 1 and August 1, as the case may be. In addition, in the event that a portion of the Required Reserve is represented by a New Series Reserve Fund Surety Bond, the Required Reserve and deposits to the New Series 2018 Tax-Exempt Bonds Reserve Fund shall take into account such value of the New Series Reserve Fund Surety Bond. The Corporation further covenants and agrees that, subject only to the prior deposits and credits for the Previously Issued Senior Lien Bonds and to be made to the New Series Debt Service Fund, the Pledged Revenues shall be applied, appropriated and used to establish and maintain the Required Reserve, including by paying payments under a New Series Reserve Fund Surety Bond when due, and any reserve established for the benefit of any issue or series of Additional Parity New Series Revenue Obligations and to cure any deficiency in such amounts as required by the terms of the New Series 2018 Resolutions and any other Resolution pertaining to the issuance of Additional Parity New Series Revenue Obligations. Reimbursements to any provider of a New Series Reserve Fund Surety Bond shall constitute the curing of a deficiency in the New Series 2018 Tax-Exempt Reserve Fund to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the New Series Reserve Fund Surety Bond to the Required Reserve.

(d) Earnings and income derived from the investment of amounts held for the credit of the New Series 2018 Tax-Exempt Bonds Reserve Fund shall be retained in the New Series 2018 Tax-Exempt Bonds Reserve Fund until the New Series 2018 Tax-Exempt Bonds Reserve Fund contains the Required Reserve. During such time as the New Series 2018 Tax-Exempt Bonds Reserve Fund contains the Required Reserve or any cash or investment is replaced with a New Series Reserve Fund Surety Bond pursuant to subsection (e) below, the Corporation may, at its option, withdraw funds that are in excess of the Required Reserve and deposit such surplus in the Gross Sales Tax Revenue Fund; provided that the face amount of any New Series Reserve Fund Surety Bond may be reduced at the option of the Corporation in lieu of such withdrawal of excess funds. Notwithstanding the foregoing, any surplus funds in excess of the Required Reserve that consist of gross proceeds of the New Series Tax-Exempt Bonds or interest thereon shall be used for purposes for which the New Series 2018 Tax-Exempt Bonds were issued or deposited to the New Series Debt Service Fund.

(e) The Corporation may, at any time, deposit, supplement, replace or substitute a New Series Reserve Fund Surety Bond for cash or investments on deposit in the New Series 2018 Tax-Exempt Bonds Reserve Fund or in substitution for or replacement of any existing New Series Reserve Fund Surety Bond.

(f) If the Corporation is required to make a withdrawal from the New Series 2018 Tax-Exempt Bonds Reserve Fund for any of the purposes described in this Section, the Corporation shall promptly notify the issuer of such New Series Reserve Fund Surety Bond of the necessity for a withdrawal from the New Series 2018 Tax-Exempt Bonds Reserve Fund for any such purposes, and shall make such withdrawal first from available moneys or permitted investments then on deposit in the New Series 2018 Tax-Exempt Bonds Reserve Fund, and next from a drawing under any New Series Reserve Fund Surety Bond to the extent of any deficiency.

(g) In the event there is a draw upon the New Series Reserve Fund Surety Bond, the Corporation shall reimburse the provider of such New Series Reserve Fund Surety Bond for such draw, in accordance with the terms of any agreement pursuant to which the New Series Reserve Fund Surety Bond is used, from Pledged Revenues; however, such reimbursement from Pledged Revenues shall be in accordance with the provisions of the New Series 2018 Tax-Exempt Resolution and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the then Outstanding New Series Parity Revenue Obligations.

(h) The Corporation may create and establish a debt service reserve fund pursuant to any resolution or resolutions authorizing the issuance of New Series Parity Revenue Obligations for the purpose of security that series of New Series Parity Revenue Obligations or any specific series of New Series Parity Revenue Obligations; the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Pledged Revenues and shall be held solely for the benefit of the owners of the series of New Series Parity Revenue Obligations for which such debt service reserve fund was established. Each such debt service reserve fund shall be designated in such manner as is necessary to identify the New Series Parity Revenue Obligations it secures and to distinguish such debt service reserve fund from the debt service reserve funds created for the benefit of other New Series Parity Revenue Obligations.

(i) In connection with the issuance of the New Series 2018 Tax-Exempt Bonds, the New Series Tax-Exempt Bonds Reserve Fund shall be funded with a New Series Reserve Fund Surety Bond.

<u>New Series 2018 Taxable Bonds Reserve Fund</u>.

(a) There is hereby created and ordered held at a depository bank of the Corporation, for the benefit of the New Series Taxable Bonds, the New Series 2018 Taxable Bonds Reserve Fund. As provided in the New Series Taxable 2018 Resolution, the Corporation shall deposit and credit to the New Series 2018 Taxable Bonds Reserve Fund amounts required to maintain the balance in the New Series 2018 Taxable Bonds Reserve Fund in an amount equal to the maximum annual debt service requirements of the New Series Taxable Bonds (the “Required Reserve”). The maximum annual debt service requirements of the New Series Taxable Bonds shall be calculated by the Corporation on the date of issuance of the New Series

Taxable Bonds and on each October 1 thereafter, and the Required Reserve to be maintained in the New Series 2018 Taxable Bonds Reserve Fund after each such calculation shall be the amount determined by such calculation.

(b) All funds, investments and New Series Reserve Fund Surety Bonds on deposit and credited to the New Series 2018 Taxable Bonds Reserve Fund shall be used solely for (i) the payment of the principal of and interest on the New Series Taxable Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make payments due under a New Series Reserve Fund Surety Bond and (iii) with respect to funds and investments on deposit and credited to the New Series 2018 Taxable Bonds Reserve Fund other than New Series Reserve Fund Surety Bonds, to retire the last maturity of or interest on the New Series Taxable Bonds.

(c) When and for so long as the cash, investments and New Series Reserve Fund Surety Bonds in the New Series 2018 Taxable Bonds Reserve Fund equal the Required Reserve, no deposits need be made to the credit of the New Series 2018 Taxable Bonds Reserve Fund. If the New Series 2018 Taxable Bonds Reserve Fund at any time contains less than the Required Reserve, the Corporation covenants and agrees that the Corporation shall cure the deficiency in the New Series 2018 Taxable Bonds Reserve Fund by making deposits to such Fund from the Pledged Revenues in accordance with the New Series Taxable 2018 Resolution by monthly deposits and credits in amounts equal to not less than 1/60th of the Required Reserve with any such deficiency payments being made on or before the last day of each month until the Required Reserve has been fully restored; provided, however, that no such deposits shall be made into the New Series 2018 Taxable Bonds Reserve Fund during any six-month period beginning on February 1 and August 1 until there has been deposited into the New Series Debt Service Fund the full amount required to be deposited therein by the next following February 1 and August 1, as the case may be. In addition, in the event that a portion of the Required Reserve is represented by a New Series Reserve Fund Surety Bond, the Required Reserve and deposits to the New Series 2018 Taxable Bonds Reserve Fund shall take into account such value of the New Series Reserve Fund Surety Bond. The Corporation further covenants and agrees that, subject only to the prior deposits and credits for the Previously Issued Senior Lien Bonds and to be made to the New Series Debt Service Fund, the Pledged Revenues shall be applied, appropriated and used to establish and maintain the Required Reserve, including by paying payments under a New Series Reserve Fund Surety Bond when due, and any reserve established for the benefit of any issue or series of Additional Parity New Series Revenue Obligations and to cure any deficiency in such amounts as required by the terms of the New Series 2018 Resolutions and any other Resolution pertaining to the issuance of Additional Parity New Series Revenue Obligations. Reimbursements to any provider of a New Series Reserve Fund Surety Bond shall constitute the curing of a deficiency in the New Series 2018 Taxable Bonds Reserve Fund to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the New Series Reserve Fund Surety Bond to the Required Reserve.

(d) Earnings and income derived from the investment of amounts held for the credit of the New Series 2018 Taxable Bonds Reserve Fund shall be retained in the New Series 2018 Taxable Bonds Reserve Fund until the New Series 2018 Taxable Bonds Reserve Fund contains the Required Reserve. During such time as the New Series 2018 Taxable Bonds Reserve Fund contains the Required Reserve or any cash or investment is replaced with a New Series Reserve Fund Surety Bond pursuant to subsection (e) below, the Corporation may, at its option, withdraw funds that are in excess of the Required Reserve and deposit such surplus in the Gross Sales Tax Revenue Fund; provided that the face amount of any New Series Reserve Fund Surety Bond may be reduced at the option of the Corporation in lieu of such withdrawal of excess funds. Notwithstanding the foregoing, any surplus funds in excess of the Required Reserve that consist of gross proceeds of the New Series Taxable Bonds or interest thereon shall be used for purposes for which the New Series Taxable Bonds were issued or deposited to the New Series Debt Service Fund.

(e) The Corporation may, at any time, deposit, supplement, replace or substitute a New Series Reserve Fund Surety Bond for cash or investments on deposit in the New Series 2018 Taxable Bonds Reserve Fund or in substitution for or replacement of any existing New Series Reserve Fund Surety Bond.

(f) If the Corporation is required to make a withdrawal from the New Series 2018 Taxable Bonds Reserve Fund for any of the purposes described in this Section, the Corporation shall promptly notify the issuer of such New Series Reserve Fund Surety Bond of the necessity for a withdrawal from the New Series 2018 Taxable Bonds Reserve Fund for any such purposes, and shall make such withdrawal first from available moneys or permitted investments then on deposit in the New Series 2018 Taxable Bonds Reserve Fund, and next from a drawing under any New Series Reserve Fund Surety Bond to the extent of any deficiency.

(g) In the event there is a draw upon the New Series Reserve Fund Surety Bond, the Corporation shall reimburse the provider of such New Series Reserve Fund Surety Bond for such draw, in accordance with the terms of any agreement pursuant to which the New Series Reserve Fund Surety Bond is used, from Pledged Revenues; however, such reimbursement from Pledged Revenues shall be in accordance with the provisions of the New Series 2018 Taxable Resolution and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the then Outstanding New Series Parity Revenue Obligations.

(h) The Corporation may create and establish a debt service reserve fund pursuant to any resolution or resolutions authorizing the issuance of New Series Parity Revenue Obligations for the purpose of security that series of New Series Parity Revenue Obligations or any specific series of New Series Parity Revenue Obligations; the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Pledged Revenues and shall be held solely for the benefit of the owners of the series of New Series Parity Revenue Obligations for which such debt service reserve fund was established. Each such debt service reserve fund shall be designated in such manner as is necessary to identify the New Series Parity Revenue Obligations it secures and to distinguish such debt service reserve fund from the debt service reserve funds created for the benefit of other New Series Parity Revenue Obligations.

(i) In connection with the issuance of the New Series Taxable Bonds, the New Series 2018 Taxable Bonds Reserve Fund shall be funded with a New Series Reserve Fund Surety Bond.

Deficiencies in Funds.

If the Corporation shall, for any reason, fail to pay into the New Series Debt Service Fund or New Series Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said funds from the first available revenues of the Corporation and such payments shall be in addition to the amounts hereinabove provided to be otherwise paid into said funds.

Security of Funds.

All moneys on deposit in the funds referred to in the New Series Resolutions shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of funds of the City, and moneys on deposit in such funds shall be used only for the purposes permitted by the New Series Resolutions.

Investments.

(a) Money in the funds established by the New Series Resolutions, or any resolution authorizing the issuance of any Additional Parity New Series Revenue Obligations, at the option of the Corporation, may be invested in such securities or obligations as permitted under the laws of the State of Texas applicable to the City.

(b) Any securities or obligations in which money is so invested shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Investment Income.

Interest and income derived from investment of any fund created by the Resolutions shall be credited to such fund.

Issuance of Superior Lien Obligations Prohibited.

The Corporation hereby covenants that so long as any principal or interest pertaining to any Parity New Series Revenue Obligations remain outstanding and unpaid, it will not authorize or issue obligations secured by a lien on or pledge of the Pledged Revenues superior to the lien ascribed to the Parity New Series Revenue Obligations.

Issuance of Additional Parity New Series Obligations Authorized.

In addition to the right to issue obligations of inferior lien, the Corporation reserves the right to issue Additional Parity New Series Revenue Obligations which, when duly authorized and issued in compliance with law and the terms and conditions hereinafter appearing, shall be on a parity with the Bonds herein authorized and the Parity New Series Revenue Obligations, payable from and equally and ratably secured by a lien on and pledge of the Pledged Revenues and Pledged Funds; and the Parity New Series Revenue Obligations and Additional Parity New Series Revenue Obligations shall in all respects be of equal dignity. The Additional Parity New Series Revenue Obligations may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The Corporation is not then in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the outstanding Previously Issued Senior Lien Bonds or the Parity New Series Revenue Obligations.

(b) Each of the funds created for the payment, security and benefit of the Previously Issued Senior Lien Bonds and the Parity New Series Revenue Obligations contains the amount of money then required to be on deposit therein.

(c) The Corporation has secured from a Certified Public Accountant a certificate or report reflecting that for the Fiscal Year next preceding the date of the proposed Additional Parity New Series Revenue Obligations, or a consecutive twelve (12) month period out of the fifteen (15) month period next preceding the month in which the resolution authorizing the proposed Additional Parity New Series Revenue Obligations is adopted, the Gross Sales Tax Revenues were equal to at least: (i) 1.35 times the combined maximum annual principal and interest requirements on all Previously Issued Senior Lien Bonds and Parity New Series Revenue Obligations to be outstanding after the issuance of the proposed Additional Parity New Series Revenue Obligations; and (ii) 1.50 times the combined average annual principal and interest requirements on all Previously Issued Senior Lien Bonds and Parity New Series Revenue Obligations to be outstanding after the issuance of the proposed Additional Parity New Series Revenue Obligations; provided, that, in the event of an increase in the rate of the Sales Tax that becomes effective prior to the date of the resolution authorizing the issuance of the Additional Parity New Series Revenue Obligations, such certificate or report shall calculate the Gross Sales Tax Revenues for the calculation period as if such increased rate were in effect during such period.

(d) The Additional Parity New Series Revenue Obligations are made to mature on February 1 or August 1, either or both, of each year in which they are scheduled to mature.

(e) The resolution authorizing the Additional Parity New Series Revenue Obligations provides that: (i) the New Series Debt Service Fund be augmented by amounts adequate to accumulate the sum required to pay the principal and interest on such obligations as the same shall become due; and (ii) the amount to be maintained in the New Series Reserve Fund shall be increased to an amount not less than the New Series Reserve Fund Requirement calculated to include the debt service of the proposed additional obligations; and (iii) any additional amount required to be maintained in the New Series Reserve Fund shall be deposited therein upon delivery of such Additional Parity New Series Revenue Obligations or in not more than 60 months from such date.

(f) Parity New Series Revenue Obligations may be refunded upon such terms and conditions as the Board may deem to be in the best interest of the Corporation; and if less than all such outstanding Parity New Series Revenue Obligations are refunded, the proposed refunding obligations shall be considered as "Additional Parity New Series Revenue Obligations" under the provisions of this Section, and the report or certificate required by paragraph (c) shall give effect to the issuance of the proposed refunding obligations and shall not give effect to the obligations being refunded.

No Further Issuance of Previously Issued Senior Lien Bonds.

The Corporation covenants not to issue any bonds superior in lien and pledge to the Parity New Series Revenue Obligations, including specifically additional bonds or obligations authorized under the Previously Issued Senior Lien Bond Resolution.

Pledged Funds and Pledged Revenues.

(a) The Corporation represents and warrants that it is and will be authorized by applicable law and by its articles of incorporation and bylaws to authorize and issue the New Series Bonds, to adopt the New Series Resolutions and to pledge the Pledged Funds and Pledged Revenues in the manner and to the extent provided in the New Series Resolutions, and that the Pledged Funds and Pledged Revenues so pledged are and will be and remain free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by the New Series Resolutions except as expressly provided in the Resolutions for Parity New Series Revenue Obligations.

(b) The New Series Bonds and the provisions of the New Series Resolutions are and will be the valid and legally enforceable obligations of the Corporation in accordance with the terms of the New Series Resolutions, subject only to any applicable bankruptcy or insolvency laws or to any applicable law affecting creditors rights generally.

(c) The Corporation shall at all times, to the extent permitted by applicable law, defend, preserve and protect the pledge of the Pledged Funds and Pledged Revenues and all the rights of the Owners under the New Series Resolutions and the resolutions authorizing the issuance of any Additional New Series Parity Obligations, against all claims and demands of all persons whomsoever.

(d) The Corporation will take, and use its best efforts to cause the City to take, all steps reasonably necessary and appropriate to collect all delinquencies in the collection of the Sales Tax to the fullest extent permitted by the Act and other applicable law.

Accounts Periodical Reports and Certificates.

The Corporation shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the funds and accounts established by the Resolutions and which, together with all other books and papers of the Corporation, shall at all times be subject to the inspection of, the Owner or Owners of not less than 5% in principal amount of the Parity New Series Revenue Obligations then outstanding or their representatives duly authorized in writing.

General.

The Directors and Officers of the Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of the New Series Resolutions.

Repeal of Power to Collect Sales Tax.

Any repeal or amendment of the right and power to levy, collect and apply the Sales Tax pursuant to the Act shall never be effective until all of the principal of and the interest on the Parity New Series Revenue Obligations have been paid in full or they have been lawfully defeased.

Payment of the New Series Bonds.

While any of the New Series Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the New Series Debt Service Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

Events of Default.

Each of the following occurrences or events for the purpose of the New Series Resolutions is hereby declared to be an "Event of Default," to-wit:

(a) the failure to make payment of the principal of or interest on any of the New Series Bonds when the same becomes due and payable; or

(b) default in the performance or observance of any other covenant, agreement or obligation of the Corporation, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with New Series Resolutions, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the Corporation.

Remedies for Default.

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

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

Remedies Not Exclusive.

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

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

Discharge. The Corporation reserves the right to defease, discharge or refund the New Series Bonds in any manner permitted by applicable law.

Amendments.

The New Series 2018 Resolutions shall constitute a contract with the Owners, be binding on the Corporation, and shall not be amended or repealed by the Corporation so long as any New Series Bonds remains outstanding except as permitted in this Section. The Corporation may, without consent of or notice to any Owners, from time to time and at any time, amend the New Series 2018 Resolutions in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Corporation may, with the written consent of the Owners of the New Series Bonds holding a majority in aggregate principal amount of the New Series Bonds then outstanding, amend, add to, or rescind any of the provisions of the New Series 2018 Resolutions; provided that, without the consent of all Owners of outstanding New Series Bonds, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the New Series Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the New Series Bonds, (ii) give any preference to any New Series Bond over any other New Series Bond, or (iii) reduce the aggregate principal amount of New Series Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

INVESTMENTS

The Corporation is a nonprofit corporation acting on behalf of the City and is subject to the provisions of the Public Funds Investment Act (V.T.C.A., Government Code, (Ch. 2256) with respect to the investment of its funds. The Corporation invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the Corporation. Both state law and the Corporation's investment policies are subject to change.

LEGAL INVESTMENTS . . . . Under Texas law, the Corporation is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas 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 is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities including obligation 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) certificates of deposit (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for Corporation deposits, or (ii) where; (a) the funds are invested by the Corporation through (i) a broker that has its main office or branch office in this state and is selected from a list adopted by the Corporation; (ii) a depository institution that has a main office or branch office in this state and that is selected by the Corporation; (b) the depository institution selected by the Corporation arranges for the deposit of funds in one or more federally insured depository institutions, wherever located; (c) the certificates of deposit are insured by the United States or an instrumentality of the United States; and (d) the Corporation appoints the depository institution acts as a custodian for the Corporation with respect to the certificates of deposit an entity described by 2257.041(d) 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); (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) 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 (6) 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 (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Corporation, held in the Corporation’s name and deposited at the time the investment is made with the Corporation or a third party designated by the Corporation; (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 of Texas; and (iv) the agreement to lend securities has a term of one year or less, (10) 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, (11) 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, (12) no-loan money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent. 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 Corporation 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 Corporation 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 Corporation 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 Corporation funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All Corporation funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds’ 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, Corporation 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 Corporation shall submit an investment report detailing: (1) the investment position of the Corporation, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest Corporation funds without express written authority from the Board.

ADDITIONAL PROVISIONS . . . Under State law, the Corporation is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Corporation's Board of Directors; (4) require the qualified representative of firms offering to engage in an investment transaction with the Corporation to: (a) receive and review the Corporation's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Corporation and the business organization that are not authorized by the Corporation's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Corporation's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Corporation and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Corporation's investment policy; (6) provide specific investment training for the Corporation's designated Investment Officer; (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 non-money market mutual funds in the aggregate to no more than 15% of the Corporation'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 Corporation.

TABLE 5- CURRENT INVESTMENTS

As of September 30, 2017, the Corporation's investable funds were invested in the following categories:

Description of Investment	Total Investment	Percent of Portfolio
Nations Money Market Funds	$ 2,771,091	39.80%
TexSTAR	4,191,228	60.20%
	$ 6,962,319	60.20%

TAX MATTERS – NEW SERIES TAX-EXEMPT BONDS

TAX EXEMPTION . . . In the opinion of Bracewell LLP, Bond Counsel, under existing law, (i) interest on New Series Tax-Exempt Bonds is excludable from gross income for federal income tax purposes and (ii) the New Series Tax-Exempt Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and, as such, interest on the New Series Tax-Exempt Bonds is not subject to the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local New Series Tax-Exempt Bonds, such as the New Series Tax-Exempt 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 Corporation has covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code that affect the exclusion from gross income of interest on the New Series Tax-Exempt Bonds for federal income tax purposes and, in addition, will rely on representations by the Corporation, the Corporation's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the Corporation, the Corporation's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. If the Corporation fails to comply with the covenants in the Resolution or if the foregoing representations are determined to be inaccurate or incomplete interest on the New Series Tax-Exempt Bonds could become includable from the date of delivery of the New Series Tax-Exempt 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 any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the New Series Tax-Exempt 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 Internal Revenue Service (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 bonds 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 New Series Tax-Exempt Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Corporation as the taxpayer and the owners may not have a right to participate in such audit. Public awareness of any future audit of the New Series Tax-Exempt Bonds could adversely affect the value and liquidity of the New Series Tax-Exempt Bonds regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

COLLATERAL TAX CONSEQUENCES . . . Prospective purchasers of the New Series Tax-Exempt 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 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 New Series Tax-Exempt Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the New Series Tax-Exempt 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 New Series Tax-Exempt Bonds, received or accrued during the year

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE PREMIUM . . . The issue price of all or a portion of the New Series Tax-Exempt Bonds may exceed the stated redemption price payable at maturity of such New Series Tax-Exempt Bonds. Such New Series Tax-Exempt 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 New Series Tax-Exempt Bonds may be less than the stated redemption price payable at maturity of such New Series Tax-Exempt 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 New Series Tax-Exempt 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 New Series Tax-Exempt Bonds under the captions “Tax Matters – New Series Tax-Exempt Bonds – Tax Exemption” and “Tax Matters – New Series Tax-Exempt Bonds – Additional Federal Income Tax Considerations – Collateral Tax Consequences” 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 (a) the Underwriters have purchased the New Series Tax-Exempt Bonds for contemporaneous sale to the public and (b) 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 Corporation 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 New Series Tax-Exempt 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 (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which 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 . . . Public Law No. 115-97 (i.e., Tax Cuts and Jobs Act), which makes significant changes to the Code, including changing certain provisions affecting tax-exempt obligations, such as the New Series Tax-Exempt Bonds, was signed into law on December 22, 2017. Further, current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the New Series Tax-Exempt 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 New Series Tax-Exempt Bonds. Prospective purchasers of the New Series Tax-Exempt Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

TAX MATTERS – NEW SERIES TAXABLE BONDS

THE FOLLOWING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NEW SERIES TAXABLE BONDS, INCLUDING THE EFFECT AND APPLICABILITY OF (I) U.S. FEDERAL, STATE, LOCAL OR FOREIGN TAX LAWS, (II) GIFT AND ESTATE TAX LAWS, AND (III) ANY INCOME TAX TREATY.

General

The following discussion summarizes certain material U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the New Series Taxable Bonds by an initial holder (as described below). This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), applicable U.S. Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. Neither the Corporation nor Bond Counsel offers any assurance that the Internal Revenue Service (the “Service”) will not challenge one or more of the tax consequences described in this discussion, and neither the Corporation nor Bond Counsel has obtained, nor do the Corporation or Bond Counsel intend to obtain, a ruling from the Service or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the New Series Taxable Bonds.

This discussion is limited to holders who purchase the New Series Taxable Bonds in this initial offering for a price equal to the issue price of the New Series Taxable Bonds (*i.e.*, the first price at which a substantial amount of the New Series Taxable Bonds is sold for cash other than to bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers, the “Issue Price”) and who hold the New Series Taxable Bonds as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under the laws of any foreign, state, local or other jurisdiction or income tax treaties or any U.S. federal estate or gift tax considerations. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder’s circumstances or to certain categories of investors that may be subject to special rules, such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their New Series Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences for individuals or (ii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the New Series Taxable Bonds under state, local or non-U.S. tax laws.

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

INVESTORS CONSIDERING THE PURCHASE OF THE NEW SERIES TAXABLE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE NEW SERIES TAXABLE BONDS UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Certain Tax Consequences to U.S. Bondholders

As used herein "U.S. Bondholder" means a beneficial owner of a New Series Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, 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), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where 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 a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust).

Interest on the New Series Taxable Bonds

A U.S. Bondholder generally will be required to include as ordinary interest income any stated interest payments in income in accordance with its method of accounting for U.S. federal income tax purposes.

Original Issue Discount

If the Issue Price of the New Series 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 New Series 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 New Series Taxable Bonds at maturity over the Issue Price, and the amount of the original issue discount on such New Series Taxable Bonds will be amortized over the life of the New Series Taxable Bonds using the "constant yield method" provided in the U.S. Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the New Series Taxable Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of such New Series 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 New Series 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 New Series Taxable Bonds will increase the adjusted tax basis of such New Series Taxable Bonds in the hands of such beneficial owner.

Premium

If the Issue Price of the New Series 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 New Series 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 New Series Taxable Bond and may offset interest otherwise required to be included in respect of such New Series Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on such New Series 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 New Series Taxable Bond. However, if such New Series 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 bond premium until later in the term of such New Series Taxable Bond. Any election to amortize 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.

Disposition of the New Series Taxable Bonds

A U.S. Bondholder will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a New Series Taxable Bond. This gain or loss will equal the difference between the U.S. Bondholder's adjusted tax basis in the New Series Taxable Bond and the amount realized (excluding any proceeds attributable to accrued but unpaid stated interest which will be recognized as ordinary interest income to the extent any such Bondholder has not previously included such amounts in income) by the Bondholder. A U.S. Bondholder's adjusted tax basis in the New Series Taxable Bonds will generally equal the amount the U.S. Bondholder paid for the New Series Taxable Bonds increased by any original issue discount previously included in the Bondholder's income and decreased by the amount of the New Series Taxable Bond premium that has been previously amortized. The gain or loss generally will be long-term capital gain or loss if the Bondholder held the New Series Taxable Bonds for more than one year at the time of the sale, redemption, exchange, retirement or other taxable disposition. Long-term capital gains of individuals, estates and trusts currently are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding

Information reporting will apply to payments of principal and interest made by the Corporation on, or the proceeds of the sale or other disposition of, the New Series Taxable Bonds with respect to U.S. Bondholders (unless such holder is an exempt recipient such as a corporation), and backup withholding may apply unless the recipient of such payment provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Bondholder'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 liabilities provided the required information is timely provided to the Service.

Additional Tax on Investment Income

An additional 3.8% net investment income tax, or the "NIIT," is imposed on the "net investment income" of certain U.S. Bondholders who are individuals and on the undistributed "net investment income" of certain estates and trusts, to the extent the sum of net investment income and other modified adjusted gross income exceeds specified dollar amounts. Among other items, "net investment income" would generally include interest income and net gain from the disposition of property, such as the New Series Taxable Bonds, less certain deductions. ***U.S. Bondholders should consult their tax advisors with respect to the tax consequences of the NIIT.***

Certain Tax Consequences to Non-U.S. Bondholders

As used herein, a "non-U.S. Bondholder" means a beneficial owner of New Series Taxable Bonds that is an individual, corporation, estate or trust that is not a U.S. Bondholder.

Interest on the New Series Taxable Bonds-Portfolio Interest

Subject to the discussions below under the headings "—Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance," payments to a non-U.S. Bondholder of interest on the New Series Taxable Bonds generally will be exempt from withholding of U.S. federal tax under the "portfolio interest" exemption if the non-U.S. Bondholder properly certifies as to the non-U.S. Bondholder's foreign status as described below, and that:

- the non-U.S. Bondholder does not own, actually or constructively, 10% or more of the Corporation's voting stock;
- the non-U.S. Bondholder is not a "controlled foreign corporation" for U.S. federal income tax purposes that is related to the Corporation (actually or constructively); and
- the non-U.S. Bondholder is not a bank whose receipt of interest on the New Series Taxable Bonds is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of such Bondholder's trade or business.

The foregoing exemption from withholding tax will not apply unless (i) the non-U.S. Bondholder provides his, her or its name and address on an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form), and certifies under penalties of perjury, that such holder is not a U.S. person, (ii) a financial institution holding the New Series Taxable Bonds on a non-U.S. Bondholder's behalf certifies, under penalties of perjury, that it has received an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) from such holder and provides the Trustee with a copy, or (iii) the non-U.S. Bondholder holds their New Series Taxable Bonds directly through a "qualified intermediary," and the qualified intermediary has sufficient information in its files indicating that such holder is not a U.S. Bondholder.

If a non-U.S. Bondholder cannot satisfy the requirements described above, payments of principal and interest made to such holder will be subject to the 30% U.S. federal withholding tax, unless such non-U.S. Bondholder provides the Trustee with a properly executed (a) IRS Form W-8BEN or IRS Form W-8-BEN-E or successor form claiming an exemption from or a reduction of withholding under an applicable tax treaty or (b) IRS Form W-8ECI (or successor form) stating that interest paid on the New Series Taxable Bonds is not subject to withholding tax because it is effectively connected with such non-U.S. Bondholder's conduct of a trade or business in the United States.

If a non-U.S. Bondholder is engaged in an active trade or business in the United States and interest on the New Series Taxable Bonds is effectively connected with the active conduct of that trade or business (and, in the case of an applicable income tax treaty, is attributable to a U.S. permanent establishment maintained by such holder), such non-U.S. Bondholder will be subject to U.S. federal income tax on the interest on a net income basis (although exempt from the 30% withholding tax) in the same manner as if such non-U.S. Bondholder were a U.S. person as defined under the Code. In addition, if a non-U.S. Bondholder is a foreign corporation, it may be subject to a branch profits tax equal to 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 New Series Taxable Bonds, that is effectively connected with the active conduct by such non-U.S. Bondholder of a trade or business in the United States.

Disposition of the New Series Taxable Bonds

Subject to the discussions below under the headings "—Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance," a non-U.S. Bondholder generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a New Series Taxable Bond unless:

- the gain is effectively connected with the conduct by the non-U.S. Bondholder of a U.S. trade or business (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by the Bondholder in the United States);

- the non-U.S. Bondholder is a nonresident alien individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met;

- the gain represents accrued interest, in which case the rules for taxation of interest would apply.

If a non-U.S. Bondholder is described in the first bullet point above, the non-U.S. Bondholder generally will be subject to U.S. federal income tax in the same manner as a U.S. Bondholder. If a non-U.S. Bondholder is described in the second bullet point above, the Bondholder generally will be subject to U.S. federal income tax at a flat rate of 30% or lower applicable treaty rate on the gain derived from the sale or other disposition, which may be offset by U.S. source capital losses.

Information Reporting and Backup Withholding

Payments to non-U.S. Bondholders of interest on their New Series Taxable Bonds and any amounts withheld from such payments generally will be reported to the Service and such holder. Backup withholding will not apply to payments of principal and interest on the New Series Taxable Bonds if the non-U.S. Bondholder certifies as to his, her or its non-U.S. Bondholder status on an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) under penalties of perjury or such non-U.S. Bondholder otherwise qualifies for an exemption (provided that neither the Corporation nor its agent, if any, know or have reason to know that such Bondholder is a U.S. person or that the conditions of any other exemptions are not in fact satisfied).

The payment of the proceeds of the disposition of New Series Taxable Bonds to or through the U.S. office of a U.S. or foreign broker will be subject to information reporting and backup withholding unless a non-U.S. Bondholder provides the certification described above or such Bondholder otherwise qualifies for an exemption. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the non-U.S. Bondholder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the non-U.S. Bondholder's actual U.S. federal income tax liabilities provided the required information is timely provided to the Service.

Foreign Account Tax Compliance

Pursuant to the Foreign Account Tax Compliance Act ("FATCA"), withholding at a rate of 30% generally will be required in certain circumstances on payments of interest in respect of, and, after December 31, 2018, gross proceeds from the sale or other disposition (including payments of principal) of, New Series Taxable Bonds held by or through certain foreign financial institutions (including investment funds) that do not qualify for an exemption from these rules, unless the institution either (i) enters into, and complies with, an agreement with the Service to undertake certain diligence and to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold 30% on certain payments, or (ii) if required under an intergovernmental agreement between the United States and an applicable foreign country, undertakes such diligence and reports such information to its local tax authority, which will exchange such information with the U.S. authorities.

An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury Regulations or other guidance, may modify these requirements. Accordingly, the entity through which the New Series Taxable Bonds are held will affect the determination of whether such withholding is required. Similarly, in certain circumstances, payments of interest in respect of, and, after December 31, 2018, gross proceeds from the sale or other disposition of, New Series Taxable Bonds held by or through a non-financial foreign entity that does not qualify under certain exemptions generally will be subject to withholding at a rate of 30%, unless such entity either (a) certifies that such entity does not have any "substantial United States owners" or (b) provides certain information regarding the entity's "substantial United States owners," which will be provided to the Service, as required. Prospective Bondholders should consult their tax advisors regarding the possible implications of these rules on their investment in the New Series Taxable Bonds.

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CONTINUING DISCLOSURE OF INFORMATION

In the New Series 2018 Resolutions, the Corporation has made the following agreements for the benefit of the holders and beneficial owners of the New Series Bonds. The Corporation is required to observe the agreements for so long as it remains obligated to advance funds to pay the New Series Bonds. Under the agreements, the Corporation will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org <http://www.emma.msrb.org/>.

ANNUAL REPORTS . . . The Corporation 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 Corporation of the general type included in this Official Statement under the Tables numbered 1 through 5 and in Appendix B. The Corporation will update and provide this information in the numbered Tables within six months after the end of each fiscal year ending in or after 2017 and, if then available, audited financial statements of the City. If audited financial statements are not available when the information is provided, the Corporation will provide audited financial statements within 12 months of the end of such fiscal year, when and if they become available. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Corporation 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 City 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 Corporation'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 for the preceding fiscal year (or unaudited financial statements if audited financial statements are not yet available) must be provided by September 30 of each year, unless the Corporation changes its fiscal year. If the Corporation changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The Corporation shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the New Series Bonds: (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 New Series Bonds, or other material events affecting the tax status of the New Series Bonds; (7) modifications to rights of holders of the New Series Bonds, if material; (8) New Series Bond calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the New Series Bonds, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the Corporation[1]; (13) The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material. In addition, the Corporation will provide timely notice of any failure by the Corporation to provide annual financial information in accordance with its agreement described above under "Annual Reports.".

AVAILABILITY OF INFORMATION . . . All information and documentation filings required to be made by the Corporation in accordance with its undertaking made for the New Series Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided by the MSRB, without charge to the general public, at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The Corporation has agreed to update information and to provide notices of material events only as described above. The Corporation 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 Corporation makes no representation or warranty concerning such information or

[1] For the purposes of the event identified in (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

concerning its usefulness to a decision to invest in or sell New Series Bonds at any future date. The Corporation 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 New Series Bonds may seek a writ of mandamus to compel the Corporation to comply with its agreement.

The Corporation may amend its continuing disclosure agreements 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 Corporation, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell New Series Bonds 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 New Series Bonds consent to the amendment or (b) any person unaffiliated with the Corporation (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the New Series Bonds. The Corporation may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 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 New Series Bonds in the primary offering of the New Series Bonds. If the Corporation so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS… During the last five years, the Corporation has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATINGS

The New Series Bonds and the presently outstanding Parity New Series Revenue Obligations of the Corporation are rated "Aa3" by Moody's, "A+" by S&P and "AA+" by Fitch, without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the respective views of such organizations and the Corporation 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 of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the New Series Bonds.

LITIGATION

It is the opinion of Corporation Staff and the City Attorney that there is no pending or to their knowledge, threatened litigation or other proceeding against the Corporation that would have a material adverse financial impact upon the Corporation or its operations.

REGISTRATION AND QUALIFICATION OF NEW SERIES BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the New Series Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the New Series Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the New Series Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the New Series Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The New Series Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Corporation has been made of the laws in other states to determine whether the New Series Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The Corporation will furnish a complete transcript of proceedings had incident to the authorization and issuance of the New Series Bonds, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial New Series Bond of each series and to the effect that the New Series Bonds are valid and legally binding special obligations of the Corporation, 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 New Series Tax-Exempt Bonds will be excludable from gross income for federal income tax purposes under existing law and the New Series Tax-Exempt Bonds are not private activity bonds, subject to the matters described under "Tax Matters – The New Series Tax-Exempt Bonds" herein, including the alternative minimum tax on corporations. Forms of such opinions are attached hereto as Appendix C. Bond Counsel represents the Corporation's Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, but Bond Counsel has been engaged by and only represents the Corporation in connection with the issuance of the Bonds. 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 New Series Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said New Series Bonds will also be furnished. Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "The New Series Bonds" (except the subcaptions "Book-Entry-Only System," "Bondholders' Remedies" and "Use of New Series Bond Proceeds"), "Selected Provisions of the New Series 2018 Resolutions," "Tax Matters – The New Series Tax-Exempt Bonds," "Tax Matters – The Taxable New Series Bonds," "Continuing Disclosure of Information" (except the subcaption "Compliance with Prior Undertakings") and the subcaptions "Legal Investments and Eligibility to Secure Public Funds in Texas," "Registration and Qualification of New Series Bonds For Sale" and "Legal Matters" (except the last two sentences of the first paragraph) under the caption "Other Information" and in Appendix C, and such firm is of the opinion that the information relating to the New Series Bonds and legal issues contained under such captions, subcaptions and Appendix C is a fair and accurate description of the laws and legal issues addressed therein, and, with respect to the New Series Bonds, such information conforms to the New Series Resolutions. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the New Series Bonds is contingent on the sale and delivery of the New Series Bonds. The legal opinion may accompany the New Series Bonds deposited with DTC or may be printed on the New Series Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Locke Lord LLC, Dallas, Texas, Counsel to the Underwriters. The fees of Underwriter's Counsel are contingent upon the delivery of the New Series Bonds.

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

FINANCIAL ADVISOR

First Southwest Company, LLC is employed as Financial Advisor to the Corporation in connection with the issuance of the New Series Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the New Series Bonds is contingent upon the issuance and delivery of the New Series Bonds. First Southwest Company, LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the New Series Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the Corporation for the investment of bond proceeds or other funds of the Corporation upon the request of the Corporation.

The Financial Advisor to the Corporation 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 Corporation 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.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the New Series Tax-Exempt Bonds from the Corporation, at an underwriting discount of $_________________. The Underwriters will be obligated to purchase all of the New Series Tax-Exempt Bonds if any New Series Tax-Exempt Bonds are purchased. The New Series Tax-Exempt Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing New Series Bonds into investment trusts) at prices lower than the public offering prices of such New Series Tax-Exempt Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the New Series Taxable Bonds from the Corporation, at an underwriting discount of $_________________. The Underwriters will be obligated to purchase all of the New Series Taxable Bonds if any New Series Taxable Bonds are purchased. The New Series Taxable Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing New Series Taxable Bonds into investment trusts) at prices lower than the public offering prices of such New Series Taxable Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and the new Series Bonds are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

RBC Capital Markets, LLC ("RBCCM") has provided the following information for inclusion in this Official Statement. RBCCM and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the Corporation. RBCCM and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Corporation. RBCCM and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

KPMG LLP, the City's independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in this report.

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

The New Series 2018 Resolutions authorizing the issuance of the New Series Bonds also approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the New Series Bonds by the Underwriters.

____
Board President
Mansfield Park Facilities
Development Corporation

ATTEST:

____
Board Secretary
Mansfield Park Facilities
Development Corporation

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY OF MANSFIELD, TEXAS

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THE CITY . . . The City of Mansfield encompasses 36.69 square miles and is located in the southeastern portion of Tarrant County with small areas of the City extending into Johnson and Ellis Counties. The City is bounded by the cities of Arlington on the north, Grand Prairie on the east and Fort Worth on the west. Farm Road 157 is a direct route between the City and Arlington. U.S. Highway 287 passes directly through the City from east to west. Dallas is approximately 25 miles to the northeast via U.S. Highway 287 and U.S. Highway 67 or I-20. Downtown Fort Worth is approximately 20 miles to the northwest via U.S. Highway 287 and I-20. Highway 360 provides direct connection to the cities of Arlington and Grand Prairie and to the Dallas-Fort Worth International Airport.

POPULATION . . . The City's 2010 Census population was 56,368, increasing 101.09% since 2000. The City Planning Department estimates the 2018 population at 70,170 reflecting a 21% increase since 2010.

INDUSTRY . . . The City of Mansfield has five major industrial parks with over 150 businesses and a significant amount of developable land remaining. There are significant water and transportation resources available for future development.

In 1997, the voters passed a half cent sales tax for economic development and the Mansfield Economic Development Corporation was formed to administer the City's economic development program.

Since its inception the Mansfield Economic Development Corporation has assisted over 165 companies in making Mansfield their home by providing over $36 million in economic assistance. These companies have made cumulative capital investments of over $800 million and created over 5,000 jobs in the City.

Since 2010, the Mansfield Economic Development Corporation (MEDC) has assisted 49 companies with increasing their presence in Mansfield; 18 expansions, 31 new developments and 8 road projects. The new developments include AMC Warehouse, a refrigerated and freezer warehouse consisting of over 450,000 SF creating 100 jobs and over $67 million in capital investment; Texas Refinery, which specializes in blending industrial lubricants and is making a $20 million capital investment and SteelTex, which manufactures specialty metal coatings used in high pressure pumping applications for the oil and gas industry making a $10 million capital investment which will create 130 jobs. MEDC also assisted in the construction of a new mixed use multi-family and retail development known as Villas De Luca, which will have 173 luxury apartments and 25,500 sq. ft. of retail space. MEDC also assisted with a 130,000+ SF neighborhood retail center including Market Street, a specialty grocery store.

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PRINCIPAL EMPLOYERS

Company	Product Line	Number of Employees
Mouser Electronics	Distribution of Electronics Parts	1,700
Methodist Mansfield Medical Center	Full Service Hospital	1,207
Klein Tools	Manufacturer of Hand Tool Products	452
SJ Louis Construction of TX.	Utility Contractor	450
Wal-Mart Super Center	Superstore	400
Kroger	Grocery Stores(2)	320
Hoffman Cabinets	Cabinet Manufacturer	302
Pier 1 Distibution Center	Home Goods	300
Super Target	Super center	250
BCB Transport	Transportation Provider	214
Lifetime Fitness	Fitness Center	200
Walnut Creek Country Club	Country Club	190
Intermedix	Medical Billing	183
Best Buy	Electronics Store	180
Kindred Hospital	Treatment Center	155
Sam's Club	Warehouse Store	150
Lowe's	Home Improvement Store	146
Home Depot	Home Improvement Store	145
Conveyors, Inc.	Manufacturer Conveyor Equipment	125
On The Border	Mexican Restaurant	125
Gamma Engineering	CNC Machining	119
B-Way Packaging	Producer of Injection Molded Plastic Buckets	115
Southern Champion Tray	Manufacturer of Paperboard Folding Cartons	106
Champion	RV Manufacturer	105
Ramtech Building Systems	Manufacturer of Modular Office Buildings	100
LyondellBasell/Equistar Chemicals	Manufacturer of Plastic Polymers used in Auto Indust	93
Trinity Forge	Drop Forger	90
Hensley Attachments	Manufacturer of Excavator Buckets	87
Oldcastle Precast	Manufacturer of Concrete Utility Products	80
Martin Conveyor	Manufactuer of Screw Conveyors	72
Parker Hannifin	Manufacturer of Thermoplastic & Fluoropolymers	70
Sellmark	Outdoor Products Distributor	64
Master Meter	Manufactuer of Water Meters	63
Paragon	Manufactuer of Plastic Bottles	60

HISTORICAL EMPLOYMENT DATA (ANNUAL AVERAGE DATA) (1)

City of Mansfield	2017(2)	2016	2015	2014	2013
Labor Force	34,519	33,805	33,044	32,641	32,219
Employed	33,239	32,619	31,912	31,246	30,563
Unemployed	1,280	1,186	1,132	1,395	1,656
% Unemployment	3.7%	3.5%	3.4%	4.3%	5.1%

Tarrant County	2017(2)	2016	2015	2014	2013
Labor Force	1,027,977	1,008,020	988,324	989,350	982,665
Employed	986,660	968,246	947,220	939,678	923,560
Unemployed	41,317	39,774	41,104	49,672	59,105
% Unemployment	4.0%	3.9%	4.2%	5.0%	6.0%

(1) Source: Texas Employment Commission.
(2) Through October 2017.

SERVICES . . . The City is served by hospitals within the City and the immediate area including Mansfield Methodist Hospital, Columbia HCA, Arlington Memorial Hospital, Huguley Hospital, Harris Hospital and John Peter Smith Hospital.

The City addresses the needs of its citizens by offering many varied services to its residents. The police and fire departments employ 134 and 86 persons, respectively. Emergency ambulance service is also offered. Park and recreation facilities include 13 City parks consisting of 883 acres, 14 playgrounds, 34 athletic fields and over nine miles of running trails. The City also has one public library with approximately 65,527 volumes.

Electric, gas, telephone and cable television services are provided by Texas Utilities, Atmos Energy, AT&T and Charter Communications, respectively.

Several banks serve the City: Frost Bank, American National Bank, Southwest Bank, Bank of America, Mansfield Community Bank, JPMorgan Chase Bank, BBVA Compass Bank, Regions Bank and Wells Fargo Bank.

TRANSPORTATION . . . The City is traversed from east to west by U.S. Highway 287. U.S. Highway 360 traverses the City from north to south. The City has easy access to Interstate Highway 20 and Interstate 30. Railroad freight service is provided by Southern Pacific Railroad. The City is located approximately 30 miles south of the Dallas-Fort Worth International Airport.

EDUCATION . . . The City is served by the Mansfield Independent School District which consists of 23 elementary schools with grades pre-kindergarten through 4; six intermediate schools with grades 5 and 6; one STEM Academy, six middle schools for grades 7 and 8; five high schools, with grades 9 through 12; one high school with grades 11 and 12; one career & technology academy and one alternative school campus. Current enrollment for the District is approximately 34,309. The District employs a total of 4,448 personnel, of which 1,963 are classroom teachers or administrators. The District maintains pupil-teacher ratios of 22:1 for elementary, a 27:1 ratio for intermediate, and a 28:1 ratio for secondary education and one career tech center.

Colleges within close proximity to the City include Tarrant and Dallas County Community Colleges, Southern Methodist University, University of Dallas, University of North Texas, Texas Wesleyan, Texas Women's University, University of Texas at Arlington and Texas Christian University.

BUILDING PERMITS BY CATEGORY

Fiscal Year Ended	Commercial and Industrial		Residential		
9/30	Number	Amount	Number	Amount	Grand Total
2013	46	$ 96,289,168	205	$ 59,260,578	$ 155,549,746
2014	32	57,544,230	214	108,332,311	165,876,541
2015	63	102,367,778	314	147,302,936	249,670,714
2016	55	73,855,151	396	185,334,922	259,190,073
2017 (1)	38	61,880,960	412	144,216,289	206,097,249

(1) As of September,2017.

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The following tables illustrate projects underway in the City.

Estimate of Platted Residential Lots Available for Development

Development	Number of Lots Remaining	Years To Build Out	Total Projected Population
Bower Ranch Ph 1 & 2	64	1.5	198
Cypress Crossing	59	1.5	183
Dove Chase Ph 1	101	2.0	313
Five Oaks Crossing Ph 1 & 2	19	2.0	59
Garden Heights Phs 1 - 3.5	42	1.0	130
Knightsbridge	6	1.5	19
Ladera Ph 1	1	0.5	2
Manchester Heights Ph 1	12	1.0	37
Mill Valley	187	2.5	580
Pemberley Estates, Ph 1	9	2.5	28
Somerset Ph 1	312	3.0	967
Southpointe, Phs 1A, Sec 1&2 and 1B	172	2.5	533
Spring Lake Estates, Ph 2	14	1.0	43
Total	998		3,092

Estimate of Preliminary Platted Residential Lots for Future

Development	Number of Lots to be Developed	Total Projected Population
Bower Ranch, Ph 3	86	257
Dove Chase, Ph 2	106	329
Garden Heights, Ph 4	73	226
Ladera (condominiums) Ph 2	117	234
Lone Star Heights	50	155
Lone Star Ranch, Ph 3	69	214
M3 Ranch Ph 1 Sec 1 & 2	387	1200
Main Street Villages (SF-attached)	77	239
Manchester Heights, Phs 2	7	22
The Oak Reserve	149	462
Pemberely Estates, Ph 2	85	264
Seeton Estates	66	205
Somerset Addition, Phs 2 - 3	784	2,430
Southpointe, Ph 2, 3 & 6A	314	973
The View at the Reserve	344	1,066
	2,714	8,276

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Estimate of Platted Commercial and Industrial Acreage Available for Development

Development	Number of Acres	Uses
Cannon Professional Plaza	4.860	Office
Creekside Plaza	3.290	Office
Enclave, The	2.760	Office
Heritage Industrial Park	71.250	Commercial/Industrial
Heritage Estates	7.450	Retail/Commercial
Hillcrest Addition	32.590	Commercial/Industrial
Hillcrest Business Park	4.550	Commercial/Industrial
Jacob Back Addition	1.180	Retail/Commercial
J.M. Thomas	1.360	Retail/Commercial
Knapp Sisters Business Park	3.290	Retail/Commercial
Legends Mansfield Addition	2.540	Retail/Commercial
Mansfield 287 Addition	1.510	Retail/Commercial
Mansfield Debbie Lane Addition	1.270	Retail/Commercial
Mansfield Industrial Park East	2.860	Commercial/Industrial
Mansfield Marketplace	11.050	Retail/Commercial
Mansfield Town Center East	5.330	Retail/Commercial
Mansfield Town Center West	8.070	Retail/Commercial
McCaslin Business Park	2.020	Commercial/Industrial
Sar Medical Plaza	4.430	Office
Sentry Industrial Park	10.980	Heavy Industrial
The Shops at Broad Street	61.210	Retail/Commercial
Tuscany at Walnut Creek	2.110	Office/Commercial
Village Off Broadway	10.000	Retail/Commercial
Walnut Creek Corner	4.460	Retail/Commercial
Total	260.42	

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APPENDIX B

EXCERPTS FROM THE

CITY OF MANSFIELD, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2016

The information contained in this Appendix consists of excerpts from the City of Mansfield, Texas Annual Financial Report for the Year Ended September 30, 2016, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

The City is not obligated to pay the principal or redemption price of, or interest on, the New Series Bonds. The Report is included in this Official Statement because the Corporation is a component unit of the City.

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KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
City of Mansfield, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mansfield's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and capital assets used in the operation of governmental funds schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and capital assets used in the operation of governmental funds schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2017 on our consideration of the City of Mansfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mansfield's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
February 3, 2017

Management's Discussion and Analysis

As management of the City of Mansfield (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The City's net position or assets and deferred outflows less its liabilities and deferred inflows at the close of the City's fiscal year is approximately $439 million. Of this amount, approximately $20 million may be used to meet the government's ongoing obligations to its citizens and creditors.

- The City recognized approximately $133 million in revenue from various sources of taxes, services, and capital contributions and recognized approximately $110 million in expenses in servicing the City's governmental and business enterprises.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of approximately $52 million. Approximately 25% of this $52 million is available for spending at the City's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately $13 million or 27% of total general fund expenditures.

- The City's total debt obligations increased by $21.4 million (12.04%) during the current fiscal year. This is from approximately $79 million in new and refunding bond proceeds offset by $58 million in scheduled principal payments and payments to escrow agents during the year. The key factors affecting the City's debt position are as follows:

  General Obligation Refunding Bonds of $4.365 million for annual savings on principal and interest payments of refunded bonds.

  General Obligation Refunding & Improvement Bonds of $14.885 million for annual savings on principal and interest payments of refunded bonds and expansion of the municipal library.

  Certificates of Obligation of $13.705 million for the purpose of street improvements and other public purposes.

  Water and Sewer Revenue Refunding & Improvement Bonds of $24.510 million for annual savings on principal and interest payments of the refunded bonds and for the purpose of water & sewer infrastructure improvements to the system.

  Sales Tax Revenue Refunding & Improvement Bonds of $6.775 million for annual savings on principal and interest payments of refunded bonds and for the purpose of acquiring land and constructing a linear park.

  Sales Tax Revenue Refunding & Improvement Bonds of $14.930 million for annual savings on principal and interest payments of refunded bonds and for the purpose of constructing a multi-purpose recreational facility.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on the City's assets less liabilities as the City's net financial position, or remaining net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include a Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Mansfield Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Mansfield Parks Facilities Development Corporation, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government. The City has two Tax Increment Financing Reinvestment Zones (TIRZs), both legally separate entities, which are geographically defined regions within the City limits established by the City. The purpose of the reinvestment zone is to pay for the public's infrastructure to be owned by the City within the region. The TIRZs are an integral part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the street construction fund, the building construction fund, and the TIRZ Fund Number 1, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The City maintains three different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Law Enforcement Center Fund, and the Drainage Utility Fund, all of which are considered to be major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City adopts an annual appropriated budget for its general fund and both debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $439,340,081 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (83.43%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other	$ 63,421,274	$ 59,797,022	$ 42,538,167	$ 34,815,904	$105,959,441	$ 94,612,926
Capital	375,296,952	343,187,423	187,830,884	181,766,243	563,127,836	524,953,666
Total assets	438,718,226	402,984,445	230,369,051	216,582,147	669,087,277	619,566,592
Deferred outflows:	11,184,974	4,781,231	6,177,511	1,940,893	17,362,485	6,722,124
Liabilities:						
Long-Term	170,608,050	140,369,662	62,535,164	55,559,635	233,143,214	195,929,297
Other	8,429,572	10,063,848	3,473,033	4,498,597	11,902,605	14,562,445
Total liabilities	179,037,622	150,433,510	66,008,197	60,058,232	245,045,819	210,491,742
Deferred inflows:	1,913,734	-	150,128	-	2,063,862	-
Net investment in capital assets	230,899,534	221,995,373	135,635,329	132,272,649	366,534,863	354,268,022
Restricted	36,146,479	33,782,085	16,503,493	12,817,081	52,649,972	46,599,166
Unrestricted	1,905,831	1,554,708	18,249,415	13,375,078	20,155,246	14,929,786
Total net position	$268,951,844	$257,332,166	$170,388,237	$158,464,808	$439,340,081	$415,796,974

As of September 30, 2016, a portion of the City's net position, $52,649,972 or 11.94% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $20,155,246, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

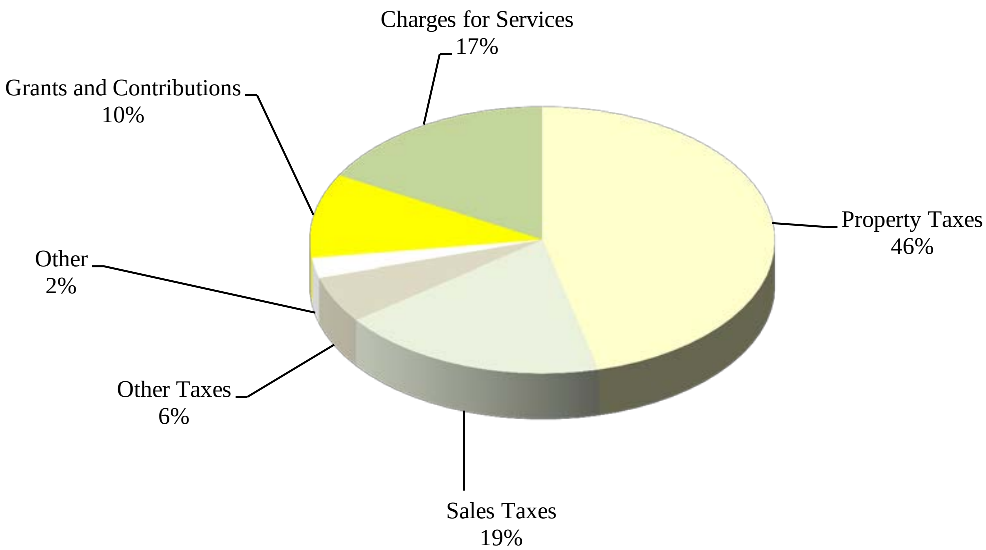
City's Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2016	2015	2016	2015	2016	2015
Beg - Net Position	$257,332,166	$240,188,088	$158,464,808	$150,788,166	$415,796,974	$390,976,254
Revenues	$83,420,271	$82,807,443	$49,992,976	$43,653,775	$133,413,247	$126,461,218
Expenses	72,523,781	66,582,536	37,346,359	35,057,962	109,870,140	101,640,498
Transfers, net	723,188	919,171	(723,188)	(919,171)	-	-
Net Change in Position	11,619,678	17,144,078	11,923,429	7,676,642	23,543,107	24,820,720
End - Net Position	$268,951,844	$257,332,166	$170,388,237	$158,464,808	$439,340,081	$415,796,974

Governmental Activities

City governmental activity revenue for fiscal year 2016 increased $2.1 million from fiscal 2015. Revenues in fiscal year 2015 were $82.8 million compared to this fiscal year revenue of $83.4 million. The increases were from the City's reaction to the overall economy. The economy delivered better results for the City during fiscal year 2016. The increases came from new property taxes from new development, sales taxes and better than expected collections from other revenues. Most of these increases were modest increases over prior year and primarily related to the improvements in the overall economy and the growth in the City's property improvements from the fiscal year ended 2015.

Governmental Activities - Revenues by Source for fiscal year ending 2016



Expenses in fiscal year 2016 compared to expenses in fiscal year 2015 increased by 9% or $5.9 million. The demand for services increased funding in fiscal 2016 compared to prior year. The increases: legal services, infrastructure costs and public safety have been a priority of the administration in recent years. The increases occurred in public safety primarily because the department added new personnel and it has the greatest number of employees working for the City; the increase in public works was related to additional expenses for aging streets.

The public works program of the City spends most of its money on street improvements, which are recognized over the course of time through depreciation expense after the improvements have been capitalized. In fiscal 2016, the City recognized $10.75 million in depreciation expense for street-related assets. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair. This year, the City spent over $2.1 million in maintenance and repairs on its 400 plus miles of linear streets.

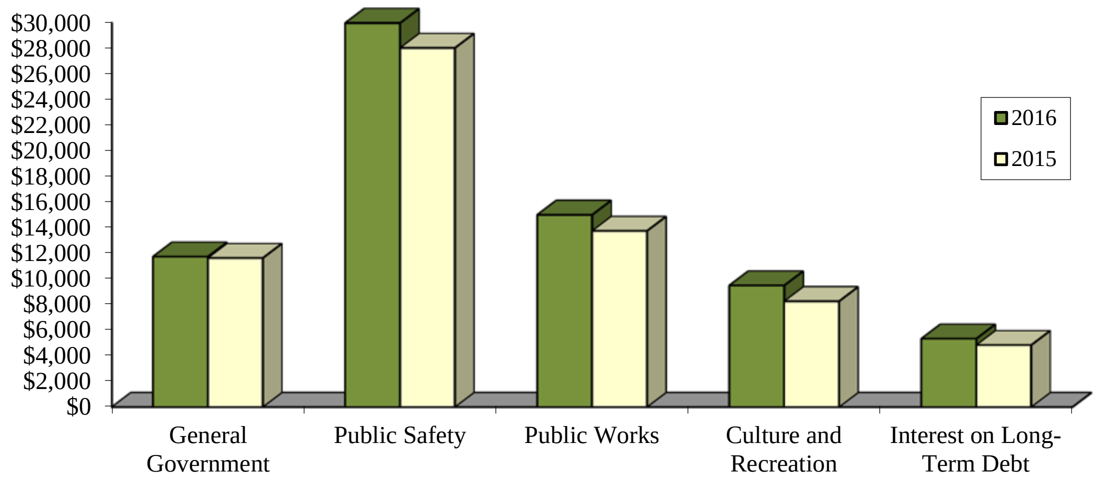
This year the City recognized $5.3 million in interest expense. Interest expense is the cost the City incurs for borrowing money to make long-term improvements that are generally regarded as long-term assets of the City.

This fiscal year, the Governmental activities increased the City's net position by $11.6 million. The increase in the City net position primarily occurred because of capital contributions received by the City in the amount of $8.2 million. The City's change in net position increased $12.4 million before transfers in fiscal year 2016.

City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES -						
Program Revenues:						
Charges for Services	$14,086,752	$14,243,888	$45,752,197	$40,963,638	$59,838,949	$55,207,526
Operating grants and Contributions	767,307	556,952	-	451,799	767,307	1,008,751
Capital Grants and Contributions	8,236,152	13,380,396	4,161,175	2,221,176	12,397,327	15,601,572
General Revenues:						
Property taxes	38,341,205	35,306,939	-	-	38,341,205	35,306,939
Sales taxes	15,492,404	14,563,461	-	-	15,492,404	14,563,461
Other taxes	4,714,541	4,712,119	-	-	4,714,541	4,712,119
Other	1,781,910	43,688	79,604	17,162	1,861,514	60,850
Total Revenues	83,420,271	82,807,443	49,992,976	43,653,775	133,413,247	126,461,218
EXPENSES -						
General government	11,753,157	11,647,954	-	-	11,753,157	11,647,954
Public safety	30,908,765	28,057,591	-	-	30,908,765	28,057,591
Public works	15,016,503	13,765,132	-	-	15,016,503	13,765,132
Culture and recreation	9,500,285	8,268,412	-	-	9,500,285	8,268,412
Interest on debt	5,345,071	4,843,447	-	-	5,345,071	4,843,447
Water and Sewer	-	-	25,309,037	23,550,961	25,309,037	23,550,961
Law Enforcement	-	-	10,881,542	10,357,169	10,881,542	10,357,169
Drainage	-	-	1,155,780	1,149,832	1,155,780	1,149,832
Total Expenses	72,523,781	66,582,536	37,346,359	35,057,962	109,870,140	101,640,498
Before transfers	10,896,490	16,224,907	12,646,617	8,595,813	23,543,107	24,820,720
TRANSFERS, net	723,188	919,171	(723,188)	(919,171)	-	-
Change in net position	11,619,678	17,144,078	11,923,429	7,676,642	23,543,107	24,820,720
NET POSITION, Beginning	257,332,166	240,188,088	158,464,808	150,788,166	415,796,974	390,976,254
Ending	$268,951,844	$257,332,166	$170,388,237	$158,464,808	$439,340,081	$415,796,974

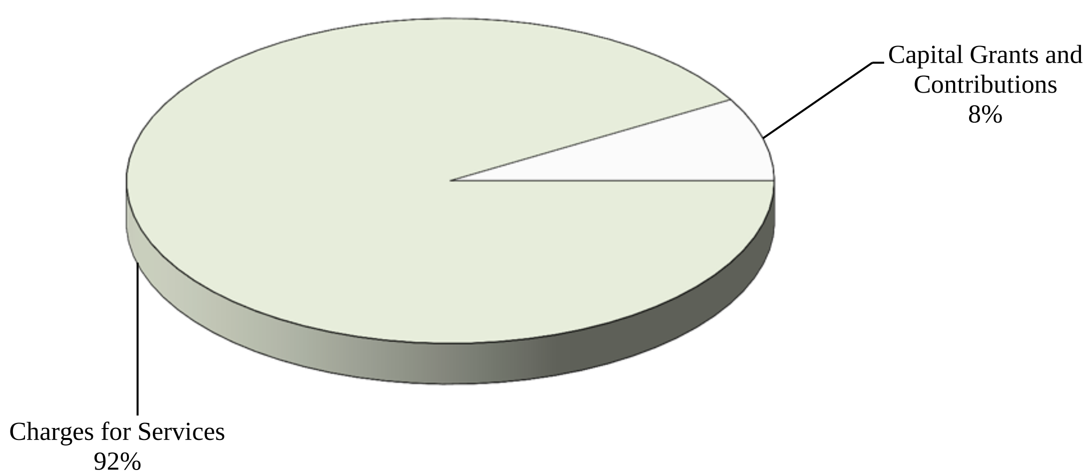
Governmental Activities – Expenses (in thousands)



Business-Type Activities

Revenues exceeded expenses for the City's business-type activities in fiscal year 2016. Total revenues including capital contributions were approximately $49.9 million and total expenses including interest expense were approximately $37.4 million while equity transfers were approximately $.7 million which added approximately $11.9 million to the Business-Type's net financial position. This increased the net position of the business-type activities from approximately $158.5 million to approximately $170.4 million by the end of fiscal year 2016.

Business-Type Activities – Revenues by Source for fiscal year ending 2016



Comparatively, Business-Type Revenues exceeded prior year Business-Type Revenues by 14.5% or $6.3 million. Revenues including capital contributions for fiscal year 2016 were approximately $49.9 million and revenues including capital contributions for fiscal year 2015 were approximately $43.7 million. Expenses including interest for fiscal year 2016 were approximately $37.4 million before equity transfers of approximately $.7 million and expenses including interest expense for fiscal year 2015 were approximately

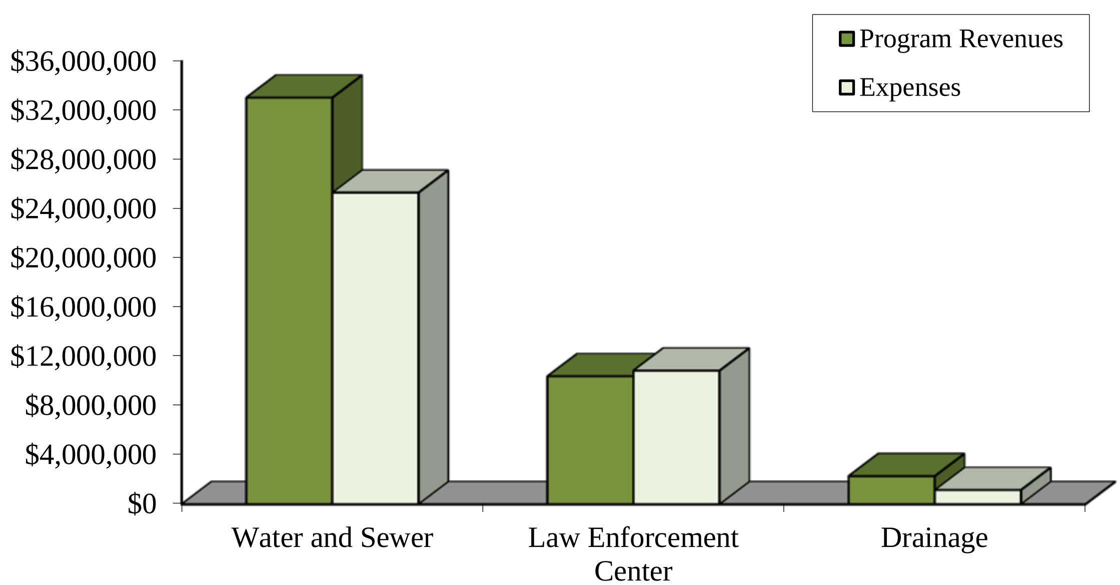
$35.1 million before equity transfers of approximately $.9 million. The increase in net position was primarily the result of the activity of the City's Water & Sewer Fund as the financial results of the City's other Business-Type Funds, Law Enforcement Center Fund, and Drainage Utility Fund, for fiscal year 2016 was five percent of the change in the net position of the City's Business-Type Activities.

Capital contributions have been a revenue source for the Business-Type Activities. These capital contributions are from the public improvements donated by developers. The City requires developers to pay for the cost of public improvements or infrastructure needed to support their developments, and in fiscal year 2016, developers contributed public improvements or assets of $4.2 million. These assets are considered revenue in the year of acceptance or in the year of contribution. Generally, these capital contributions are non-cash contributions from developers and are in the form of water and sewer lines which are conveyed to the City as the developer finishes the developments.

The City's Law Enforcement Center charges a fee for the Services rendered to support the contracts that the City has with other governmental agencies for the housing of inmates. These fees are recognized as Charges for Services in the Business-Type Activities and are used to pay for the cost of housing inmates in this Business-Type Activity.

The City's Drainage Utility charges a fee for the maintenance and continuance of the drainage improvement program of the City. The City has drainage basins that require extensive maintenance. The fee is used to service the improvement cost, debt service, and annual maintenance of the basins.

Business-Type Activities - Program Revenues and Expenses for fiscal year ending 2016



Financial Analysis of the Government's Funds

As discussed earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $51,967,329, an increase of $3,538,938 in comparison with the prior year. The majority of the increase is from bond proceeds that will be used to construct infrastructure and purchase equipment. Approximately 25.14% or $13,066,981 of the ending fund balance of $51,967,329 constitutes unassigned fund balance and is available for spending at the government's discretion. The remainder of fund balance is dedicated for legally specific or defined purposes. To indicate that it is not available for new spending because it has already been committed, defined or legally restricted for specific purposes, the City has labeled the remaining fund balances as follows: 1) prepaid expenses and inventory items, $71,228; 2) debt service or for future construction contracts, $30,762,619; 3) for committed purposes, $7,895,573, such as park improvements; and 4) for assigned purposes, $170,928, such as capital improvements and land acquisition.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the general fund was $13,076,981. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 27% of total general fund expenditures for fiscal year 2016.

The City's General Fund unassigned fund balance and fund balance increased $1,056,599 in fiscal year 2016. The key reasons for the increases are as follows:

- Actual revenues exceeded actual expenditures by $383,468 in the general fund.

- Other Sources of revenue included the Water and Sewer Utility Fund's payment in-lieu of taxes to the City's General Fund for the use of the City's right of way. This amount was $1,208,513 in fiscal year 2016.

- The City operating expenses increased because of the City's goal to maintain a quality workforce. Funds were spent to maintain the workforce and maintain the morale through the administration of compensation. The primary increases are in the City's Public Safety function as most of the employee group is in the City's Public Safety function. The City has maintained a conservative strategy in managing the human resources of the City. Overall, a few new personnel were added during fiscal year 2016 and personnel costs were managed and funded based on demand for services.

The debt service fund has a fund balance of $483,024, which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was $243,075. The City generally budgets to maintain a constant fund balance within the debt service fund during the fiscal year, and any excess collection in a year is generally spent or used in the following year. The City pays for tax-pledged debt through the Debt Service Fund.

The street construction fund balance decreased by $2,957,697 during fiscal year 2016. This fund's fund balance decreased as a result of bonds issued and contributions received offset by construction payments of $17,814,117 for the improvement of major streets and neighborhood streets in and throughout the City. Other activity within the street construction fund included additional revenues from development fees charged by the City for the impact or costs that new development has on primary streets within the City. The fee generated $1,503,262 in fiscal year 2016.

The building construction fund expended $3,868,878 for the construction of the Field House and Stars Center recreational facilities. These facilities will add additional basketball, volleyball and ice skating venues to the City's recreational programs.

TIRZ #1 spent $5,305,697 for significant infrastructure improvements in the tax increment reinvestment zone. The improvements were primarily street improvements to open up the area for residential development. The development is expected to add over 300 residential properties to the city over the next two years.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position (deficit) of the Water and Sewer Fund at the end of the year amounted to $18,967,266, for the Law Enforcement Center amounted to $(2,759,224), and for the Drainage Utility Fund amounted to $2,041,373. Factors affecting the performance of these activities are as follows:

- The City treats lake water and sells it to consumers for a fee. In fiscal year 2016, Water and Sewer revenue increased $2,427,593 or 9.03%. The increase is attributable to new connects to the system in fiscal year 2016, and a water and sewer fee increase in fiscal year 2016. Weather influences the system's revenue. Fiscal year 2016 was a fairly normal year in the North Texas area as the temperatures were considered to be average. The result was a fairly consistent year in Water and Sewer revenue for the City. Weather extremes can test the City's ability to produce water for consumption and it can test the system's ability to finance the infrastructure to supply the water to meet the demand of the consumer. A rainy year creates less demand for water, which creates less revenue to support the cost of financing the infrastructure, which is built to supply the demand for water in a year without rain.

- During fiscal year 2016, the City distributed 4.2 billion gallons of water while billing customers for 3.968 billion gallons of water usage or 94% of the actual plant's production. In fiscal year 2015, the City billed for 3.5 billion gallons of water usage compared to actual plant production of 3.9 billion. Actual water and sewer revenue in fiscal year 2016 increased compared to fiscal year 2015. Actual water and sewer revenue in 2016 was $29.3 million compared to $26.9 million in fiscal 2015. Demand for water in fiscal year 2016 was consistent with demand for water in fiscal year 2015 even though the total number of customers increased year over year by 475 new accounts. The water and sewer activity of the business-type activities produced operating income of $9.9 million for fiscal year 2016 as compared to $9.1 million in fiscal year 2015.

- Unrestricted net position increased in the Water and Sewer Fund by $4,487,556. Operating expenses increased $1,945,138 over last year, excluding depreciation. Operating expenses are controlled through the direct administration of personnel costs and variable costs, which are directly caused by consumers' demand for the water. The City spent $4,538,749 for raw water in fiscal year 2016 compared to $4,111,709 in fiscal year 2015, and the City spent $5,750,311 to treat the City wastewater in fiscal 2016 compared to $5,336,715 in fiscal year 2015. The cost for raw water increased year over year by $427,040 while the cost to treat used water increased year over year by $413,596.

- The Law Enforcement Center Fund had operating loss of ($402,628) this fiscal year. The operating loss is attributable to the increase in operating expenses to manage the facility in fiscal year 2016. These costs are offset by transfers from the General Fund, which pay for the City's portion of jail services. Transfers from the General Fund were made in fiscal year 2016 and no transfers were made in fiscal year 2015.

- The Drainage Utility Fund revenue had operating income of $1,298,222 this fiscal year. Drainage Fees exceeded $2.2 million and operating expenses excluding depreciation were $864,112. The City raised the drainage fees in fiscal year 2016. The revenue increase is attributable to the fee increase in fiscal year 2016. The average residential customer fee increased $3 per month.

Budgetary Highlights

General Fund

The City opted to compare the final budget to the actual amounts for comparative purposes. The differences can be briefly summarized as follows:

Revenue results exceeded budgeted estimates by $2,009,612 for fiscal year ended 2016:

- Property Taxes exceeded budgeted estimates by $195,286 as collections were slightly better than anticipated. Property valuations improved year over year which is improved overall property tax revenue compared to prior year.

- Sales Taxes exceeded budgeted projections by $753,356 as the effects of the national economy loosened its hold on consumer spending in Mansfield, Texas, during fiscal 2016. New development occurred in 2016 that created new sales tax collections as well.

- Licenses and permits were below budgeted estimates by $198,249. The City's building permit revenue missed expectations because of the economic recovery in the residential construction sector in the area; although the City's economy performed well during the great recession, development has generally improved in the area because the region has been improving. Estimates for fiscal year 2016 were $900,000 greater than estimates for fiscal year 2015.

- Intergovernmental revenue was unexpected grant revenue that was awarded to the City in fiscal year 2016. The grant revenue was received by the City in fiscal year 2016 and used for purpose of public safety.

- Charges for services exceeded budgeted estimates by $494,507 as the majority of the better than expected revenue was derived from the collections of fees for trash services within the City. Fees did increase for this service in fiscal year 2016 as the fees were raised to keep pace with the cost of inflation.

- The most significant expenditure of the City was human capital. Management has been very effective in maintaining morale and the human capital costs of the organization. Other significant transactions included two land exchanges that were interrelated for the purpose of developing a public recreational ice skating facility for the future benefit of residents which are classified as other financing sources and uses. With the other financing sources and uses activity included with the operational activity, the City's revenue exceeded its expenditures for the fiscal year. The City stayed within the overall budget of $47,839,566 inclusive of all financial activity for the fiscal year 2016.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounts to $563,127,836 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$100,312,730	$99,040,436	$2,125,523	$2,076,738	$102,438,253	$101,117,174
Buildings and system	55,305,817	52,859,617	137,396,780	126,505,427	192,702,597	179,365,044
Improvements	7,793,237	6,772,665	2,430,432	2,439,046	10,223,669	9,211,711
Machinery and equipment	8,732,845	7,607,999	1,639,378	1,821,639	10,372,223	9,429,638
Infrastructure	174,172,081	157,362,995	38,791,702	36,498,743	212,963,783	193,861,738
Construction in progress	28,980,242	19,543,711	5,447,069	12,424,650	34,427,311	31,968,361
Total	$375,296,952	$343,187,423	$187,830,884	$181,766,243	$563,127,836	$524,953,666

Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City's public works program. In 2016, several major arterial thoroughfares in the City were widened to provide access to Mansfield's developing retail centers. Mansfield has leveraged future tax revenue with general obligation bonds and anticipated the collection of roadway impact fees to pay for an expected $124 million in new street improvements over the next 10 years.

Street projects in fiscal year 2016:

- The City widened Debbie Lane to two lanes in each direction east of Matlock Road. Other road improvements include the completion of Grand Meadow Boulevard.

- Several small arterial streets are under construction and design throughout neighborhoods.

- In total, the City spent $17,814,117 in street improvements and related work during fiscal year 2016.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2016 were planned or budgeted expenditures during fiscal year 2016. The City plans its asset expansion with deliberate budgetary control and oversight as these costs are substantial and have a significant effect on the operational cost and performance of the City.

Business-Type Assets

The City's municipally owned and operated water and sewer system has maintained its superior rating by the Texas Commission on Environmental Quality. Approximately 14% of the City's more than $64.8 million water/sewer improvement tab is expected to be paid by impact fees over the next ten years. These fees are designed to reduce the system's initial costs in building and running water and sewer lines to the user. These impact fees must be used for capital purposes and are restricted as to use by law.

The City's drainage program had some improvements this year which were mostly related improving systems detention basins. The City has spent over $7.6 million on the drainage improvements as of September 30, 2016.

For additional information on the City's capital assets, see note III.C. of the basic financial statements.

Long-Term Debt

At the end of the current fiscal year, the City had total principal outstanding of $199,250,000. Of this amount, $114,790,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City's Component Unit, Mansfield Economic Development Corporation, MEDC, has $9,460,000 in outstanding debt backed by a voter passed sales tax.

City's Outstanding Debt - Tax Obligations and Revenue Bonds

	Governmental Activities	Business-Type Activities	Component Unit MEDC	Total 2016
Security Instrument:				
Tax obligation bonds	$ 114,160,000	$ 630,000	$ -	$ 114,790,000
Sales tax revenue bonds	24,875,000	-	9,460,000	34,335,000
Revenue bonds	-	50,125,000	-	50,125,000
Total	$ 139,035,000	$ 50,755,000	$ 9,460,000	$ 199,250,000

The City's total debt increased $21,400,000 or 12.04% during the current fiscal year. Key factors for the increase are from the issuance of additional bonds and refunding bonds, which were offset by principal payments on existing outstanding debt. The City issued $79,170,000 in new bonds proceeds and issued $50,325,000 in refunding bonds. The City maintains bond ratings from three rating agencies:

Company	General Fund Bonds	Water and Sewer Revenue Bonds	Sales Tax Revenue Bonds	Drainage Revenue Bonds
Moody's	"Aa2"	"Aa2"	"Aa2"	"Aa2"
Standard & Poor's	"AA+"	"AA+"	"AA-"	"AA"
Fitch	"AA+"	"AA"	"AA+"	"AA"

For additional information on the City's debt obligations, see note III. H, of the basic financial statements.

The City Charter of the City and the statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 populations, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter, which also imposes a limit of $2.50. The FY 2015/2016 Property Tax Rate was $0.71000 per $100 valuation with a tax margin of $1.79000 per $100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to $94,635,995 per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of $5,286,927,095.

Economic Factors: Next Year's Budgets and Rates

The City Economy

- New residential construction is expected to add 805 units with approximately 475 single-family units in 2017. The City has seen a decline in building activity over the past several years; however, development is still occurring within the City. During the budget process for the 2017 fiscal year, the City increased the building services-related revenue with expectations greater than that of 2016. The City's tax year is one year in arrear; the housing starts in calendar year 2017 are for budget year or fiscal year 2018. The new development is expected to generate additional ad valorem tax for fiscal year 2018.

- The City's annual growth in property valuation has increased 5.52% annually on average for the past ten years. For fiscal years 2017 and 2018, the City's valuations are expected to increase 11.85% and 6.9%, respectively. Generally, the City has weathered the great recession and property valuations are expected to improve in fiscal 2017 and into 2018. The improvements are expected because of limited residential inventory, that the City is a good place to live as crime is low, that school ratings are fairly high, that land is affordable and the City's proximity to Dallas and Fort Worth. The City is developing a discernable and identifiable character of being a place to enjoy a life and a good quality life. These intangible characteristics developed recently - over the last decade. The City is also seeing the continued demand for commercial development because of the significant discretionary spending ability of its residents and the relatively stable economy within the City.

- Sales tax revenue is expected to increase with the new residential development and will grow annually; like property valuations, the City has adjusted its projections of anticipated sales tax receipts in 2017 and 2018. The expected budgeted sales tax receipts in 2017 are anticipated to closely reflect actual collections of 2016. The City is expecting fiscal year 2017 to be above budgeted estimates for 2017. Management is monitoring the collections of sales tax revenue and may modify projections into 2017 depending upon the overall economy.

- Retail developments and improvements continue into 2017 and 2018. The challenge has been the effect of the national economy and the ability of companies and businesses to obtain capital financing. The City has taken an aggressive position in continuing development in the City because of the support for continued retail development and the community's expectation additional retail. Development is expected to continue and new property valuations are expected from these developments.

- Median income continues to be an attractive asset for additional development and many in the development community are planning on capturing this income through commercial developments.

- The City has developed stringent building code standards that require sustainable developments to assist in extending the asset life of the tax base into the future.

- Efforts have been made to revitalize the City's downtown. The area has suffered in past years from the lack of commerce and trade. The City has created a reinvestment zone to restore and generate new development in this area of the City. The City has purchased land and offered incentives to businesses for locating their new operations in the downtown area. The area is beginning to show signs of growth from the efforts and incentivization.

These variables were considered in preparing the City's budget for the 2017 fiscal year.

The City's 2017 General Fund Operating Revenue Budget increased approximately 9.1% or $4.4 million over the fiscal year 2016 budget. Most of this revenue growth was from new development in the City that generated additional property tax and sales tax revenue of almost $4 million. The tax rate was held constant in 2017 at $0.71 per $100 in assessed valuation of property within the City limits. Unassigned fund balance is expected to grow over fiscal year 2016 by $.7 million. Any additional appropriations made during fiscal year 2017 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2017.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Mansfield, 1200 E. Broad Street, Mansfield, Texas 76063. Questions may also be directed to 817-276-4257.

City of Mansfield
Statement of Net Position
As of September 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
ASSETS				
Cash and cash equivalents	$ 56,709,152	$ 20,550,778	$ 77,259,930	$ 8,163,309
Receivables (net of allowance for uncollectibles)	5,498,950	4,999,499	10,498,449	413,094
Lease receivable	1,141,944	-	1,141,944	-
Inventories	61,228	447,283	508,511	-
Prepaids	10,000	-	10,000	-
Restricted assets:				
Cash and cash equivalents	-	16,540,607	16,540,607	219,257
Capital assets (net of accumulated depreciation):				
Land	100,312,730	2,125,523	102,438,253	7,074,948
Buildings and systems	55,305,817	137,396,780	192,702,597	-
Improvements other than buildings	7,793,237	2,430,432	10,223,669	100,133
Machinery and equipment	8,732,845	1,639,378	10,372,223	-
Infrastructure	174,172,081	38,791,702	212,963,783	-
Construction in progress	28,980,242	5,447,069	34,427,311	1,293,468
Subtotal capital assets	375,296,952	187,830,884	563,127,836	8,468,549
Total assets	438,718,226	230,369,051	669,087,277	17,264,209
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	2,637,935	957,209	3,595,144	42,067
Deferred investment losses	4,833,626	1,744,217	6,577,843	77,773
Deferred acturial experience	137,891	49,431	187,322	2,242
Deferred loss on refunding	3,575,523	3,426,654	7,002,177	203,724
	11,184,975	6,177,511	17,362,486	325,806
LIABILITIES				
Accounts payable and other current liabilities	8,429,572	1,041,496	9,471,068	598,336
Liabilities payable from restricted assets	-	2,431,537	2,431,537	-
Noncurrent liabilities:				
Due within one year	12,175,207	5,191,718	17,366,925	955,059
Due in more than one year	142,691,600	51,713,085	194,404,685	8,648,314
Net pension liability	15,741,243	5,630,361	21,371,604	252,689
Total liabilities	179,037,622	66,008,197	245,045,819	10,454,398
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes	413,735	150,128	563,863	6,598
Deferred rent	1,500,000	-	1,500,000	-
	1,913,735	150,128	2,063,863	6,598
NET POSITION				
Net investment in capital assets	230,899,534	135,622,592	366,522,126	(1,068,305)
Restricted for:				
Debt Service	162,871	3,785,998	3,948,869	219,257
Capital Projects	35,983,608	12,730,232	48,713,840	-
Unrestricted	1,905,831	18,249,415	20,155,246	7,978,067
Total net position	$ 268,951,844	$ 170,388,237	$ 439,340,081	$ 7,129,019

The notes to the financial statements are an integral part of this statement.

City of Mansfield
Statement of Activities
For the Year Ended September 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	MEDC
Primary government:								
Governmental activities:								
General government	$ 11,753,157	$ 5,680,910	$ -	$ -	$ (6,072,247)	$ -	$ (6,072,247)	$ -
Public safety	30,908,765	3,325,161	687,972	-	(26,895,632)	-	(26,895,632)	-
Public Works	15,016,503	3,051,091	-	6,936,152	(5,029,260)	-	(5,029,260)	-
Culture and recreation	9,500,285	2,029,590	79,335	1,300,000	(6,091,360)	-	(6,091,360)	-
Interest on long-term debt	5,345,071	-	-	-	(5,345,071)	-	(5,345,071)	-
Total governmental activities	72,523,781	14,086,752	767,307	8,236,152	(49,433,570)	-	(49,433,570)	-
Business-type activities:								
Water	18,394,203	22,177,662	-	4,161,175	-	7,944,634	7,944,634	-
Sewer	6,914,834	10,863,897	-	-	-	3,949,063	3,949,063	-
Law enforcement center	10,881,542	10,421,939	-	-	-	(459,603)	(459,603)	-
Drainage	1,155,780	2,288,699	-	-	-	1,132,919	1,132,919	-
Total business-type activities	37,346,359	45,752,197	-	4,161,175	-	12,567,013	12,567,013	-
Total primary government	$ 109,870,140	$ 59,838,949	$ 767,307	$ 12,397,327	$ (49,433,570)	$ 12,567,013	$ (36,866,557)	$ -
Component units:								
MEDC	2,822,720	105,797	-	-	-	-	-	(2,716,923)
Total component units	$ 2,822,720	$ 105,797	$ -	$ -	$ -	$ -	$ -	$ (2,716,923)
General revenues:								
Property taxes					38,341,205	-	38,341,205	-
Sales taxes					15,492,404	-	15,492,404	5,164,134
Franchise taxes					3,781,550	-	3,781,550	-
Mixed drink taxes					179,282	-	179,282	-
Hotel/Motel taxes					753,709	-	753,709	-
Unrestricted investment earnings					113,168	79,604	192,772	15,846
Gas royalty income					9,348	-	9,348	-
Gain on sale of capital assets					1,659,394	-	1,659,394	36,448
Transfers					723,188	(723,188)	-	-
Total general revenues					61,053,248	(643,584)	60,409,664	5,216,428
Change in net position					11,619,678	11,923,429	23,543,107	2,499,505
Net position beginning as adjusted					257,332,166	158,464,808	415,796,974	4,629,514
Net position ending					$ 268,951,844	$ 170,388,237	$ 439,340,081	$ 7,129,019

The notes to the financial statements are an integral part of this statement.

City of Mansfield
Balance Sheet
Governmental Funds
As of September 30, 2016

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents, and investments	$ 13,283,573	$ 483,024	$ 13,914,268	$ 3,889,863	$ 2,491,811	$ 22,646,613	$ 56,709,152
Receivables (net of allowance for uncollectibles)	2,327,481	124,893	-	1,994,519	23,204	1,028,853	5,498,950
Due from other funds	21,241	-	-	-	-	-	21,241
Inventory	-	-	-	-	-	61,228	61,228
Prepaids	10,000	-	-	-	-	-	10,000
Total assets	$ 15,642,295	$ 607,917	$ 13,914,268	$ 5,884,382	$ 2,515,015	$ 23,736,694	$ 62,300,571
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 1,067,054	$ -	$ 1,179,988	$ 108,948	$ 1,065,821	2,532,903	5,954,714
Due to other funds	-	-	-	21,241	-	-	21,241
Accrued liabilities	823,153	-	3,576	-	-	614,972	1,441,701
Retainage payable	-	-	122,951	141,630	-	-	264,581
Unearned revenue	675,107	124,893	-	-	-	1,851,005	2,651,005
Total liabilities	2,565,314	124,893	1,306,515	271,819	1,065,821	4,998,880	10,333,242
Fund balances:							
Nonspendable	10,000	-	-	-	-	61,228	71,228
Restricted	-	483,024	12,607,753	5,612,563	1,449,194	10,610,085	30,762,619
Commited	-	-	-	-	-	7,895,573	7,895,573
Assigned	-	-	-	-	-	170,928	170,928
Unassigned	13,066,981	-	-	-	-	-	13,066,981
Total fund balances	13,076,981	483,024	12,607,753	5,612,563	1,449,194	18,737,814	51,967,329
Total liabilities and fund balances	$ 15,642,295	$ 607,917	$ 13,914,268	$ 5,884,382	$ 2,515,015	$ 23,736,694	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	375,296,952
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	1,141,944
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,651,005
Long-term liabilities, including bonds payable and pension expense, are not due and payable in the current period and therefore are not reported in the funds	(162,105,386)
Net position of governmental activities	$ 268,951,844

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2016

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	$ 24,698,650	$ 12,927,185	$ -	$ -	$ 516,957	$ 819	$ 38,143,611
Sales	10,328,269	-	-	-	-	5,164,135	15,492,404
Franchise	3,781,550	-	-	-	-		3,781,550
Mixed drink	179,282	-	-	-	-		179,282
Hotel/motel	-	-	-	-	-	753,709	753,709
Licenses and permits	1,973,666	-	-	-	-	214,768	2,188,434
Intergovernmental	687,972	-	-	-	-	-	687,972
Charges for services	4,245,709	-	-	-	-	932,151	5,177,860
Fines	1,912,343	-	-	-	-	193,669	2,106,012
Interest earnings	29,282	2,214	49,446	1,955	4,373	25,898	113,168
Contributions and donations	-	-	-	-	-	79,335	79,335
Impact fees	-	-	1,503,262	-	-	660,500	2,163,762
Miscellaneous	926,053	-	1,256,896	22,575	-	214,500	2,420,024
Total revenues	48,762,776	12,929,399	2,809,604	24,530	521,330	8,239,484	73,287,123
EXPENDITURES							
Current:		-					
General government	10,835,089	-	23,184	-	1,752	552,495	11,412,520
Public safety	28,865,315	-	-	-	-	486,069	29,351,384
Public works	4,065,720	-	-	-	-	-	4,065,720
Culture and recreation	3,895,625	-	-	-	-	3,545,579	7,441,204
Debt service:							
Principal	-	8,385,000	-	-	-	6,670,000	15,055,000
Interest	-	6,036,295	-	-	-	959,646	6,995,941
Fiscal charges	-	16,202	310	-	-	-	16,512
Bond issuance cost	-	209,139	98,432	44,087	-	392,444	744,102
Capital outlay:							
Land	60,058	-	-	-	-	263,890	323,948
Highways and streets	-	-	17,814,117	-	5,303,945	-	23,118,062
Buildings	-	-	-	3,832,478	-	7,258,065	11,090,543
Improvements other than buildings	160,956	-	-	-	-	1,534,425	1,695,381
Equipment	496,545	-	-	36,400	-	1,448,927	1,981,872
Parks	-	-	-	-	-	-	-
Total expenditures	48,379,308	14,646,636	17,936,043	3,912,965	5,305,697	23,111,540	113,292,189
Excess (deficiency) of revenues over (under) expenditures	383,468	(1,717,237)	(15,126,439)	(3,888,435)	(4,784,367)	(14,872,056)	(40,005,066)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,208,513	-	-	4,094,519	-	87,082	5,390,114
Transfers out	(2,566,926)	-	-	-	-	(2,100,000)	(4,666,926)
Sale of city property	2,031,544	-	-	-	-	99,412	2,130,956
Refunding bonds issued	-	17,305,000	-			-	17,305,000
Bonds issued	-	-	10,624,236	4,430,764	-	21,705,000	36,760,000
Premium on bonds issued	-	2,301,623	1,611,288	676,137	-	398,328	4,987,376
Discounts on bonds issued	-	(107,461)	(66,782)	(27,814)	-	(135,459)	(337,516)
Payment to refunded bond escrow agent	-	(18,025,000)	-	-	-	-	(18,025,000)
Total other financing sources and uses	673,131	1,474,162	12,168,742	9,173,606	-	20,054,363	43,544,004
Net change in fund balances	1,056,599	(243,075)	(2,957,697)	5,285,171	(4,784,367)	5,182,307	3,538,938
Fund balances - beginning	12,020,382	726,099	15,565,450	327,392	6,233,561	13,555,507	48,428,391
Fund balances - ending	$ 13,076,981	$ 483,024	$ 12,607,753	$ 5,612,563	$ 1,449,194	$ 18,737,814	$ 51,967,329

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances total governmental funds	$ 3,538,938
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	24,344,935
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	7,764,590
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.	40,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	1,697,594
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses.	6,403,743
Deferred inflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an inflow until then. Deferred inflows are deferred pension contributions	(1,913,734)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items. Also included is net pension liability which is the difference in Total Pension Liabilty less the Plan Fiduciary Net Position.	(30,256,388)
Changes in net position of governmental activities	$ 11,619,678

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Net Position
Proprietary Funds
September 30, 2016

	Business-Type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 18,769,559	$ -	$ 1,781,219	$ 20,550,778
Accounts receivable (net of allowance for uncollectibles)	4,445,434	248,862	305,203	4,999,499
Inventories	419,982	27,301	-	447,283
Current assets	23,634,975	276,163	2,086,422	25,997,560
Current restricted assets:				
Cash and cash equivalents	16,292,714	159,858	88,035	16,540,607
Total current assets	39,927,689	436,021	2,174,457	42,538,167
Noncurrent assets:				
Capital assets:				
Land	186,976	234,528	1,704,019	2,125,523
Buildings and systems	216,785,671	7,363,784	6,700,354	230,849,809
Improvements other than buildings	62,818	2,688,591	-	2,751,409
Machinery and equipment	3,553,505	1,199,476	202,299	4,955,280
Construction in progress	5,359,446	-	87,623	5,447,069
Less accumulated depreciation	(52,199,340)	(5,087,703)	(1,011,163)	(58,298,206)
Total capital assets (net of accumulated depreciation)	173,749,076	6,398,676	7,683,132	187,830,884
Total noncurrent assets	173,749,076	6,398,676	7,683,132	187,830,884
Total assets	213,676,765	6,834,697	9,857,589	230,369,051
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	342,688	593,588	20,933	957,209
Deferred investment losses	624,340	1,082,319	37,558	1,744,217
Deferred actuarial experience	17,691	30,696	1,044	49,431
Deferred loss on refunding	3,250,881	(14,840)	190,613	3,426,654
	4,235,600	1,691,763	250,148	6,177,511
LIABILITIES				
Current liabilities:				
Accounts payable	862,575	85,272	12,232	960,079
Compensated absences	201,829	303,935	-	505,764
Accrued liabilities	28,408	51,292	1,717	81,417
Due to other funds	-	-	-	-
Current liabilities	1,092,812	440,499	13,949	1,547,260
Current liabilities payable from restricted assets:				
Customer deposits payable	1,406,604	3,362	-	1,409,966
Revenue bonds payable	4,020,000	-	400,000	4,420,000
Certificates of obligation payable	-	45,000	-	45,000
Accrued interest payable	865,824	3,015	21,362	890,201
Retainage payable	105,083	-	-	105,083
Accrued liabilities	3,342	22,945	-	26,287
Current liabilities payable from restricted assets	6,400,853	74,322	421,362	6,896,537
Total current liabilities	7,493,665	514,821	435,311	8,443,797
Noncurrent liabilities:				
Compensated absences	426,363	650,465	-	1,076,828
General obligation bonds payable (net of unamortized discounts)	-	581,476	-	581,476
Revenue bonds payable (net of deferred amount on refunding)	46,690,926	-	3,584,809	50,275,735
Net pension liability	1,998,654	3,531,619	100,088	5,630,361
Total noncurrent liabilities	49,115,943	4,763,560	3,684,897	57,564,400
Total liabilities	56,609,608	5,278,381	4,120,208	66,008,197
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes	53,747	93,098	3,283	150,128
	53,747	93,098	3,283	150,128
NET POSITION (DEFICIT)				
Net investment in capital assets	125,989,030	5,757,362	3,876,200	135,622,592
Restricted for debt service	3,699,712	19,613	66,673	3,785,998
Restricted for capital projects	12,593,002	137,230	-	12,730,232
Unrestricted	18,967,266	(2,759,224)	2,041,373	18,249,415
Total net position	$ 161,249,010	$ 3,154,981	$ 5,984,246	$ 170,388,237

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
Operating revenues:				
Charges for sales and services:				
Water sales	$ 18,459,984	$ -	$ -	$ 18,459,984
Sewer charges	10,863,897	-	-	10,863,897
Drainage fees	-	-	2,235,279	2,235,279
Housing services	-	10,128,750	-	10,128,750
Other services	3,717,678	293,189	53,420	4,064,287
Total operating revenues	33,041,559	10,421,939	2,288,699	45,752,197
Operating expenses:				
Costs of sales and services	15,971,104	10,080,446	427,658	26,479,208
Administration	3,070,093	486,745	436,454	3,993,292
Depreciation	4,090,923	257,376	126,365	4,474,664
Total operating expenses	23,132,120	10,824,567	990,477	34,947,164
Operating income (loss)	9,909,439	(402,628)	1,298,222	10,805,033
Nonoperating revenues (expenses):				
Interest earnings	76,716	-	2,888	79,604
Interest expense	(2,176,917)	(56,975)	(165,303)	(2,399,195)
Total nonoperating revenue (expenses)	(2,100,201)	(56,975)	(162,415)	(2,319,591)
Income (loss) before contributions and transfers	7,809,238	(459,603)	1,135,807	8,485,442
Capital contributions	4,161,175	-	-	4,161,175
Transfers in (out)	(1,208,513)	485,325	-	(723,188)
Change in net position	10,761,900	25,722	1,135,807	11,923,429
Total net position - beginning	150,487,110	3,129,259	4,848,439	158,464,808
Total net position- ending	$ 161,249,010	$ 3,154,981	$ 5,984,246	$ 170,388,237

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Law Enforcement Center	Drainage Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer and users	$ 33,345,172	$ 10,471,099	$ 2,138,373	$ 45,954,644
Payments to suppliers	(14,069,351)	(2,034,191)	(580,247)	(16,683,789)
Payments to employees	(5,093,217)	(8,820,768)	(376,284)	(14,290,269)
Net cash provided by (used in) operating activities	14,182,604	(383,860)	1,181,842	14,980,586
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to/from other funds	(1,208,513)	485,325	-	(723,188)
Net cash provided by (used in) capital and related financing activities	(1,208,513)	485,325	-	(723,188)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	28,567,204	595,000	-	29,162,204
Acquisition and construction of capital assets	(5,960,858)	(22,990)	(906,178)	(6,890,026)
Principal paid on capital debt	(22,810,000)	(585,000)	(390,000)	(23,785,000)
Interest paid on capital debt	(1,701,277)	(21,124)	(174,270)	(1,896,671)
Fiscal charges from issuance of debt	(3,137,204)	(66,205)	-	(3,203,409)
Net cash used in capital and related financing activities	(5,042,135)	(100,319)	(1,470,448)	(6,612,902)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	76,716	-	2,888	79,604
Net cash provided by investing activities	76,716	-	2,888	79,604
Net (decrease) increase in cash and cash equivalents	8,008,672	1,146	(285,718)	7,724,100
Cash and cash equivalents, October 1	27,053,601	158,712	2,154,972	29,367,285
Cash and cash equivalents, September 30 (including $16,292,714; $159,858; and $88,035 for the Water and Sewer fund, Law Enforcement Center fund, and Drainage Utility fund, respectively, reported in restricted accounts)	$ 35,062,273	$ 159,858	$ 1,869,254	$ 37,091,385
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 9,909,439	$ (402,628)	$ 1,298,222	$ 10,805,033
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	4,090,923	257,376	126,365	4,474,664
(Increase) decrease in accounts receivable	303,613	49,160	(150,326)	202,447
(Increase) decrease in inventories	(195,775)	(4,836)	-	(200,611)
Increase (decrease) in accounts payable	74,404	(282,932)	(92,419)	(300,947)
Total adjustments	4,273,165	18,768	(116,380)	4,175,553
Net cash provided by (used in) operating activities	$ 14,182,604	$ (383,860)	$ 1,181,842	$ 14,980,586
Noncash capital activities:				
Contributions of capital assets from developers	$ 4,161,175	$ -	$ -	$ 4,161,175

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2016

		Agency
ASSET		
Cash and cash equivalent	$	986,170
Total assets	$	986,170
LIABILITIES		
Insurance payable	$	986,170
Total liabilities	$	986,170

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

The financial statements of the City of Mansfield, Texas (the City), have 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. The significant accounting policies of the City are described herein.

New Accounting Pronouncements Implemented in Fiscal Year 2015

For fiscal year 2016, the City implemented the following statements issued by GASB.

GASB issued Statement No. 72, Fair Value Measurement and Allocation. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The implementation of this statement did not result in any significant changes to the financial statements, other than the additional investment disclosures.

GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to certain provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of the Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The implementation of this statement did not result in any changes to the financial statements.

GASB issued Statement No.76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this Statement are effective for financial statements for periods beginning June 15, 2015. The implementation of this statement did not result in any changes to the financial statements.

GASB issued Statement No.77, Tax Abatement Disclosures. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for financial statements for periods beginning December 15, 2015. The implementation of this statement did not result in any changes to the financial statements.

GASB issued Statement No.78, Pensions Provided through Certain Multiple-Employer Defined Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The implementation of this statement did not result in any changes to the financial statements.

GASB issued Statement No.79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The implementation of this statement did not result in any changes to the financial statements.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member Council. As required by GAAP, these financial statements present the City and its component units, for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations, and data from these units are combined with data from the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units

Mansfield Park Facilities Development Corporation (MPFDC) - The MPFDC board of directors is appointed by the City Council, and the City management maintains significant continuing management responsibility with respect to MPFDC policies. Additionally, the City is ultimately responsible for MPFDC fiscal matters. The MPFDC provides services exclusively to the City (i.e., the MPFDC constructs capital assets on behalf of the City). The MPFDC does not issue separate financial statements and the MPFDC is included in the other governmental funds.

Mansfield Tax Increment Financing Reinvestment Zone Number One (TIRZ) - The City and the City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of the TIRZ. The TIRZ board of directors is a seven-member board; four members of the board of directors are members of the City's Council with the remaining three board members appointed by the participating entities of the TIRZ unless the participating entity waives its right to board membership, which at such time the City may appoint a member in its stead. Two Counties, Tarrant, and Ellis County, participate in the City's TIRZ as it is a 3,100-acre tract of land that is in three Counties. The TIRZ does not issue separate financial statements, as the TIRZ is included as a major fund of the City. The TIRZ was established in December 2006 and is for the primary benefit of the City. The benefits include financing of the City's infrastructure within the TIRZ, which are owned and maintained by the City.

Mansfield Tax Increment Financing Reinvestment Zone Number Two (TIRZ) – The City and the City's management maintain significant influence and responsibility in the approval of programs, expenditures, and obligations of the TIRZ. The TIRZ board of directors is a five-member board; four members of the board of directors are members of the City's Council with the remaining board member appointed by Tarrant County, the other participating entity. This TIRZ was established to revitalize the City's Historic Downtown area, which includes 317 developed acres. The TIRZ does not issue separate financial statements, as the TIRZ is included as a non-major fund of the City. The TIRZ was established in December 2012 and is for the primary benefit of the City. The benefits include financing of the City's infrastructure within the TIRZ, which will be owned and maintained by the City.

South Pointe Public Improvement District – The City established a public improvement district for the purpose of maintaining public improvements on approximately 873 acres in the TIRZ number one area. An annual assessment will fund the public improvement district. There was no financial activity for fiscal year 2016.

Discretely Presented Component Unit

Mansfield Economic Development Corporation (MEDC) – In 1997, the voters passed an additional 1/2 cent sales tax to fund an aggressive economic development program and provide financial incentives, infrastructure needs, and tax relief in the recruitment and retention of industry. Although the City Council appoints all board members, none of the board members are currently City Council members or City employees. In addition, City management maintains significant continuing management responsibility with respect to MEDC financial matters. Although the MEDC financial matters are ratified or denied by the City, the City is not legally entitled to the MEDC resources or is it legally obligated for the indebtedness of the MEDC. The MEDC provides financial incentives to business and industry as permitted by statute and does not provide services entirely or almost entirely to the City and does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where amounts reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental 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 previous reporting model emphasized fund types (the total of all funds of a particular type); in the reporting model as defined by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the focus is either the City as a whole or major individual fund (within the fund financial statements).

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with 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, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, interest income, etc.).

Separate fund-based 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. The major governmental funds are the general fund, debt service fund, street construction fund, building construction fund, and TIRZ fund #1. The major enterprise funds are the water and sewer fund, the law enforcement center fund, and the drainage utility fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds along with other qualitative factors. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary fund (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are presented using the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual, 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 ad valorem tax, sales tax, hotel/motel tax, mixed drink tax, and investment earnings to be available if they are collected within 60 days of the end of the current fiscal period. Franchise tax revenues are considered to be available if collected within 30 days of the end of the current fiscal year. 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 and claims and judgments, are recorded only when the obligation has matured and will be paid shortly after year-end (not to exceed one month).

Licenses and permits, charges for services, fines, contributions and donations, impact fees, and miscellaneous revenues are recorded as revenues when received in cash, as the amounts are typically not known until received. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, as soon as all eligibility requirements have been met, moneys must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if all eligibility requirements are met.

A portion of the City's revenues are derived from developer contributions. The effect of these transactions, recorded as revenue, in the City's water and sewer funds was significant. Developer's contributions of $4,161,175 are recorded as non-operating revenue in the water and sewer fund financial statements. These amounts represent revenues from non-exchange transactions during the fiscal year. For reporting non-exchange transactions for the governmental activities, in the government-wide financial statements on the accrual basis of accounting, the revenues are recorded as capital contributions program revenue, which totaled $8,236,152.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major governmental funds:

The General Fund is the operating fund of the City. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The General Obligation Debt Service Fund (Debt Service) is used to account for the accumulation of resources for and the payment of, principal and interest on general long-term obligation debt. The primary source of revenue is ad valorem taxes, which are levied by the City.

The Street Construction Fund accounts for the financial resources to be used in the construction of roadways and bridges. The Fund is financed from general obligation bond proceeds, certificates of obligation proceeds, impact fees, developer contributions, or other sources.

The Building Construction Fund accounts for the financial resources to be used in the construction of general governmental buildings and facilities. The Fund is financed from general obligation bond proceeds, certificates of obligation proceeds, or other sources.

The TIRZ One Fund accounts for the financial resources to be used in the development, construction, improvements, and acquisition of land within a boundary that encompasses 3,100 acres of mixed-use property. The Fund is financed from the increased property values above a preexisting property tax base on January 1, 2006. The year-over-year increase in property values will be contributed by the City and the participating Counties. The City's contribution of property tax from the increased property values is 65% of the increased property within the TIF boundary, and the County's contribution of property tax from the increased property values is 30% of the increased property within Counties limits within the TIF boundary.

The other governmental funds column is a summarization of all the non-major governmental fund types.

The government reports the following major proprietary funds:

The Water and Sewer Fund accounts for the operation of the City's water and sewer system. Activities of the Fund include administration, operation, and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for general obligation, and revenue bonds. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Fund.

The Law Enforcement Center Fund accounts for the operation of the City's jail facility.

The Drainage Utility Fund accounts for the operation of the City's drainage system. Activities of the Fund include administration, operation, and maintenance of the drainage system. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

Additionally, the government reports the following fund type:

Agency Funds are used to account for assets held by the City in a trustee capacity for others or for other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. The

Payroll Fund and the Employee Group Health Insurance Fund are the Agency Funds currently administered by the City.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less from the end of the fiscal year.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the balance sheet or statement of net position as "Cash, Cash Equivalents, and Investments" under each fund's caption. Except for bond-related and other restricted transactions, the City conducted all its banking and investment transactions with the depository bank, JPMorgan Chase Bank, Mansfield.

For fiscal year 2016, the City invested in direct obligations of the U.S. government, or its agencies and mutual funds as authorized by the City's investment policy. The City records interest revenue earned from investment activities in each respective fund and recognizes its investments on a fair value basis, which is based on quoted market prices.

2. Inventory:

Inventory consists primarily of supplies, valued at cost. Cost is determined using the weighted average method. Inventory is charged to the user departments and recorded as expenses/expenditures when consumed rather than when purchased.

3. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond are recorded as prepaid items. The non-spendable portion of the fund balance is provided equal to the amount of inventory, as the amount is not available for expenditure. These payments are recognized under the consumption method.

4. Capital Assets:

Capital assets, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, while improvements and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building and Improvements	50 years
Water and Sewer Lines	50 years
Vehicles, Machinery, and Equipment	4-10 years
Infrastructure	25 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with the interest earned on invested proceeds over the same period. The City capitalized $0 of interest during fiscal year 2016.

5. Deferred Inflows and Outflows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expense/expenditure) until the appropriate future period. The City has four items that qualify for this category. Deferred pension contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred investment losses are the differences in the projected and actual earnings on the pension assets. This difference is deferred and amortized over a closed five year period. Deferred pension expense is the difference in the expected and actual pension experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred charges on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt.

This separate financial statement element, deferred inflows of resources is used to report revenues of the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements. Deferred pension contribution is the difference in assumption changes or actuarial gains or losses. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred rent is the prepaid rent relating to a lease agreement and will be amortized over a period of 20 years.

6. Compensated Absences:

Vested or accumulated vacation leave is accrued in the government-wide and proprietary fund financial statements when incurred. No liability is recorded for non-vesting, accumulating rights to receive sick pay benefits. Vacation is earned in varying amounts up to a maximum of fifteen (15) days for employees with ten (10) or more years of service. Unused vacation leave is carried forward from one year to the next without limit with regards to years of service. As of September 30, 2016, the liability for accrued vacation was $8,545,617. The amount applicable to the Proprietary Funds $1,582,592 and the MEDC $69,158 have been recorded in these funds, and the amount applicable to other funds of $6,893,867 has been recorded in the government-wide financial statements.

7. Interfund Charges:

The City allocates to the Water and Sewer Fund, a percentage of the salaries and wages and related costs of personnel who perform administrative services for the fund but are paid through the General Fund. During the year ended September 30, 2016, the City allocated $295,960 to the Water and Sewer Fund for these services.

8. Property Tax:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent on February 1 of the following year. The City contracts with Tarrant County to bill and collect its property taxes. Property tax revenues are recognized when they are both measurable and available. Revenues are considered both measurable and 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 30 days of the end of the current fiscal period.

9. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Net pension liability is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit plan.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Restricted Assets:

Certain proceeds of Proprietary Fund Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Additionally, amounts held by the City for inmates of the Law Enforcement Center are also classified as restricted assets on the statement of net position.

11. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Final settlement amounts could differ from those estimates.

12. Fund Balance Classification:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to classify the fund balances.

Committed fund balances are amounts that can only be used for specific purposes with constraints imposed by formal action of the City Council and do not lapse at year-end. This formal action consists of a written ordinance voted and approved by a majority of the City Council. For assigned fund balance classification, the City Manager with concurrence of the Deputy City Manager is authorized to assign amounts for a specific purpose as permitted by Section 9.12 of the City Charter. The restricted fund balance classification includes amounts that have constraints that are externally imposed (creditors, grantors, etc.) or imposed by enabling legislation. The non-spendable classification includes amounts that are not in spendable form or required to be maintained intact. The unassigned fund balance classification represents fund balance that has not been classified to another category.

The City considers an amount spent when the expenditure is incurred when restricted or unrestricted fund balances are available. In addition, the City considers an amount spent when expenditure is incurred for purposes for which an amount in the committed, assigned, or unassigned amounts could be used. The City considers expenditure to be made from the most restrictive resources/funds when more than one classification is available.

The City has a minimum General Fund balance policy requirement. This policy established by resolution of the Council requires General Fund unassigned fund balance to be 25% of the ensuing fiscal year's General Fund operating budget. The detailed fund balance classifications are as follows:

	General	Debt Service	Street Construction	Building Construction	TIRZ	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable:							
Prepaids	10,000	-	-	-	-	-	10,000
Inventory	-	-	-	-	-	61,228	61,228
Restricted:							
Debt service reserve	-	483,024	-	-	-		483,024
Parks debt service reserve	-	-	-	-	-	323,529	323,529
Street construction/improvements	-	-	12,607,753	-	-	-	12,607,753
Municipal building improvements	-	-	-	5,612,563	-	-	5,612,563
Parks and recreation	-	-	-	-	-	2,369,228	2,369,228
Parks capital improvements	-	-	-	-	-	7,825,534	7,825,534
Other capital projects	-	-	-	-	1,449,194	3,662	1,452,856
Equipment /other purposes	-	-	-	-	-	51,928	51,928
Court seizure fund	-	-	-	-	-	36,204	36,204
Commited:							
Tree mitigation	-	-	-	-	-	86,065	86,065
Parks and recreation	-	-	-	-	-	6,042,504	6,042,504
Tourism promotion	-	-	-	-	-	1,381,818	1,381,818
Court security and technology	-	-	-	-	-	314,491	314,491
Animal control	-	-	-	-	-	70,695	70,695
Assigned:							
COPS Grant	-	-	-	-	-	102,101	102,101
Library	-	-	-	-	-	68,827	68,827
Unassigned:	13,066,981	-	-	-	-	-	13,066,981
Total fund balances	13,076,981	483,024	12,607,753	5,612,563	1,449,194	18,737,814	51,967,329

13. Net Position:

Net position is classified and displayed in three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is excluded from the calculation of net investment in capital assets.

Restricted – Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which there are both restricted and unrestricted assets available, it is the City's policy to apply those expenses to restricted assets, to the extent such are available, and then to unrestricted assets.

Unrestricted – All other assets that constitute the components of net position that do not meet the definition of "restricted" or "investment in capital assets."

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds."

The details of this $162,105,386 difference are as follows:

Bonds payable	139,035,000
Premium on issuance of bonds	10,005,768
Discounts on issuance of bonds	(1,067,828)
Deferred loss on refunding	(3,575,522)
Accrued interest payable	768,576
Compensated absences	6,893,867
Deferred pension contributions	(2,637,935)
Deferred investment losses	(4,833,627)
Net pension liability	15,741,243
Deferred pension expense	(137,890)
Deferred rent	1,500,000
Deferred pension contributions	413,734
Net adjustment to reduce fund balance – total governmental funds to arrive at net position– governmental activities	$162,105,386

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $24,344,935 difference are as follows:

Capital outlay	$38,209,806
Depreciation expense	(13,864,871)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 24,344,935

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position." The statement of activities reports contributions of capital assets. Conversely, the governmental funds do not report any contributions of capital assets. The $ 7,764,590 difference is as follows:

Net adjustment to increase changes in fund balances – total government funds to arrive at changes in net position of governmental activities	$ 7,764,590

Another element of that reconciliation states that "revenues recognizing future lease payments on a straight-line basis in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds." The $40,000 difference is as follows:

The statement of activities reports lease revenues to recognize future lease payments on a straight-line basis, However, governmental funds do not report lease revenues until they are available.	$40,000

Another element of that reconciliation states that "other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds". The $1,697,594 difference is as follows:

The governmental funds defer revenue related to uncollected receivables. However, in the statement of activities, this is recognized in the current period.	$1,697,594

Another element of that reconciliation states that "deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then." Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses. The details of this $6,403,743 difference are as follows:

New deferred charges on refunding	$2,233,821
Amortization of deferred charges	(269,186)
Deferred investment losses incurred	5,352,669
Amortization of deferred investment losses	(1,252,180)
Deferred pension expense incurred	117,589
Amortization of deferred pension expense	(25,098)
Deferred pension contributions	2,637,935
Prior year deferred pension contributions	(2,391,807)
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 6,403,743

Another element of that reconciliation states that "deferred inflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an inflow until then." Deferred inflows are deferred pension contributions, and deferred rent. The details of this $(1,913,734) difference are as follows:

Deferred pension contributions	(485,939)
Amortization of pension contributions	72,205
Deferred rent	(1,500,000)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (1,913,734)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $(30,256,388) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$(54,065,000)
Premium on issuance of bonds	(4,987,376)
Discounts on issuance of bonds	337,516
Accrued interest payable	(18,005)
Amortization of premiums/discounts	464,857
Compensated absences	(138,851)
Principal payments or payments to escrow agent	33,080,000
Change in net pension liability	(4,929,529)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (30,256,388)

III. Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2016, the primary government had cash and cash equivalents of $32,511,964 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

Primary Government - Governmental Activities and Business-type Activities	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	$61,288,573	0.12

As of September 30, 2016, the Mansfield Economic Development Corporation had cash and cash equivalents of $3,229,188 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM)

Component Unit - Mansfield Economic Development Corporation	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	5,153,378	0.12

Money market accounts are marketable securities in active markets that have observable inputs and prices.

Interest Rate Risk –

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk –

The City is authorized to invest in U.S. government obligations and its agencies or instrumentalities, obligations of Texas and its agencies, fully insured or collateralized certificates of deposit, fully collateralized direct repurchase agreements, government pools and money market funds consisting of any of these securities listed, and obligations of states, cities, and other political subdivisions with a rating of "A" or its equivalent. As of September 30, 2016, the City's investment in the money market mutual funds was rated "AAA" by Standard and Poor's and "Aaa" by Moody's Investment Service.

Custodial Credit Risk Deposits –

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy, which requires a collateralization level of 105% of market value less an amount insured by the FDIC.

Custodial Credit Risk Investments –

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has an investment policy, which requires a collateralization level of 105% of market value of principal and accrued interest on investments other than direct purchases of U.S. Treasuries or Agencies. The policy requires all investments held by outside parties for safekeeping in the name of the City or on behalf of the City.

Concentration of Credit Risk Investments –

The City's investment policy does not place a limit on the amount the City may invest in a single issuer because the City's investment policy limits the City's authorized investments. These authorized investments include any security backed by the federal government, the State of Texas, or political subdivision with an investment grade rating of "A" or better. The City's investment policy authorizes mutual funds, "AAA" rated only registered with the Securities and Exchange Commission available alternatives to previously listed authorized securities. At September 30, 2016, the City's investments are held in Bank of America Merrill Lynch Money Market Mutual Fund; and TexStar Participant Services. These investments are 36.02%; and 63.31% of the City's total investments. These money market mutual funds are invested in U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government.

B. Receivables

Receivables at September 30, 2016 consisted of the following:

	Governmental Funds					
	General	Debt Service	Building Construction	TIRZ #1	Non-major	Total
Receivables:						
Property Taxes	$ 735,539	$ 379,571	$ -	$ -	$ -	$ 1,115,110
Accounts	7,019,736	-	1,994,519	23,204	1,068,736	10,106,195
Gross Receivables	7,755,275	379,571	1,994,519	23,204	1,068,736	11,221,305
Less: Allowance for Uncollectible	5,427,794	254,678	-	-	39,883	5,722,355
Net Total Receivables	$ 2,327,481	$ 124,893	$ 1,994,519	$ 23,204	$ 1,028,853	$ 5,498,950

	Proprietary Funds			
	Water & Sewer	Law Enforement	Drainage Utility	Total
Receivables:				
Accounts	$5,363,805	$ 248,862	$ 360,453	$5,973,120
Other	48,033	-	-	48,033
Gross Receivables	5,411,838	248,862	360,453	6,021,153
Less: Allowance for Uncollectible	966,404	-	55,250	1,021,654
Net Total Receivables	$4,445,434	$ 248,862	$ 305,203	$4,999,499

The MEDC has a receivable in the amount of $413,094 as of September 30, 2016.

C. Capital Assets

Capital asset activity for the year ended September 30, 2016 is as follows:

Governmental activities:	30-Sep-15	Increases	Decreases	30-Sep-16
Capital assets, not being depreciated:				
Land	$99,040,436	$1,623,947	(351,653)	$100,312,730
Construction in progress	19,543,711	39,509,807	(30,073,276)	28,980,242
Total capital assets, not being depreciated	118,584,147	41,133,754	(30,424,929)	129,292,972
Buildings	63,065,500	3,617,745	-	66,683,245
Other improvements	18,647,868	2,043,130	-	20,690,998
Machinery and equipment	24,160,425	2,161,589	(711,774)	25,610,240
Infrastructure	317,503,360	27,563,019	-	345,066,379
Total capital assets being depreciated	423,377,153	35,385,483	(711,774)	458,050,862
Less accumulated depreciation for:				
Buildings	(10,205,883)	(1,171,545)	-	(11,377,428)
Other improvements	(11,875,203)	(1,022,558)	-	(12,897,761)
Machinery and equipment	(16,552,426)	(916,835)	591,866	(16,877,395)
Infrastructure	(160,140,365)	(10,753,933)	-	(170,894,298)
Total accumulated depreciation	(198,773,877)	(13,864,871)	591,866	(212,046,882)
Total capital assets being depreciated, net	224,603,276	21,520,612	(119,908)	246,003,980
Governmental activities capital assets, net	$343,187,423	$62,654,366	(30,544,837)	$375,296,952

Business-type activities:	Sept 30, 2015	Increases	Decreases	Sept 30, 2016
Capital assets, not being depreciated:				
Land	$2,076,738	$48,785	$ -	$2,125,523
Construction in progress	12,424,650	7,208,923	(14,186,504)	5,447,069
Total capital assets, not being depreciated	14,501,388	7,257,708	(14,186,504)	7,572,592
Capital assets, being depreciated:				
Buildings and systems	162,046,699	14,004,672	(30,402)	176,020,969
Improvements other than buildings	2,714,633	36,776	-	2,751,409
Machinery and equipment	5,020,475	133,048	(198,243)	4,955,280
Infrastructure	51,511,082	3,317,758	-	54,828,840
Total capital assets, being depreciated	221,292,889	17,492,254	(228,645)	238,556,498
Less accumulated depreciation for:				
Buildings and systems	(35,541,272)	(3,094,140)	8,941	(38,626,471)
Improvements other than buildings	(275,587)	(45,389)	-	(320,976)
Machinery and equipment	(3,198,836)	(310,336)	195,551	(3,313,621)
Infrastructure	(15,012,339)	(1,024,799)	-	(16,037,138)
Total accumulated depreciation	(54,028,034)	(4,474,664)	204,492	(58,298,206)
Total capital assets being depreciated, net	167,264,855	13,017,590	(24,153)	180,258,292
Business-type activities capital assets, net	$181,766,243	$20,275,298	(14,210,657)	187,830,884

D. Capital assets continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 285,853
Public Safety	865,767
Public Works	10,818,378
Culture and Recreation	1,894,873
Total Depreciation Expense – Governmental Activities	$13,864,871
Business-Type Activities:	
Water and Sewer	$ 4,090,923
Law Enforcement Center	257,376
Drainage Utility Fund	126,365
Total Depreciation Expense – Business-Type Activities	$ 4,474,664

Construction Commitments

The general government had outstanding commitments at September 30, 2016, under authorized construction contracts of approximately $6,635,574. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the major funds.

The MPFDC had outstanding commitments at September 30, 2016, under authorized construction contracts of approximately $8,379,400. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the non-major funds.

The Water and Sewer Fund had outstanding commitments at September 30, 2016, under authorized construction contracts of approximately $939,391. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Drainage Fund had outstanding commitments at September 30, 2016, under authorized construction contracts of approximately $16,902. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

Discretely Presented Component Unit

Activity for the MEDC for the year ended September 30, 2016 was as follows:

Mansfield Economic Development Corporation:	Sept 30, 2015	Increases	Decreases	Sept 30, 2016
Capital assets, not being depreciated:				
Land	$6,897,477	$ 383,590	(206,119)	$7,074,948
Construction in Progress	456,112	837,356	-	1,293,468
Total capital assets, not being depreciated	7,353,589	1,220,946	(206,119)	8,368,416
Capital assets, being depreciated:				
Other improvements	167,248	-	-	167,248
Machinery and equipment	72,312	-	-	72,312
Total capital assets, being depreciated	239,560	-	-	239,560
Less accumulated depreciation for:				
Other improvements	(64,056)	(3,059)	-	(67,115)
Machinery and equipment	(72,312)	-	-	(72,312)
Total accumulated depreciation	(136,368)	(3,059)	-	(139,427)
Total capital assets being depreciated, net	103,192	(3,059)	-	100,133
MEDC capital assets, net	$ 7,456,781	$1,217,887	$ (206,119)	$ 8,468,549

The MEDC had outstanding commitments at September 30, 2016 under authorized construction contracts of approximately $1,403,557.

E. Deferred Outflows and Inflows of Resources

The City has four types of deferred outflows of resources. Deferred pension contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred investment losses are the differences in the projected and actual earnings on the pension assets. This difference is deferred and amortized over a closed five year period. Deferred pension expense is the difference in the expected and actual pension experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred charges on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt.

The City has two types of deferred inflows of resources. Deferred assumption changes relate to the differences in assumptions used from one year to the next year. Deferred rent is the prepaid rent from a lease that will be amortized over 20 years.

F. Due to/Due from

The composition of the due to/due from balances as of September 30, 2016 is as follows:

Fund	Due to	Due from
General Fund	$21,241	$ -
Building Construction	-	21,241
TOTAL	$21,241	$21,241

G. Interfund Transfers

The composition of interfund balances as of September 30, 2016 is as follows:

Fund	Transfers In	Transfers Out
General Fund	$1,208,513	$ -
Law Enforcement Complex	485,325	-
Building Construction	4,094,519	-
TIRZ #2	87,082	-
General Fund	-	2,566,926
MPFDC	-	2,100,000
Water and Sewer Fund	-	1,208,513
TOTAL	$5,875,439	$5,875,439

The General Fund received a transfer from the Water and Sewer Fund for a payment-in-lieu of taxes, $1,208,513, for services provided as part of the City's ordinary government.

Interfund activity from the General Fund, Building Construction Fund, and the non-major funds is for the purpose of purchase, construction, and improvements of fixed assets for government-wide purposes. These transfers are budgeted annually. The unexpended funds within the non-major funds generally are reappropriated upon the adoption of the next fiscal year's budget. These interfund transfers within the Governmental Fund Types are eliminated upon the reporting of government-wide financial statements.

H. Long-Term Debt

Governmental Activities -

General Obligation Bonds, Loans, and Certificates of Obligation

The general obligation bonds, loans, and certificates of obligation are serial and term debt collateralized by the full faith and credit of the City and are payable from property taxes. The debt matures annually in varying amounts through 2036, and interest is payable semiannually. Proceeds of general obligation bonds are recorded in the Capital Projects Funds and are restricted to the use for which they were approved in the bond elections. Certificates of obligation bonds and loan proceeds are recorded in the appropriate fund for which the debt was issued and approved by the City. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures.

In 2013, the City issued $4,200,000 in General Obligation Refunding Bonds, Series 2013, for the purpose of refunding $4,505,000 of the City's outstanding debt. The bonds of $4,200,000 plus premiums of $418,231, less discounts of $26,939 and less issuance costs of $86,000 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $99,624 and resulted in an economic gain of $712,222. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $68,918 at September 30, 2016.

In 2013, the City issued $2,880,000 in General Obligation Refunding Bonds, Series 2013, for the purpose of refunding $2,915,000 of the City's outstanding debt. The bonds of $2,880,000 plus premiums of $120,815, less discounts of $20,667 and less issuance costs of $68,262 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $76,966 and resulted in an economic gain of $464,895. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $48,577 at September 30, 2016.

In 2014, the City issued $16,500,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2014, for the purpose of construction of street improvements and building improvements. The bonds of $16,500,000 plus premiums of $234,249, less discounts of $109,661 and less issuance costs of $125,247 will be used to construct and design street improvements and building improvements.

In 2014, the City issued $1,255,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2014A, for the purpose of purchasing equipment and building improvements. The bonds of $1,255,000 plus premiums of $24,276, less discounts of $13,534 and less issuance costs of $10,742 will be used to purchase equipment and building improvements.

In 2014, the City issued $6,710,000 in General Obligation Refunding Bonds, Series 2014, for the purpose of refunding $6,610,000 of the City's outstanding debt. The bonds of $6,710,000 plus premiums of $192,313, less discounts of $33,333 and less issuance costs of $103,837 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $153,534 and resulted in an economic gain of $450,680. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $83,170 at September 30, 2016.

In 2015, the City issued $15,870,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2015, for the purpose of construction of street improvements and building improvements. The bonds of $15,870,000 plus premiums of $2,223,562, less discounts of $100,908 and less issuance costs of $142,655 will be used to construct and design street improvements and to purchase equipment.

In 2015, the City issued $11,700,000 in General Obligation Refunding Bonds, Series 2015, for the purpose of refunding $12,940,000 of the City's outstanding debt. The bonds of $11,700,000 plus premiums of $1,773,891, less discounts of $68,304 and less issuance costs of $136,800 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $708,384 and resulted in an economic gain of $1,035,085. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $609,998 at September 30, 2016.

In 2016, the City issued $13,705,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2016, for the purpose of construction of street improvements and building improvements. The bonds of $13,705,000 plus premiums of $2,078,521, less discounts of $86,147 and less issuance costs of $127,374 will be used to construct and design street improvements and to purchase equipment.

In 2016, the City issued $14,885,000 in General Obligation Refunding and Improvements Bonds, Series 2016, for the purpose of refunding $14,475,000 of the City's outstanding debt. The bonds of $14,885,000 plus premiums of $2,510,526, less discounts of $92,270 and less issuance costs of $148,038 were used to refund a portion of the City's outstanding debt and to fund municipal library improvements.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $1,545,218 and resulted in an economic gain of $1,942,477. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $1,493,711 at September 30, 2016.

In 2016, the City issued $3,770,000 in General Obligation Refunding, Series 2016 for the purpose of refunding $3,550,000 of the City's outstanding debt. The bonds of $3,550,000 less discounts of $23,640 and less issuance costs of $54,832 were used to refund a portion of the City's outstanding debt.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $312,126 and resulted in an economic gain of $493,265. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $294,785 at September 30, 2016.

As of September 30, 2016 there was $18,580,000 of defeased debt outstanding related to the General Obligation Bonds.

General obligation debt outstanding at September 30, 2016 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007A CO	5.90% to 6.51%	2028	$1,255,000	$55,000
2007A GO	5.50% to 4.63%	2028	5,100,000	245,000
2007B GO	5.50% to 4.63%	2028	5,300,000	215,000
2008 CO	5.00% to 6.25%	2029	12,330,000	1,095,000
2008 GO	5.00% to 6.25%	2029	3,105,000	265,000
2009 GO Refunding	3.00% to 4.00%	2022	10,400,000	5,275,000
2011 GO Refunding	2.00% to 4.00%	2022	9,730,000	4,700,000
2011 CO	2.00% to 5.00%	2025	3,090,000	2,515,000
2012 GO Refunding	2.00% to 3.13%	2025	5,855,000	5,575,000
2012 CO	2.00% to 4.00%	2032	3,415,000	2,895,000
2012A CO	3.49% to 4.65%	2032	3,075,000	2,640,000
2013 CO	2.00% to 4.00%	2033	5,335,000	4,720,000
2013 GO Refunding	2.00% to 4.00%	2025	4,200,000	3,350,000
2013A GO Refunding	2.00% to 3.00%	2023	2,880,000	2,190,000
2014 GO Refunding	2.00% to 2.50%	2019	6,710,000	2,735,000
2014 CO	2.50% to 4.38%	2034	16,500,000	15,870,000
2014A CO	2.00% to 4.13%	2034	1,255,000	1,205,000
2015 CO	2.00% to 5.00%	2035	15,870,000	15,290,000
2015 GO Refunding	4.00% to 5.00%	2027	11,700,000	10,965,000
2016 GO Refunding	1.35% to 3.71%	2028	3,770,000	3,770,000
2016 CO	2.00% to 5.00%	2036	13,705,000	13,705,000
2016 GO	2.00% to 5.00%	2036	14,885,000	14,885,000
TOTAL				$114,160,000

Annual debt service requirements to maturity for general obligation debt, including interest of $38,756,886, are as follows:

Fiscal Year	Principal	Interest	Total
2017	$8,820,000	$4,466,522	$13,286,522
2018	8,630,000	4,182,640	12,812,640
2019	8,245,000	3,912,058	12,157,058
2020	8,115,000	3,630,984	11,745,984
2021	7,950,000	3,339,756	11,289,756
2022-2026	34,855,000	12,272,603	47,127,603
2027-2031	23,880,000	5,723,113	29,603,113
2032-2036	13,665,000	1,229,210	14,894,210
TOTAL	$114,160,000	$38,756,886	$152,916,886

Special Sales Tax Revenue Bonds

The Special Sales Tax Revenue Bonds are special limited obligations of the MPFDC payable from proceeds of an additional ½ of 1% sales and use tax levied by the City. The bonds are serial obligations payable annually in varying amounts with interest payable semiannually. The proceeds of these bonds are to be used for their legal purposes as prescribed in the statutes of the State of Texas.

In 2016, the City issued $14,930,000 in Revenue Refunding & Improvements Bonds, Series 2016 for the purpose of refunding $2,070,000 of the City's outstanding debt. The bonds of $14,930,000 less discounts of $94,234 and less issuance costs of $212,537 were used to refund a portion of the City's outstanding debt and to fund a multi-purpose recreational facility.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $238,921 and resulted in an economic gain of $232,181. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $232,284 at September 30, 2016.

In 2016, the City issued $6,775,000 in Revenue Refunding & Improvements Bonds, Series 2016 for the purpose of refunding $3,455,000 of the City's outstanding debt. The bonds of $6,775,000 plus premiums of $398,328, less discounts of $41,225 and less issuance costs of $123,852 were used to refund a portion of the City's outstanding debt and to fund linear park improvements.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $137,557 and resulted in an economic gain of $282,044. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $132,730 at September 30, 2016.

As of September 30, 2016 there was $2,070,000 of defeased debt outstanding related to the Sales Tax Revenue Bonds.

Special Sales Tax Revenue and Revenue Refunding Bonds outstanding at September 30, 2016 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2006	4.00% to 4.40%	2026	$3,940,000	$200,000
2007	4.00% to 4.30%	2027	2,200,000	215,000
2007A	5.90% to 6.51%	2028	2,990,000	130,000
2012	2.00% to 3.25%	2024	4,995,000	2,935,000
2016	2.00% to 4.00%	2035	6,775,000	6,540,000
2016	1.05% to 4.83%	2040	14,930,000	14,855,000
TOTAL				$24,875,000

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of $11,474,160, are as follows:

Fiscal Year	Principal	Interest	Total
2017	$1,035,000	$906,171	$1,941,171
2018	1,075,000	874,196	1,949,196
2019	1,340,000	850,730	2,190,730
2020	1,380,000	821,977	2,201,977
2021	1,405,000	785,498	2,190,498
2022-2026	7,020,000	3,269,000	10,289,000
2027-2031	4,180,000	2,205,626	6,385,626
2032-2036	4,175,000	1,357,415	5,532,415
2037-2040	3,265,000	403,547	3,668,547
TOTAL	$24,875,000	$11,474,160	$36,349,160

Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2016 was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
General Obligation Bonds	$ 108,210,000	$ 32,360,000	$ (26,410,000)	$ 114,160,000	$ 8,820,000
Sales Tax Revenue Bonds	9,840,000	21,705,000	(6,670,000)	24,875,000	1,035,000
Deferred Amounts:				-	
Premiums	5,723,184	4,987,376	(704,792)	10,005,768	465,990
Discounts	(970,247)	(337,516)	239,935	(1,067,828)	(85,221)
Total bonds & notes payable	122,802,937	58,714,860	(33,544,857)	147,972,940	10,235,769
Compensated absences	6,755,015	1,835,945	(1,697,093)	6,893,867	1,939,438
Total	$ 129,557,952	$ 60,550,805	$ (35,241,950)	$ 154,866,807	$ 12,175,207
Total Net Pension Liability	$ 10,811,710	4,929,533	-	$ 15,741,243	-

For the governmental activities, compensated absences are generally liquidated by the general fund or the respective special sales tax fund.
Business-Type Activities -

Water and Sewer Fund

The water and sewer fund revenue bonds are payable from the gross revenues of the water and sewer system. Gross revenues are to be used first-to-pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2035, and interest is payable semiannually.

Waterworks and Sewer System Refunding and Revenue Bonds

In 2004, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $462,612. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $-0- at September 30, 2016.

In 2005, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $327,090. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $-0- at September 30, 2016.

In 2011, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $104,513 and resulted in an economic gain of $53,332. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $74,259 at September 30, 2016.

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $195,970 and resulted in an economic gain of $192,727. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $118,399 at September 30, 2016.

In 2015, the City issued $9,540,000 in Revenue Refunding Bonds, Series 2015 for the purpose of refunding $9,875,000 of the City's outstanding debt. The bonds of $9,540,000 plus premiums of $953,667, less discounts of $49,493 and less issuance costs of $135,100 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $427,370 and resulted in an economic gain of $534,193. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $368,013 at September 30, 2016.

In 2016, the City issued $24,510,000 in Revenue Refunding & Improvements Bonds, Series 2016 for the purpose of refunding $18,430,000 of the City's outstanding debt. The bonds of $24,510,000 plus premiums of $4,057,204, less discounts of $146,376 and less issuance costs of $202,794 were used to refund a portion of the City's outstanding debt along with funding water and sewer infrastructure costs.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $2,788,035 and resulted in an economic gain of $3,081,707. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $2,690,209 at September 30, 2016.

The total amount of defeased debt outstanding related to Water/Sewer Bonds as of September 30, 2016 was $17,400,000.

The total deferred amount on refunding for the water and sewer revenue bonds was $3,250,881 at September 30, 2016.

Water and sewer fund debt outstanding at September 30, 2016 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2008	4.38% to 6.75%	2029	$26,185,000	$2,160,000
2009	3.00% to 4.50%	2030	2,585,000	1,985,000
2011	2.00% to 5.00%	2030	13,995,000	9,685,000
2012	2.00% to 3.00%	2023	2,320,000	1,500,000
2015Ref	2.00% to 5.00%	2027	9,540,000	7,315,000
2016	2.00% to 5.00%	2035	24,510,000	23,510,000
TOTAL				$46,155,000

Debt service requirements to maturity for water and sewer fund debt, including interest of $15,347,696, are as follows:

Fiscal Year	Principal	Interest	Total
2017	$4,020,000	$2,039,234	$6,059,234
2018	4,000,000	1,875,009	5,875,009
2019	3,875,000	1,711,534	5,586,534
2020	3,180,000	1,554,834	4,734,834
2021	3,300,000	1,435,871	4,735,871
2022-2026	15,365,000	5,027,676	20,392,676
2027-2031	10,705,000	1,528,938	12,233,938
2032-2035	1,710,000	174,600	1,884,600
TOTAL	$46,155,000	$15,347,696	$61,502,696

Law Enforcement Center

The Authority issued mortgage revenue bonds in 1989 to construct a 48-bed detention facility and administrative offices, for City use, and a 96-bed detention facility for surrounding agencies use (the Law Enforcement Complex). In 1991, the Authority purchased a 3.2-acre tract of land adjacent to the Law Enforcement Complex with proceeds from a property acquisition note, for future expansion. In 1993, additional mortgage revenue bonds were issued for a 96-bed expansion of the Law Enforcement Center, which was completed in January 1995.

Refunding Bonds

In 2016, the City issued $595,000 in General Obligation Refunding, Series 2016 for the purpose of refunding $555,000 of the City's outstanding debt. The bonds of $595,000 less discounts of $3,731 and less issuance costs of $8,654 were used to refund a portion of the City's outstanding debt.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $49,261 and resulted in an economic gain of $77,850. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $46,524 at September 30, 2016.

Law Enforcement Center Fund debt outstanding at September 30, 2016 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007B CO	6.45% to 6.45%	2028	790,000	35,000
2016 GO	1.35% to 3.71%	2028	595,000	595,000
TOTAL				$630,000

Debt service requirements to maturity for Law Enforcement Center debt, including interest of $128,479, are as follows:

Fiscal Year	Principal	Interest	Total
2017	$45,000	$18,091	$63,091
2018	45,000	16,533	61,533
2019	50,000	15,686	65,686
2020	45,000	14,685	59,685
2021	50,000	13,538	63,538
2022-2026	270,000	45,246	315,246
2027-2028	125,000	4,700	129,700
TOTAL	$630,000	$128,479	$758,479

Drainage Utility Fund

The Drainage Utility Fund revenue bonds are payable from the gross revenues of the drainage utility system. Gross revenues are to be used first to pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2027, and interest is payable semiannually.

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $285,920 and resulted in an economic gain of $333,855. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $190,613 at September 30, 2016.

Drainage Utility Fund debt outstanding at September 30, 2016 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007	4.00% to 4.30%	2027	$2,200,000	$1,425,000
2012	2.00% to 3.13%	2024	3,740,000	2,545,000
TOTAL				$3,970,000

Debt service requirements to maturity for Drainage Utility debt, including interest of $725,083, are as follows:

Fiscal Year	Principal	Interest	Total
2017	$400,000	$128,170	$528,170
2018	405,000	118,070	523,070
2019	420,000	107,770	527,770
2020	430,000	97,070	527,070
2021	440,000	79,750	519,750
2022-2026	1,720,000	187,588	1,907,588
2027-2027	155,000	6,665	161,665
TOTAL	$3,970,000	$725,083	$4,695,083

Changes in business-type activity debt

A summary of business-type activity debt transactions, including activity for the year ended September 30, 2016, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Water/Sewer Revenue Bonds	$ 44,455,000	$ 24,510,000	$ (22,810,000)	$ 46,155,000	$ 4,020,000
LEC Certificates of Obligation	620,000	595,000	(585,000)	630,000	45,000
Drainage Utility Revenue Bonds	4,360,000	-	(390,000)	3,970,000	400,000
Deferred Amounts:					
Premiums	1,198,184	4,057,204	(409,316)	4,846,072	304,966
Discounts	(307,030)	(150,107)	178,277	(278,860)	(20,814)
Total bonds & notes payable	50,326,154	29,012,097	(24,016,039)	55,322,212	4,749,152
Compensated absences	1,391,865	696,491	(505,764)	1,582,592	442,566
Total	$ 51,718,019	$ 29,708,588	$ (24,521,803)	$ 56,904,804	$ 5,191,718
Total Net Pension Liability	$ 3,841,617	1,788,744	-	$ 5,630,361	-

For financial reporting purposes, the unamortized premiums and discounts have been netted against total bonds outstanding.

The Business-Type Activity long-term debt will be repaid, plus interest, from the operating revenues derived primarily from water sales, sewer service charges, and drainage service charges and from revenues derived from housing other agencies' prisoners or operating transfers from the general fund.

Discretely Presented Component Unit

Mansfield Economic Development Corporation

The Sales Tax Revenue Refunding Bonds are special limited obligations of the MEDC payable from proceeds of an additional ½ of 1% sales and use tax levied by the City. The bonds are serial obligations payable annually in varying amounts with interest payable semiannually.

In 2015, the City issued $2,880,000 in Revenue Refunding Bonds, Series 2015 for the purpose of refunding $2,880,000 of the City's outstanding debt. The bonds of $2,880,000 plus premiums of $171,114, less discounts of $17,011 and less issuance costs of $77,121 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $75,079 and resulted in an economic gain of $291,881. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $61,176 at September 30, 2016.

In 2015, the City issued $5,630,000 in Revenue Refunding Taxable Bonds, Series 2015 for the purpose of refunding $5,305,000 of the City's outstanding debt. The bonds of $5,630,000 less discounts of $32,775 and less issuance costs of $113,738 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $174,946 and resulted in an economic gain of $710,459. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $142,549 at September 30, 2016. There was $-0- of outstanding defeased debt as September 30, 2016.

The total deferred amount on refunding of the MEDC was $203,724 at September 30, 2016.

MEDC debt outstanding at September 30, 2016 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 4.00%	2032	$3,090,000	$2,590,000
2015	0.50% to 3.55%	2024	5,630,000	4,535,000
2015	2.00% to 4.00%	2024	2,880,000	2,335,000
TOTAL				$9,460,000

Debt service requirements to maturity for MEDC debt, including interest of $1,865,762, are as follows:

Fiscal Year	Principal	Interest	Total
2017	920,000	282,784	1,202,784
2018	940,000	264,884	1,204,884
2019	955,000	243,652	1,198,652
2020	975,000	220,010	1,195,010
2021	1,010,000	194,000	1,204,000
2022-2026	3,530,000	498,969	4,028,969
2027-2031	925,000	153,263	1,078,263
2032-2032	205,000	8,200	213,200
TOTAL	$9,460,000	$1,865,762	$11,325,762

Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2016, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
MEDC Revenue Bonds	$ 10,365,000	$ -	$ (905,000)	$ 9,460,000	$ 920,000
Deferred Amounts:					
Premiums	167,780	-	(19,587)	148,193	19,587
Discounts	(81,701)	-	7,723	(73,978)	(7,723)
Total bonds & notes payable	10,451,079	-	(916,864)	9,534,215	931,864
Compensated absences	42,789	46,666	(20,297)	69,158	23,195
Total Noncurrent Liabilties	$ 10,493,868	$ 46,666	$ (937,161)	$ 9,603,373	$ 955,059
Total Net Pension Liability	$ 174,078	78,611	-	$ 252,689	-

I. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2016 included the following legal use restrictions.

Enterprise Fund	Revenue Bond Sinking and Reserve Fund	Bond Construction Fund	Inmate Trust Fund	Total
Water and Sewer Fund	$4,565,536	$11,727,178	$ -	$16,292,714
Law Enforcement Complex	22,628	10,482	126,748	159,858
Drainage Utility	88,035	-	-	88,035
TOTAL	$4,676,199	$11,737,660	$126,748	$16,540,607

The ordinance authorizing the issuance of Water and Sewer System revenue bonds requires that the City establish a sinking fund (Revenue Bond Sinking and Reserve Fund) in an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds. At September 30, 2016, the sinking fund balance is sufficient to satisfy such bond ordinance requirements. The bond ordinance also contains provisions, which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and the pledged revenues are equal to or greater than 1.25 times the average annual debt service requirements after giving effect to the proposed additional bonds and any proposed rate increases. In addition, the bond ordinance requires that the annual gross revenues of the Water and Sewer System, less annual operation and maintenance expenses (excluding depreciation and amortization expense), be at least 1.10 times the annual principal and interest requirements of all the outstanding revenue bonds.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements to the Water and Sewer System. The unspent proceeds are maintained as restricted assets until such time as needed to fund the Water and Sewer System construction program.

The ordinance authorizing the issuance of the Certificates of Obligation requires that the City establish an interest and sinking fund to provide for principal and interest requirements as they become due.

J. Retirement Plan

Plan Description:

The City of Mansfield, Texas participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided:

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2014	**Plan Year 2015**
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms:

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	143
Inactive employees entitled to but not yet receiving benefits	151
Active employees	488
Total	782

Contributions:

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the city matching percentages is 14.14%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Mansfield, Texas, were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the City of Mansfield, Texas were 14.49% and 14.14% in calendar years 2015 and 2016 respectively. The City's contributions to TMRS for the fiscal year end September 30, 2016 were $5,048,183 and were equal to the required contributions.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Net Pension Liability

	Governmental Activities	Business-type Activities	Total	Component Unit	Total Net Pension Liability
Net pension liability	$ 15,741,243	$ 5,630,361	$ 21,371,604	$ 252,689	$ 21,624,293

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.5% per year
Overall payroll growth:	3.0% per year
Investment Rate of Return:	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and females rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustments used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of 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)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

Discount Rate:

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

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Positon (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	$ 122,531,145	$ 107,703,740	$ 14,827,405
Changes for the year:			
Service Cost	5,544,166	-	5,544,166
Interest	8,685,074	-	8,685,074
Change in benefit terms	-	-	-
Difference between expected and actual experience	162,133	-	162,133
Changes of assumptions	(670,018)	-	(670,018)
Contributions - employer	-	4,630,258	(4,630,258)
Contributions - employee	-	2,236,839	(2,236,839)
Net investment income	-	158,951	(158,951)
Benefit payments, including refunds of employee contributions	(2,461,495)	(2,461,495)	-
Administrative expense	-	(96,800)	96,800
Other changes	-	(4,781)	4,781
Net changes	$ 11,259,860	$ 4,462,972	$ 6,796,888
Balance at 12/31/2015	$ 133,791,005	$ 112,166,712	$ 21,624,293

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$ 43,340,124	$ 21,624,293	$ 3,984,495

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2015, the City recognized pension expense of $6,216,286.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

Due to Liabilities:	Recognition Period (or Amortization yrs)	Total (Inflow) or Outflow of Resources	2015 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
2014 Difference in expected and actual experience actuarial (gains) or losses	5.9001	$ 62,037	$ 10,515	$ 51,522
2015 Difference in expected and actual experience actuarial (gains) or losses	6.7300	$ 162,133	$ 24,091	$ 138,042
			$ 34,606	$ 189,564
2015 Difference in assumption changes actuarial (gains) or losses	6.7300	(670,018)	(99,557)	(570,461)
			$ (99,557)	$ (570,461)
Due to Assets:				
2014 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.000	1,001,822	250,455	751,367
2015 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.000	7,380,311	1,476,062	5,904,249
			$ 1,726,517	$ 6,655,616
Total				$ 6,274,719

$3,637,211 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

		Net deferred outflows (inflows) of resources
2016	$	1,661,566
2017		1,661,566
2018		1,661,568
2019		1,411,112
2020		(66,004)
Thereafter		(55,089)
Total	$	6,274,719

K. Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected by ordinance to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the fiscal years ended 2016, 2015, and 2014 were $49,000, $43,000, and $41,000, respectively, which equaled the required contributions each year.

L. Other Post-Employment Benefits - OPEB

Plan Description

City employees retiring on TMRS will be provided the opportunity to receive health insurance benefits from the City from the City's existing healthcare plan. The City established by ordinance participation in a multi-employer defined benefit postemployment healthcare plan that covers retired employees of the City. The City established an irrevocable trust and contracted with an administrator as well as a custodial bank to manage the plan's assets or the retiree's medical benefits.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact: The City of Mansfield, Business Services Division, 1200 East Broad Street, Mansfield, Texas 76063.

Measurement Focus and Basis of Accounting

The City of Mansfield, Texas Retiree Health Insurance Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the determination of the employer.

Benefits

City employees will be provided the opportunity to elect employer-subsidized health programs until the age of 65. Employees and their dependents who retire before the age of 65 with ten years of service and less than 20 years of service are eligible to receive full health insurance coverage as a life time benefit at the same cost of an active employee. Employees and their dependents who retire with 20 years of service are eligible to receive full health insurance coverage as a life time benefit; while their dependents are eligible for full health insurance coverage they must pay the same cost as an active employee for full insurance coverage of their dependents.

At the time of the actuarial valuation, the City had 477 active plan members and only 53 retired plan members receiving benefits.

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the Plan upon retirement. Expenditures for post-retirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the ARC, which approximates the annual OPEB cost, and totaled $1,614,551 for the fiscal year ended September 30, 2016. The City also funded 100% of the ARC, which approximates the annual OPEB cost, and totaled $1,075,045 and $1,212,510 for each of the fiscal years ended September 30, 2015 and 2014 respectively.

Eligible retired employees participating in the City's Retiree Health Insurance Plan pay their premiums directly to the City. The City paid the ARC, including the employee portions of healthcare premiums directly to the Trust in the amount of $1,614,551 for fiscal year 2016.

Funding

The City makes an annual contribution to the plan approximately equal to the ARC. The City commissioned an updated actuarial valuation of the plan for October 1, 2015 for fiscal year 2016.

The funded status as of October 1, 2015 (unaudited), the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/2015	$6,595,845	$19,001,376	35%	$12,405,531	$35,121,057	35.32%
10/01/2014	5,566,589	12,524,764	45%	6,958,175	30,976,471	22.47%
10/01/2013	4,025,043	13,155,090	31%	9,130,047	28,061,984	32.54%

Note: The City modified its other post-employment health insurance benefit plan to include retirees and their dependents with ten years of service at a cost to commensurate of an active employee costs.

Additionally, the City modified its other post-employment health insurance benefit plan to include the dependents of retirees with 20 years or more of service at a cost equivalent to an active employees dependent cost. The increase in the actuarial accrued liability is attributable to the expanded coverage and increased subsidized cost of the retirees who are eligible to receive post-employment health insurance benefits after meeting the eligibility requirements of retirement.

Actuarial Methods and Assumptions

Actuarial Cost Method - Projected Unit Credit
Actuarial Valuation Date - October 1, 2014
Discount Rate - 7%
Amortization method - 30 years, level dollar open amortization
Open amortization means a fresh start each year for the cumulative unrecognized amount.
Healthcare Cost Trends Rates – 7% in year 1 graded downward 0.05% per year to 4.5% in year 6 and later.

Mortality - RP-2014 Mortality Table with Improvement Scale MP-2015

Retirement Rate –

Attained Age	Rates per 100 Participants
50	3.00
51	1.50
55	7.50
58	10.00
60	25.00
61	10.00
65	100.00

Withdrawal Rate –

Attained Age	Rates per 100 Participants
25	19.50
30	18.80
35	17.68
40	15.90
45	13.42
50	9.74
55	5.18

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

Immediately following the notes, the schedule of funding progress is presented for the Texas Municipal Retirement System plan along with Retiree Health Insurance Other Postemployment Benefits plan.

M. Commitments and Contingencies

Various claims and lawsuits are pending against the City. In the opinion of the City's management, the potential loss on all claims, if any, will not be material to the City's financial statements.

Audits of Grant Activities

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be material to the City's financial statements.

General Equipment Commitments as of September 30, 2016 are as follows:

The City has entered into a general equipment commitment for Public Safety equipment. This lease agreement was entered into June 27, 2012. The amount of the equipment purchased was $2,073,235 to be repaid over a ten-year period at an interest rate of 3.53%. Annual payments subject to annual appropriation are to occur over the next ten years as follows:

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
2017	$241,153	$51,993	$189,160	$1,283,731
2018	241,153	45,316	195,837	1,087,894
2019	241,153	38,403	202,750	885,144
2020	241,153	31,246	209,907	675,237
2021	241,153	23,836	217,317	457,920
2022-2023	482,306	24,387	457,920	-
TOTAL	$1,688,071	$215,181	$1,472,890	

N. Contracts with Other Governmental Entities and Other Contracts

Water Supply

Raw water is supplied to the City through a contract between the City and the Tarrant Regional Water District (TRWD). The basic contract, which was renegotiated and approved by the TRWD and the City Council on September 10, 1979, provides for a contract period to run for the life of the bonds, which were issued by the TRWD to provide water to the City and thereafter for the life of the TRWD facilities serving the City. Water is provided to the City from the TRWD Cedar Creek Lake and Richland-Tehuacanna Reservoir. Under the contract, the City has a take-or-pay gallon requirement based on the greater of 1.3 million gallons or the average daily consumption for the previous five-year period. The rate to be charged to the City for raw water is based upon the TRWD cost of debt service, operation and maintenance expenses, and any other miscellaneous expenses in connection with its water supply facilities. These costs will be allocated on a proportionate share based upon actual water consumption of the City in relation to the actual use by the City of Fort Worth and the Trinity River Authority (TRA) after crediting the amount received by the TRWD from water sales to the City of Arlington and other customers. The current rate charged for raw water has been calculated to be $1.19490 per 1,000 gallons, with a total cost of $4,538,749 during fiscal year 2016. It is estimated that the raw water supply available to the City under the contract is adequate for the ultimate development of the City.

In addition, the City has a contract with the City of Arlington to purchase treated water up to 1.0 M.G.D. on a demand basis. The City has the option to renegotiate the Arlington water purchase contract on an as-needed basis.

Sewer Treatment

On August 23, 1974, the City Council approved a contract with the TRA to become a contracting party in the TRA's Central Regional Wastewater System, along with 19 other area cities and the Dallas/Fort Worth International Airport.

The contracting parties have agreed to pay the TRA its net cost of operation and maintenance, including debt service requirements, on the Central System. Payments made by the respective cities are pursuant to authority granted by Article 1109i, Vernon's Annotated Texas Civil Statutes, as amended, and Chapter 30, Texas Water Code, as amended, and constitute operating expenses of their waterworks and sewer systems.

The expense of operating TRA's Central System, including administrative overhead and amounts necessary to pay debt service, is paid monthly by the contracting parties based on a formula of dividing each contracting party's estimated contributing flow to the Central System for such year by the total estimated contributing flow by all contracting parties being served at the beginning of each such year, with a year-end adjustment based on actual metered contributing flow to the Central System by all contracting parties. For fiscal year 2016, the City's cost for sewer treatment under the contract was $5,731,568.

Law Enforcement Complex Housing Commitment

On June 25, 1990, the City entered into an Intergovernmental Agreement Contract (IGA) with the United States Marshal's Service (USMS) to provide for the housing, safekeeping, and subsistence of adult male and female federal prisoners. The City began housing prisoners from the Immigration and Naturalization Service pursuant to the terms and conditions of the USMS contract or IGA. On December 11, 1998, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of $46.60 per day, effective June 1, 1999.

On November 1, 2001, the City and the City of Fort Worth, Texas, entered into an agreement under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, for the purpose of housing the City of Fort Worth's prisoners. This contract was renegotiated during fiscal year 2006, and a new agreement was reached between the City and the City of Fort Worth, Texas, commencing on October 1, 2006. The new agreement is an annual agreement that automatically renews for subsequent one-year terms, commencing on October 1 of each year and ending on September 30 of each year for nine (9) years after the Initial Term until September 30, 2016. There are various provisions in the contract defining both the purpose and nature of the duties of the City, and the City of Fort Worth, Texas, in housing the City of Fort Worth, Texas, prisoners. The general terms of the contract agree that the City will collect a monthly fee of $388,969 or $4,667,626 in the first year of the contract. Each subsequent term of the contract, the annual amount will increase 4% per year. There are various provisions in the contract that define additional payments for housing prisoners over a specified cap and a reduction in payments if the population of the prisoners drops below a certain number. These provisions give notice to each party that a material change has occurred in the purpose and management of housing the City of Fort Worth, Texas, prisoners and that adjustments to the terms of the contract should be mutually agreed upon by both parties.

In September 2016, the parties agreed to extend the term of the contract for one year until September 30, 2017 and agreed to various provisions regarding prisoner administration. The time requirement for notification of non-renewal by the City of Fort Worth has been changed from 90 days to 180 days.

The Contract is subject to termination by either party upon written notice provided 90 days before any annual renewal date. Upon such notice of intent, neither party is obligated to any further performance or consideration that has not already been rendered. If the City of Fort Worth, Texas, fails to appropriate funds sufficient to fulfill its obligations under this agreement, Fort Worth may terminate this agreement to be effective by whichever effective date is sooner: (1) thirty (30) days following delivery by Fort Worth to the City of written notice of Fort Worth's intent to terminate or (2) the last date for which funding has been appropriated by Fort Worth's City Council for Fort Worth to fulfill its obligations under this Agreement.

If any net losses or capital requirements should arise in the future, the City will be required to make cash advances and/or operating transfers from the general fund to fund these operating and capital requirements. The City cannot reasonably estimate the amounts, if any, of the advances or operating transfers that may be required.

Mansfield National Golf Club

In June 1999, the City entered into an agreement with MPFDC and Evergreen Alliance Golf Limited, L.P., a Delaware limited partnership, to construct an 18-hole golf course. The agreement named the property on which the course was constructed: Mansfield National Golf Club. Mansfield National Golf Club was constructed by Evergreen Alliance Golf Limited, L.P. (Alliance) during FY99 and FY00 on property owned by MPFDC in the City. The Mansfield National Golf Club opened in November 2000. During the course of the construction, Alliance assumed the financial obligation and risk of constructing the course on the MPFDC property. Upon completion of the construction of Mansfield National Golf Club, a long-term lease agreement was entered into by the MPFDC and Alliance to manage and operate the course for a period of 50 years. In the agreement, Alliance agreed to pay the MPFDC a Base Rent for occupying the property during the term of the Lease. The following summarizes the terms of the base rent:

Lease years 01 through and including 10:	$ 0.00 per lease year
Lease years 11 through and including 20:	$ 50,000 per lease year
Lease years 21 through and including 30:	$100,000 per lease year
Lease years 31 through and including 40:	$125,000 per lease year
Lease years 41 through and including 50:	$175,000 per lease year

The value of the improvements made to the property, subject to and reserving the leasehold rights of Alliance as defined by the agreement, became the vested rights of MPFDC and subsequently the vested rights of the City. The rights of the value of improvements have been used as collateral for financing the cost of constructing the improvements. The improvements or rights of the value of the improvement are not carried or recognized as an asset by the MPFDC. However, upon the dissolution of the lease agreement, the rights of the value of the improvements are to be recognized as an asset by the MPFDC. The MPFDC has the right of first refusal and the authority to approve or disapprove future assignments of the rights made by Alliance. In the event Alliance becomes insolvent, certain remedies are permitted by the agreement and in no circumstance is the MPFDC obligated to or committed to Alliance's creditors.

The City is accruing a lease receivable of $90,000 per year to recognize future rental income over the term of the lease on a straight-line basis.

Sports Park – Big League Dreams

During fiscal year 2008, the City completed the construction of a multipurpose recreational sports park known as "Big League Dreams Mansfield Sports Park," BLDMSP. The City spent $26.4 million on the facility, which includes eight lighted theme baseball/softball fields, one multipurpose facility, open park areas, and administrative offices on 40 acres tract of land.

The City contracted with a Texas Limited Partnership, Big League Dreams Mansfield, L.P., or BLD, to manage, operate, and maintain the park for 40 years effective upon the completion of the construction of BLDMSP. This agreement is referred to as a maintenance and operation agreement. BLD is an affiliate of Big League Dreams USA, LLC, or BLD USA, a California company, which has affiliates in several states including Texas, Arizona, and California. BLD USA also owns the intellectual rights and has a proprietary interest in the Total Image, Name and Marks, and Logo, BLD USA. The City has contracted with BLD USA to use their intellectual rights for BLDMSP through a license agreement. The term of this license agreement is concurrent to the term of the maintenance and operation agreement.

The terms of the agreement give BLD the right to operate and maintain the BLDMSP for an initial term of 30 years with the two separate options of extending the contract for 5 years in periods following the original term of 30 years. BLD is to maintain and operate the park from the use of the facility by the public. BLD is able to charge fees and is to pay for the cost of maintaining, insuring, and operating the park. For the right to maintain, insure, and operate the BLDMSP, BLD is to pay the City a minimum operating fee of $100,000 per year with escalation provisions based upon annual gross revenues achievements. The payments are to commence after a waiver period of at least 12 months.

There are provisions for the termination of this agreement in the event of well-defined circumstances of default by either the City or BLD USA. In the event of an agreed-upon default, the City or BLD has exhaustive rights to remedy or cure the default. There is no right of assignment outside the assignment to an affiliate of either entity.

Water Park – Hawaiian Falls

In fiscal year 2008, the City completed the construction and capitalized the costs of a water park. The cost of the park capitalized was $8.9 million.

To construct, operate, and maintain the water park, the City contracted with Mansfield Family Entertainment, LLC, MFE, commonly referred to as Hawaiian Falls. The term of the agreement is for a period of 40 years with two 5-year renewal options succeeding the term of 40 years. The agreement allows MFE to operate and maintain the park by leasing the water park from City. MFE has the right to charge fees to operate and maintain the park. The City granted a rent holiday or reprieve from annual lease payments for a period of 7 years. However, if the gross receipts generated from the operation of the water park exceed $2,500,000 in any year within the 7-year rent holiday, MFE is to begin paying an annual lease payment of at least 5% of gross revenues thereafter.

By agreement, MFE acknowledges the title of City in and to land constituting the premises and the real property improvements including appurtenances constructed by either party and agrees never to contest such title.

The parent company of Mansfield Family Entertainment, LLC (MFE), Horizon Family Holdings, LLC sold 100% of the interest of Horizon Family Holdings to Source Horizon, LLC. This transaction allows for the ground lease with MFE to continue without disruption.

Fieldhouse

In fiscal year 2016, the City commenced construction of an indoor basketball and volleyball facility. The facility will have at least 90,000 square feet and will have space for 8 basketball courts or 12 volleyball courts. The anticipated cost that the City will invest in the sports facility will be $12 million.

To operate and maintain the basketball and volleyball facility, the City contracted with Mansfield Fieldhouse, LLC, commonly referred to as Fieldhouse. The term of the lease and operating agreement is for a period of 25 years with a first extension period of 10 years and a second extension period of 5 years. Per the lease, Fieldhouse may charge fees in order to maintain and operate the sports facility. Base rent in years 1-5 will be $300,000 per year. Base rent in years 6-25 will be equal to $500,000 per year. Beginning in year 3 of the lease, Fieldhouse will pay 10% of the Gross Revenues in addition to the base rent up to a maximum total payment of $600,000 annually. In years 4-25, Fieldhouse will pay 15% of Gross Revenues in addition to the base rent up to a maximum total rent payment of $600,000 annually. Percentage rents are waived for years 1 & 2 for ramp up of operations.

In the year of the commencement date, the City will annually accrue a lease receivable of $460,000 to recognize future rental income over the term of the lease on a straight-line basis.

Stars Center

In September 2016, the City entered into a lease and operating agreement with DSE Hockey Centers LP to construct, develop, complete and own for public purposes an indoor recreational ice skating rink and sports center. The facility will be approximately 80,000 gross square feet with two ice surfaces.

The lease and operating agreement between the City and DSE Hockey Centers LP is for a 30 year period. DSE Hockey Center, LP prepaid rent and deposits of $1,500,000 and $600,000 respectively as of September 30, 2016 and will pay an additional deposit of $400,000 upon the occupancy of the facility. This amount will be repaid over the next 20 years. The security deposit is recognized as a liability and the prepaid rent is recognized as a deferred inflow of resources to be repaid over the period of 20 years.

The term of the lease is for 30 years and the following summarizes the base rent:

Lease years 01 through and including 05:	$440,000 per lease year;
Lease years 06 through and including 07:	$500,000 per lease year;
Lease years 08 through and including 13:	$600,000 per lease year;
Lease years 14:	$640,000 per lease year;
Lease years 15 through and including 30:	$660,000 per lease year.

Beginning in the fiscal year of lease commencement, the City will accrue $600,000 per year to recognize future rental income over the term of the lease on a straight-line basis.

Mansfield Economic Development Corporation Commitments

The Mansfield Economic Development Corporation was established to promote, encourage and incentivize economic development within the City. Since its inception, the Corporation has promoted industrial and commercial development through incentive agreements that are designed to encourage existing business expansion and new business growth within the City. Since inception, the Corporation has assisted companies in making the City their home by providing economic assistance. In return, those companies have made cumulative capital investments and created jobs within the City.

In continuance of the City's economic development program, the Corporation has made additional commitments to incentivize industry over the next several years. These commitments are generally contingent upon the industry's capital investments and creation of new jobs or other criteria determined by the Corporation. The arrangements vary in amounts and allow for reimbursements for capital costs or expansion costs incurred by the industries. These commitments require stringent performance commitments by the respective industries to qualify for the incentives. To date, the Corporation had made commitments to be administered over the next several years in the amounts of $5.5 million in year 2017, $3.1 million in year 2018, $1.6 million in year 2019, $1.0 million in year 2020, $1.0 million in year 2021 and $0.9 million in year 2022. These commitments and amounts may change from year to year depending upon the performance of the industries, and their ability to meet the performance standards as established by the Corporation. In the event, the Corporation deems the industries performance insufficient, the Corporation can restructure, extend, void or recover the commitments.

Mansfield Tax Increment Financing Reinvestment Zone Number Two Commitments

The Mansfield Tax Increment Financing Reinvestment Zone Number Two's board of directors has committed the TIRZ to reimburse the City for the following expenditures. The expenditures are land acquisition - $962,133, downtown lofts - $2,289,901, parking lot construction - $283,736 and business incentives - $356,855. These funds are anticipated to be paid to the City with future revenue of the TIRZ.

O. Tax Abatements

The City of Mansfield entered into 380 agreements with local businesses under the State of Texas Local Government Code 380. Under the Local Government Code, municipalities may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and stimulate business and commercial activity in the municipality. The abatements may be granted to any business located within or promising to relocate to the City of Mansfield, Texas.

For the fiscal year ended September 30, 2016, the City of Mansfield, Texas abated property and sales taxes totaling $423,343 under this program, including the following tax abatement agreements:

A 100% property tax abatement to a tool manufacturer for building a manufacturing center in the industrial district. The abatement amounted to $402,656.

A 50% property tax abatement for a printing company for expanding a manufacturing center in the industrial district. The abatement amounted to $16,195.

A 100% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to $7,492.

P. Conduit Debt Obligations

In prior years, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

There are no series of Industrial Revenue Bonds outstanding as of the fiscal year-end.

Q. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's general liability and workers' compensation program is managed through the purchase of a policy through a municipal pool that is separately administered. The City's health insurance is administered through an outside provider. The City makes specified contributions for employees and their dependents under this plan. Additionally, the City also offers dental, life insurance, and accidental death and dismemberment plans through an independent provider in which the City makes specified contributions for employees only under these plans. There have been no significant reductions in insurance coverage for any of these programs since last year, and settlements have not exceeded insurance coverage for any of the past three years.

R. Subsequent Events

Bond Issuances

On October 4, 2016, the City issued $2,960,000 in Combination Tax and Revenue Certificates of Obligation, Series 2016A. The purpose of the Combination Tax and Revenue Certificates of Obligations, Series 2016A are for the design, development, and construction of a public recreational ice skating facility.

The City issued $14,125,000 in Sales Tax Revenue Bonds, New Series 2016. The purpose of the Sales Tax Revenue Bonds, New Series 2016 is for the design, development, and construction of public infrastructure.

Also, the City issued $8,295,000 in Sales Tax Revenue Bonds, Taxable New Series 2016A. The purpose of the Sales Tax Revenue Bonds, New Series 2016A is for the design, development, and construction of a public recreational ice skating facility.

On December 12, 2016, the City issued $18,975,000 in Combination Tax and Revenue Certificates of Obligation, Series 2017. The purpose of the Combination Tax and Revenue Certificates of Obligations, Series 2017 are for the design, development, and construction of public infrastructure and acquiring public safety equipment.

S. New Accounting Pronouncements to be implemented after fiscal year 2016

For fiscal year 2016, the City has implemented Statements No. 72, 73, 76, 77, 78 and 79 of financial accounting standards issued by the GASB.

In June 2015, the GASB issued Statement No.74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2015, the GASB issued Statement No.75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2017. The City is in the process of evaluating the impact of this statement on its financial statements.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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FORM BOND OF COUNSEL OPINION]

[CLOSING DATE]

$___________________
MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION
SALES TAX REVENUE BONDS,
NEW SERIES 2018

WE HAVE represented the Mansfield Economic Development Corporation (the “Issuer”) as its bond counsel in connection with an issue of sales tax revenue bonds (the “Bonds”) described as follows:

MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS, NEW SERIES 2018, dated January 1, 2018, in the principal amount of $_______________.

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the Resolution adopted by the Board of Directors of the Issuer authorizing their issuance (the “Resolution”).

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; and customary certificates of officers, agents and representatives of the Issuer, the City of Mansfield, Texas (the “City”) and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Resolution.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding special obligations of the Issuer; and

(B) The Bonds are payable from and secured by a lien on and pledge of the Pledged Revenues, which includes the proceeds of a ½ of 1% sales and use tax levied within the City for the benefit of the Issuer, as defined and described in the Resolution; provided, however, such lien on and pledge of the Pledged Revenues is junior and subordinate to the lien on and pledge of the Pledged Revenues made for the security and payment of the Previously Issued Senior Lien Bonds.

THE BONDS are not and do not create a debt of the State of Texas, of the City of Mansfield, Texas, or of any other political subdivision or governmental agency of the State of Texas. The Bonds are not secured by any mortgage or other lien on any real or personal property constituting the Project.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the Issuer, the Issuer's Financial Advisor and the Underwriters, respectively, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Resolution pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing covenants of the Resolution, interest on the Bonds could become includable in gross income from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

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

Owners 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).

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem 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 Issuer as the taxpayer. We observe that the Issuer has covenanted in the Resolution not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

[FORM BOND OF COUNSEL OPINION]

[CLOSING DATE]

$__________________

MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION
SALES TAX REVENUE BONDS,
TAXABLE NEW SERIES 2018

WE HAVE represented the Mansfield Economic Development Corporation (the "Issuer") as its bond counsel in connection with an issue of sales tax revenue bonds (the "Bonds") described as follows:

> MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS, TAXABLE NEW SERIES 2018, dated January 1, 2018, in the principal amount of $_________________.
>
> The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the Resolution adopted by the Board of Directors of the Issuer authorizing their issuance (the "Resolution").

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; and customary certificates of officers, agents and representatives of the Issuer, the City of Mansfield, Texas (the "City") and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We have also examined executed Bond No. 1 of this issue. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Resolution.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

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1445 Ross Avenue, Suite 3800, Dallas, Texas 75202-2724
bracewell.com

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding special obligations of the Issuer; and

(B) The Bonds are payable from and secured by a lien on and pledge of the Pledged Revenues, which includes the proceeds of a ½ of 1% sales and use tax levied within the City for the benefit of the Issuer, as defined and described in the Resolution; provided, however, such lien on and pledge of the Pledged Revenues is junior and subordinate to the lien on and pledge of the Pledged Revenues made for the security and payment of the Previously Issued Senior Lien Bonds.

THE BONDS are not and do not create a debt of the State of Texas, of the City of Mansfield, Texas, or of any other political subdivision or governmental agency of the State of Texas. The Bonds are not secured by any mortgage or other lien on any real or personal property constituting the Project.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We observe that the Issuer has taken no action to cause any interest on the Bonds to be excludable from gross income for the purposes of federal income taxation, and therefore it is assumed that income derived from a Bond by an Owner is subject to U.S. federal income taxation. We express no opinion as to this or any other federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds.

The opinions set forth above are based on existing law which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

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